CHAPTER 126--S.F.No. 4942

An act relating to state government; amending agriculture policy provisions; establishing and modifying agriculture programs; providing broadband appropriation transfer authority; requiring an application for federal broadband aid; establishing a supplemental budget for energy, transmission, and renewable energy purposes; adding and modifying provisions governing geothermal energy, solar energy, and other energy policy; establishing the Minnesota Energy Infrastructure Permitting Act; authorizing administrative rulemaking; making technical changes; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 3.7371, subdivisions 2, 3, by adding subdivisions; 17.116, subdivision 2; 17.133, subdivision 1; 18B.01, by adding a subdivision; 18B.26, subdivision 6; 18B.28, by adding a subdivision; 18B.305, subdivision 2; 18B.32, subdivisions 1, 3, 4, 5; 18B.33, subdivisions 1, 5, 6; 18B.34, subdivisions 1, 4; 18B.35, subdivision 1; 18B.36, subdivisions 1, 2; 18B.37, subdivisions 2, 3; 18C.005, subdivision 33, by adding a subdivision; 18C.115, subdivision 2; 18C.215, subdivision 1; 18C.221; 18C.70, subdivisions 1, 5; 18C.71, subdivisions 1, 2, 4, by adding a subdivision; 18C.80, subdivision 2; 18D.301, subdivision 1; 28A.10; 28A.151, subdivisions 1, 2, 3, 5, by adding a subdivision; 28A.21, subdivision 6; 31.74; 31.94; 32D.30; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 41B.047, subdivision 1; 103I.621, subdivisions 1, 2; 116C.83, subdivision 6; 116J.396, by adding a subdivision; 216A.037, subdivision 1; 216A.07, subdivision 3; 216B.098, by adding a subdivision; 216B.16, subdivisions 6c, 8; 216B.2402, subdivisions 4, 10, by adding a subdivision; 216B.2403, subdivisions 2, 3, 5, 8; 216B.241, subdivisions 1c, 2, 11, 12; 216B.2421, subdivision 2; 216B.2425, subdivisions 1, 2, by adding a subdivision; 216B.2427, subdivision 1, by adding a subdivision; 216B.243, subdivisions 3, 3a, 4, 9; 216B.246, subdivision 3; 216C.10; 216C.435, subdivisions 3a, 3b, 4, 10, by adding subdivisions; 216C.436, subdivisions 1, 4, 7, 8, 10; 216E.08, subdivision 2; 216E.11; 216E.13; 216E.14; 216E.15; 216E.16; 216E.18, subdivision 2a; 232.21, subdivisions 3, 7, 11, 12, 13; Minnesota Statutes 2023 Supplement, sections 10.65, subdivision 2; 17.055, subdivision 3; 17.133, subdivision 3; 17.134, subdivision 3, by adding a subdivision; 17.710; 18C.425, subdivision 6; 18K.06; 116C.779, subdivision 1; 116C.7792; 216B.243, subdivision 8; 216C.08; 216C.09; 216C.331, subdivision 1; 216C.435, subdivision 8; 216C.436, subdivisions 1b, 2; 216E.06; 216E.07; 216E.10, subdivisions 1, 2, 3; Laws 2023, chapter 43, article 1, sections 2; 4; article 2, section 142, subdivision 9; Laws 2023, chapter 60, article 10, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 216C; 216G; 346; proposing coding for new law as Minnesota Statutes, chapter 216I; repealing Minnesota Statutes 2022, sections 3.7371, subdivision 7; 34.07; 216E.001; 216E.01, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; 216E.02; 216E.021; 216E.03, subdivisions 2, 3a, 3b, 4, 9; 216E.04, subdivisions 1, 3, 4, 5, 6, 7, 8, 9; 216E.05, subdivisions 1, 3; 216E.08, subdivisions 1, 4; 216E.18, subdivisions 1, 2; 216F.01; 216F.011; 216F.012; 216F.015; 216F.02; 216F.03; 216F.05; 216F.06; 216F.07; 216F.08; 216F.081; Minnesota Statutes 2023 Supplement, sections 216E.01, subdivisions 3a, 6, 9a; 216E.03, subdivisions 1, 3, 5, 6, 7, 10, 11; 216E.04, subdivision 2; 216E.05, subdivision 2; 216F.04; Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; 1506.0040; 7850.1000; 7850.1100; 7850.1200; 7850.1300; 7850.1400; 7850.1500; 7850.1600; 7850.1700; 7850.1800; 7850.1900; 7850.2000; 7850.2100; 7850.2200; 7850.2300; 7850.2400; 7850.2500; 7850.2600; 7850.2700; 7850.2800; 7850.2900; 7850.3000; 7850.3100; 7850.3200; 7850.3300; 7850.3400; 7850.3500; 7850.3600; 7850.3700; 7850.3800; 7850.3900; 7850.4100; 7850.4200; 7850.4500; 7850.4600; 7850.4700; 7850.4800; 7850.4900; 7850.5000; 7850.5100; 7850.5200; 7850.5300; 7850.5400; 7850.5500; 7850.5600; 7854.0100; 7854.0200; 7854.0300; 7854.0400;

7854.0500; 7854.0600; 7854.0700; 7854.0800; 7854.0900; 7854.1000; 7854.1100; 7854.1200; 7854.1300; 7854.1400; 7854.1500.

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

ARTICLE 1

AGRICULTURE APPROPRIATIONS

Section 1. Laws 2023, chapter 43, article 1, section 2, is amended to read:

Sec. 2. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. **Total Appropriation**	**$**	~~**92,025,000**~~ **88,325,000**	**$**	~~**72,223,000**~~ **80,243,000**

Appropriations by Fund

	2024	2025
	~~91,626,000~~	~~71,824,000~~
General	87,926,000	79,844,000
Remediation	399,000	399,000

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

Subd. 2. **Protection Services**

Appropriations by Fund

	2024	2025
	~~32,034,000~~	~~18,743,000~~
General	32,084,000	22,113,000
Remediation	399,000	399,000

(a) $399,000 the first year and $399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) $625,000 the first year and ~~$625,000~~ $1,120,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than $50,000 of the appropriation each year to a single recipient. Of the second year amount, $495,000 is for projects located in Dodge, Fillmore, Goodhue,

Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. The base for this appropriation is $639,000 in fiscal year 2026 and each year thereafter.

(c) $800,000 the first year ~~is~~ and $75,000 the second year are for transfer to the pollinator research account established under Minnesota Statutes, section 18B.051. The base for this transfer is $100,000 in fiscal year 2026 and each year thereafter.

(d) $150,000 the first year and $150,000 the second year are for transfer to the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to award grants under Minnesota Statutes, section 18.90, to counties, municipalities, and other weed management entities, including Minnesota Tribal governments as defined in Minnesota Statutes, section 10.65. This is a onetime appropriation.

(e) $175,000 the first year and $175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2023. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(f) $155,000 the first year and $155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner

may use up to $10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to $40,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage. If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(g) $825,000 the first year and $825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

(h) $75,000 the first year and $75,000 the second year are to support a meat processing liaison position to assist new or existing meat and poultry processing operations in getting started, expanding, growing, or transitioning into new business models.

(i) $2,200,000 the first year and $1,650,000 the second year are additional funding to maintain the current level of service delivery for programs under this subdivision. The base for this appropriation is $1,925,000 for fiscal year 2026 and each year thereafter.

(j) $250,000 the first year and $250,000 the second year are for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, "continuous-living cover crops and cropping systems" refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities. By February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to. The commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation.

(k) $45,000 the first year and $45,000 the second year are appropriated for wolf-livestock conflict-prevention grants. The commissioner may use some of this appropriation to support nonlethal prevention work performed by federal wildlife services. This is a onetime appropriation.

(l) $10,000,000 the first year is for transfer to the grain indemnity account established in Minnesota Statutes, section 223.24. This is a onetime transfer.

(m) $125,000 the first year and $125,000 the second year are for the PFAS in pesticides review. This is a onetime appropriation.

(n) $1,941,000 the first year is for transfer to the food handler license account. This is a onetime transfer.

(o) $2,800,000 the second year is for nitrate home water treatment, including reverse osmosis, for private drinking-water wells with nitrate in excess of the maximum contaminant level of ten milligrams per liter and located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner must prioritize households at or below 300 percent of the federal poverty guideline and households with infants or pregnant individuals. The commissioner may also use this appropriation for education, outreach, and technical assistance to homeowners. The commissioner of agriculture may transfer money to the commissioner of health to establish and administer a mitigation program for contaminated wells located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(p) $50,000 the first year is to convene a working group of interested parties, including representatives from the Department of Natural Resources, to investigate and recommend options for addressing crop and fence destruction due to Cervidae. By February 1, 2025, the commissioner must submit a report on the findings and recommendations of the working group to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance. Notwithstanding

Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

Subd. 3. **Agricultural Marketing and Development** 5,165,000 4,985,000

(a) $150,000 the first year and $150,000 the second year are to expand international trade opportunities and markets for Minnesota agricultural products.

(b) $186,000 the first year and $186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2025, for Minnesota grown grants in this paragraph are available until June 30, 2027.

(c) $634,000 the first year and $634,000 the second year are for the continuation of the dairy development and profitability enhancement programs, including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(d) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

(e) $600,000 the first year and $420,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~$490,000~~ $510,000 for fiscal year 2026 and each year thereafter.

(f) $100,000 the first year and $100,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(g) $100,000 the first year and $100,000 the second year are to award and administer grants ~~for infrastructure~~ and other forms of financial assistance to support EBT, SNAP, SFMNP, and related programs at farmers markets. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(h) $200,000 the first year and $200,000 the second year are to award cooperative grants under Minnesota Statutes, section 17.1016. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	~~37,809,000~~ 34,034,000	~~33,809,000~~ 38,159,000

(a) $10,702,000 the first year and $10,702,000 the second year are for the agriculture research, education, extension, and technology transfer program under Minnesota Statutes, section 41A.14. Except as provided below, the appropriation each year is for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3, and the commissioner shall transfer funds each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agriculture research, education, extension, and technology transfer grant program under Minnesota Statutes, section 41A.14:

(1) $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment

Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2);

(2) up to $1,000,000 the first year and up to $1,000,000 the second year are for research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures;

(3) $2,250,000 the first year and $2,250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants;

(4) $450,000 the first year is for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder;

(5) $350,000 the first year and $350,000 the second year are for potato breeding;

(6) $802,000 the first year and $802,000 the second year are to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. The base for the allocation under this clause is $802,000 in fiscal year 2026 and each year thereafter. By February 1 each year, the dean of the College of Food, Agricultural and Natural Resource Sciences must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy and higher education detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to; ~~and~~

(7) $350,000 each year is for farm-scale winter greenhouse research and development coordinated by University of Minnesota Extension Regional Sustainable Development Partnerships. The allocation in this clause is onetime~~.~~;

(8) $200,000 the second year is for research on natural stands of wild rice; and

(9) $250,000 the second year is for the cultivated wild rice forward selection project at the North Central

Research and Outreach Center, including a tenure track or research associate plant scientist.

(b) The base for the agriculture research, education, extension, and technology transfer program is $10,352,000 in fiscal year 2026 and $10,352,000 in fiscal year 2027.

(c) ~~$27,107,000~~ $23,332,000 the first year ~~and $23,107,000 the second year are~~ is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation ~~each year~~ among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year ~~and $1,000,000 the second year are~~ is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the first year ~~and $5,750,000 the second year are~~ is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section

16A.28, the first year appropriation is available until June 30, 2025~~, and the second year appropriation is available until June 30, 2026~~. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph~~. The base under this clause is $3,000,000 in fiscal year 2026 and each year thereafter~~;

(3) $3,375,000 the first year ~~and $3,375,000 the second year are~~ is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses~~. The base under this clause is $3,000,000 for fiscal year 2026 and each year thereafter~~;

(4) $1,250,000 the first year ~~and $1,250,000 the second year are~~ is for grants to facilitate the start-up,

modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph~~. The base under this clause is $250,000 in fiscal year 2026 and each year thereafter~~;

(5) $1,150,000 the first year ~~and $1,150,000 the second year are~~ is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education ~~centers~~ settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education ~~centers~~ and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 ~~each year~~ is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients~~. The base under this clause is $1,294,000 in fiscal year 2026 and each year thereafter~~;

~~(6) $4,000,000 the first year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph. The allocation in this clause is onetime;~~

~~(7)~~ (6) $2,000,000 the first year ~~and $2,000,000 the second year are~~ is for urban youth agricultural education or urban agriculture community development; ~~and~~

~~(8)~~ (7) $1,000,000 the first year ~~and $1,000,000 the second year are~~ is for the good food access program under Minnesota Statutes, section 17.1017~~.~~; and

(8) $225,000 the first year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation. Grants may be used for costs, including but not limited to:

(i) equipment required for a meat cutting program;

(ii) facility renovation to accommodate meat cutting; and

(iii) training faculty to teach the fundamentals of meat processing.

A grant recipient may be awarded a grant of up to $75,000 and may use up to ten percent of the grant for faculty training. Priority may be given to applicants who are coordinating with meat cutting and butchery programs at Minnesota State Colleges and Universities institutions or with local industry partners.

By January 15, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance by listing the grants made under this paragraph by county and noting the number and amount of grant requests not fulfilled. The report may include additional information as determined by the commissioner, including but not limited to information regarding the outcomes produced by these grants. If additional grants are awarded under this paragraph that were not covered in the report due by January 15, 2025, the commissioner must submit an additional report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance regarding all grants issued under this paragraph by November 1, 2025.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year,

and appropriations encumbered under contract on or before June 30, 2025, for agricultural growth, research, and innovation grants are available until June 30, 2028.

(d) $27,457,000 the second year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the second year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the second year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph.

The base under this clause is $3,000,000 in fiscal year 2026 and each year thereafter;

(3) $3,375,000 the second year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than ten retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of money leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. The base under this clause is $3,000,000 for fiscal year 2026 and each year thereafter;

(4) $1,250,000 the second year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2027, and may be used for other purposes under this paragraph. The base

under this clause is $250,000 in fiscal year 2026 and each year thereafter;

(5) $1,275,000 the second year is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is $1,294,000 in fiscal year 2026 and each year thereafter;

(6) $4,000,000 the second year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance on June 30, 2026, may be used for other purposes under this paragraph. The allocation in this clause is onetime;

(7) $2,000,000 the second year is for urban youth agricultural education or urban agriculture community development;

(8) $1,000,000 the second year is for the good food access program under Minnesota Statutes, section 17.1017; and

(9) $225,000 the second year is for the protecting livestock grant program for producers to support the installation of measures to prevent the transmission of avian influenza. For the appropriation in this paragraph, a grant applicant must document a cost-share of 20 percent. An applicant's cost-share amount may be reduced up to $2,000 to cover time and labor costs.

Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation does not cancel at the end of the second year and is available until June 30, 2027. Appropriations encumbered under contract on or before June 30, 2027, for agricultural growth, research, and innovation grants are available until June 30, 2030.

~~(d)~~ (e) The base for the agricultural growth, research, and innovation program is ~~$16,294,000~~ $17,582,000 in fiscal year 2026 and each year thereafter and includes $200,000 each year for cooperative development grants.

	~~16,618,000~~	~~14,287,000~~
Subd. 5. **Administration and Financial Assistance**	16,643,000	14,587,000

(a) $474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations must be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) $350,000 the first year and $350,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is $250,000 in fiscal year 2026 and each year thereafter.

(c) $2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $18,000 the first year and $18,000 the second year are for grants to the Minnesota Livestock Breeders Association. This is a onetime appropriation.

(e) $60,000 the first year and $60,000 the second year are for grants to the Northern Crops Institute that may

be used to purchase equipment. This is a onetime appropriation.

(f) $34,000 the first year and $34,000 the second year are for grants to the Minnesota State Horticultural Society. This is a onetime appropriation.

(g) $25,000 the first year and $25,000 the second year are for grants to the Center for Rural Policy and Development. This is a onetime appropriation.

(h) $75,000 the first year and $75,000 the second year are appropriated from the general fund to the commissioner of agriculture for grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. The Minnesota Turf Seed Council must prepare a report outlining the use of the grant money and related accomplishments. No later than January 15, 2025, the council must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture finance and policy. This is a onetime appropriation.

(i) $100,000 the first year and $100,000 the second year are for grants to GreenSeam for assistance to agriculture-related businesses to support business retention and development, business attraction and creation, talent development and attraction, and regional branding and promotion. These are onetime appropriations. No later than December 1, 2024, and December 1, 2025, GreenSeam must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and rural development with information on new and existing businesses supported, number of new jobs created in the region, new educational partnerships and programs supported, and regional branding and promotional efforts.

(j) $1,950,000 the first year and $1,950,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following purposes:

(1) at least $850,000 each year must be allocated to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year;

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork, poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is $1,700,000 for fiscal year 2026 and each year thereafter.

(k) $25,000 the first year and $25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

(l) $300,000 the first year and $300,000 the second year are for grants to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota. This is a onetime appropriation.

(m) $750,000 the first year and $750,000 the second year are to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the Emerging Farmer Working Group established under Minnesota Statutes, section 17.055, subdivision 1. The base for this appropriation is $1,000,000 in fiscal year 2026 and each year thereafter.

(n) $50,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2025.

(o) $337,000 the first year and $337,000 the second year are for farm advocate services. Of these amounts, $50,000 the first year and $50,000 the second year are

for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(p) $260,000 the first year and $260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration.

(q) $1,000,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041.

(r) $1,084,000 the first year and $500,000 the second year are to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payments. This is a onetime appropriation.

(s) $275,000 the first year is for technical assistance grants to certified community development financial institutions that participate in United States Department of Agriculture loan or grant programs for small or emerging farmers, including but not limited to the Increasing Land, Capital, and Market Access Program. For purposes of this paragraph, "emerging farmer" has the meaning given in Minnesota Statutes, section 17.055, subdivision 1. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(t) $1,425,000 the first year and $1,425,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117.

(u) $150,000 the first year and $150,000 the second year are for administrative support for the Rural Finance Authority.

(v) The base in fiscal years 2026 and 2027 is $150,000 each year to coordinate climate-related activities and services within the Department of Agriculture and counterparts in local, state, and federal agencies and to hire a full-time climate implementation coordinator. The climate implementation coordinator must coordinate efforts seeking federal funding for Minnesota's agricultural climate adaptation and mitigation efforts and develop strategic partnerships with the private sector and nongovernment organizations.

(w) $1,200,000 the first year and $930,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~$1,085,000~~ $1,065,000 in fiscal year 2026 and ~~$1,085,000~~ $1,065,000 in fiscal year 2027 and each year thereafter.

(x) $250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with a report submitted by January 3, 2024, and a final report submitted by December 31, 2024. The reports must include a list of equipment purchased, including the cost of each item.

(y) $1,000,000 the first year and $1,000,000 the second year are to award and administer down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to ~~emerging farmers as defined in Minnesota Statutes, section 17.055, subdivision 1~~ eligible applicants with no more than $100,000 in annual gross farm product sales and eligible applicants who are producers of industrial

hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year and appropriations encumbered under contract by June 30, 2025, are available until June 30, 2027.

(z) $222,000 the first year and $322,000 the second year are for meat processing training and retention incentive grants under section 5. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(aa) $300,000 the first year and $300,000 the second year are for transfer to the Board of Regents of the University of Minnesota to evaluate, propagate, and maintain the genetic diversity of oilseeds, grains, grasses, legumes, and other plants including flax, timothy, barley, rye, triticale, alfalfa, orchard grass, clover, and other species and varieties that were in commercial distribution and use in Minnesota before 1970, excluding wild rice. This effort must also protect traditional seeds brought to Minnesota by immigrant communities. This appropriation includes funding for associated extension and outreach to small and Black, Indigenous, and People of Color (BIPOC) farmers. This is a onetime appropriation.

(bb) $300,000 the second year is to award and administer beginning farmer equipment and infrastructure grants under Minnesota Statutes, section 17.055. This is a onetime appropriation.

(cc) $25,000 the first year is for the credit market report. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

~~(bb)~~ (dd) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

Sec. 2. Laws 2023, chapter 43, article 1, section 4, is amended to read:

Sec. 4. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**		~~**6,143,000**~~ **6,368,000**	**$**	**4,343,000**

(a) $300,000 the first year is for equipment upgrades, equipment replacement, installation expenses, and laboratory infrastructure at the Agricultural Utilization Research Institute's laboratories in the cities of Crookston, Marshall, and Waseca.

(b) $1,500,000 the first year is to replace analytical and processing equipment and make corresponding facility upgrades at Agricultural Utilization Research Institute facilities in the cities of Marshall, Crookston, and Waseca. Of this amount, up to $500,000 may be used for renewable natural gas and anaerobic digestion projects. This is a onetime appropriation and is available until June 30, 2026.

(c) $300,000 the first year and $300,000 the second year are to maintain the current level of service delivery.

(d) $225,000 the first year is to support food businesses. This is a onetime appropriation and is available until June 30, 2026.

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

ARTICLE 2

AGRICULTURE POLICY

Section 1. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

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

(b) "Approved agent" means a person authorized by the Department of Agriculture to determine if crop or fence damage was caused by elk and to assign a monetary value to the crop or fence damage.

(c) "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

(d) "Estimated value" means the current value of crops or fencing as determined by an approved agent.

(e) "Owner" means an individual, firm, corporation, copartnership, or association with an interest in crops or fencing damaged by elk.

Sec. 2. Minnesota Statutes 2022, section 3.7371, subdivision 2, is amended to read:

Subd. 2. **Claim form and reporting.** (a) The owner must prepare a claim on forms provided by the commissioner and available on the Department of ~~Agriculture's~~ Agriculture website or by request from the commissioner. ~~The claim form must be filed with the commissioner.~~

(b) After discovering crop or fence damage suspected to be caused by elk, an owner must promptly notify an approved agent of the damage. To submit a claim for crop or fence damage caused by elk, an owner must complete the required portions of the claim form provided by the commissioner. An owner who has submitted a claim must provide an approved agent with all information required to investigate the crop or fence damage.

Sec. 3. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2a. **Investigation and crop valuation.** (a) Upon receiving notification of crop or fence damage suspected to be caused by elk, an approved agent must promptly investigate the damage in a timely manner. An approved agent must make written findings on the claim form regarding whether the crop or fence was destroyed or damaged by elk. The approved agent's findings must be based on physical and circumstantial evidence, including:

(1) the condition of the crop or fence;

(2) the presence of elk tracks;

(3) the geographic area of the state where the crop or fence damage occurred;

(4) any sightings of elk in the area; and

(5) any other circumstances that the approved agent considers to be relevant.

(b) The absence of affirmative evidence may be grounds for denial of a claim.

(c) On a claim form, an approved agent must make written findings of the extent of crop or fence damage and, if applicable, the amount of crop destroyed.

(d) For damage to standing crops, an owner may choose to have the approved agent use the method in clause (1) or (2) to complete the claim form and determine the amount of crop loss:

(1) to submit a claim form to the commissioner at the time that the suspected elk damage is discovered, the approved agent must record on the claim form: (i) the field's potential yield per acre; (ii) the field's average yield per acre that is expected on the damaged acres; (iii) the estimated value of the crop; and (iv) the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner; or

(2) to submit a claim form to the commissioner at the time that the crop is harvested, the approved agent must record on the claim form at the time of the investigation: (i) the percent of crop loss from damage; (ii) the actual yield of the damaged field when the crop is harvested; (iii) the estimated value of the crop; and

(iv) the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner.

(e) For damage to stored crops, an approved agent must record on the claim form: (1) the type and volume of destroyed stored crops; (2) the estimated value of the crop; and (3) the total amount of loss.

(f) For damage to fencing, an approved agent must record on the claim form: (1) the type of materials damaged; (2) the linear feet of the damage; (3) the value of the materials per unit according to National Resource Conservation Service specifications; and (4) the calculated total damage to the fence.

Sec. 4. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2b. **Claim form.** A completed claim form must be signed by the owner and an approved agent. An approved agent must submit the claim form to the commissioner for the commissioner's review and payment. The commissioner must return an incomplete claim form to the approved agent. When returning an incomplete claim form to an approved agent, the commissioner must indicate which information is missing from the claim form.

Sec. 5. Minnesota Statutes 2022, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** (a) ~~The crop~~ An owner is entitled to the ~~target price or the market price, whichever is greater,~~ estimated value of the damaged or destroyed crop ~~plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the commissioner's approved agent for the owner's county~~ or fence. Verification of crop or fence damage ~~or destruction~~ by elk may be provided by submitting photographs or other evidence and documentation ~~together with a statement from an independent witness~~ using forms prescribed by the commissioner. The commissioner, upon recommendation of the commissioner's approved agent, shall determine whether the crop damage or destruction or damage to or destruction of a fence surrounding a crop or pasture is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence surrounding a crop or pasture that is less than $100 in value and may be compensated up to $20,000, as determined under this section~~, if normal harvest procedures for the area are followed~~. An owner may not be compensated more than $1,800 per fiscal year for damage to fencing surrounding a crop or pasture.

(b) In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

Sec. 6. Minnesota Statutes 2023 Supplement, section 17.055, subdivision 3, is amended to read:

Subd. 3. **Beginning farmer equipment and infrastructure grants.** (a) The commissioner may award and administer equipment and infrastructure grants to beginning farmers. The commissioner shall give preference to applicants who are ~~emerging farmers~~ experiencing limited land access or limited market access as those terms are defined in section 17.133, subdivision 1. Grant money may be used for equipment and infrastructure development.

(b) The commissioner shall develop competitive eligibility criteria and may allocate grants on a needs basis.

(c) Grant projects may continue for up to two years.

Sec. 7. Minnesota Statutes 2022, section 17.116, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Grants may ~~only~~ be made to farmers~~,~~ and organizations such as farms, agricultural cooperatives, educational institutions, individuals at educational institutions, ~~or~~ nonprofit organizations, Tribal governments, or local units of government residing or located in the state for research or demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; or

(3) increased profitability for the individual farm by reducing costs or improving marketing opportunities.

Sec. 8. Minnesota Statutes 2022, section 17.133, subdivision 1, is amended to read:

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

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) grosses no more than $250,000 per year from the sale of farm products; ~~and~~

(3) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland; and

(4) is not, and whose spouse is not, related by blood or marriage to an owner of the farmland that the individual intends to acquire.

(c) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

(d) "Incubator farm" means a farm where:

(1) individuals are given temporary, exclusive, and affordable access to small parcels of land, infrastructure, and often training, for the purpose of honing skills and launching a farm business; and

(2) a majority of the individuals farming the small parcels of land grow industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops.

(e) "Limited land access" means farming without ownership of land and:

(1) the individual or the individual's child rents or leases the land, with the term of each rental or lease agreement not exceeding three years in duration, from a person who is not related to the individual or the individual's spouse by blood or marriage; or

(2) the individual rents the land from an incubator farm.

(f) "Limited market access" means the individual has gross sales of no more than $100,000 per year from the sale of farm products.

Sec. 9. Minnesota Statutes 2023 Supplement, section 17.133, subdivision 3, is amended to read:

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

(1) background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;

(2) the number and amount of grants;

(3) the geographic distribution of grants by county;

(4) the number of grant recipients who are emerging farmers;

(5) the number of grant recipients who were experiencing limited land access or limited market access when the grant was awarded;

~~(5)~~ (6) disaggregated data regarding the gender, race, and ethnicity of grant recipients;

~~(6)~~ (7) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and

~~(7)~~ (8) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 10. Minnesota Statutes 2023 Supplement, section 17.134, subdivision 3, is amended to read:

Subd. 3. **Grant eligibility.** Any owner or lessee of farmland may apply for a grant under this section. The commissioner must give preference to owners and lessees that have not previously implemented an eligible project and owners and lessees that are certified or assessed and pursuing certification under sections 17.9891 to 17.993. Local government units, including cities; towns; counties; soil and water conservation districts; Minnesota Tribal governments as defined in section 10.65; and joint powers boards, are also eligible for a grant. A local government unit that receives a grant for equipment or technology must make those purchases available for use by the public.

Sec. 11. Minnesota Statutes 2023 Supplement, section 17.134, is amended by adding a subdivision to read:

Subd. 3a. **Equipment sales limitation.** In addition to the applicable grants management requirements imposed under sections 16B.97 to 16B.991, an owner or lessee that receives a grant under this section to purchase equipment must certify to the commissioner that the owner or lessee will not sell the equipment for at least ten years.

Sec. 12. Minnesota Statutes 2023 Supplement, section 17.710, is amended to read:

17.710 AGRICULTURAL CONTRACTS.

(a) A production or marketing contract entered into, renewed, or amended on or after July 1, ~~1999~~ 2024, between an agricultural producer and a processor, marketer, or other purchaser of agricultural products, including a cooperative organized under chapter 308A or 308B must not contain provisions that prohibit the producer from disclosing terms, conditions, and prices contained in the contract. Any provision prohibiting disclosure by the producer is void.

(b) A contract entered into, renewed, or amended on or after July 1, 2023, between an agricultural producer and an entity buying, selling, certifying, or otherwise participating in a market for stored carbon must not contain provisions that prohibit the producer from disclosing terms, conditions, and prices contained in the contract. Any provision prohibiting disclosure by the producer is void.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 1d. **Application or use of a pesticide.** "Application or use of a pesticide" includes:

(1) the dispersal of a pesticide on, in, at, or directed toward a target site;

(2) preapplication activities that involve the mixing and loading of a restricted use pesticide; and

(3) other restricted use pesticide-related activities, including but not limited to transporting or storing pesticide containers that have been opened; cleaning equipment; and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other materials that contain pesticide.

Sec. 14. Minnesota Statutes 2022, section 18B.26, subdivision 6, is amended to read:

Subd. 6. **Discontinuance or cancellation of registration.** (a) To ensure the complete withdrawal from distribution or further use of a pesticide, a person who intends to discontinue a pesticide registration must:

(1) terminate a further distribution within the state and continue to register the pesticide annually for two successive years; and

(2) initiate and complete a total recall of the pesticide from all distribution in the state within 60 days from the date of notification to the commissioner of intent to discontinue registration~~; or~~.

~~(3) submit to the commissioner evidence adequate to document that no distribution of the registered pesticide has occurred in the state.~~

(b) Upon the request of a registrant, the commissioner may immediately cancel registration of a pesticide product. The commissioner may immediately cancel registration of a pesticide product at the commissioner's discretion. When requesting that the commissioner immediately cancel registration of a pesticide product, a registrant must provide the commissioner with:

(1) a statement that the pesticide product is no longer in distribution; and

(2) documentation of pesticide gross sales from the previous year supporting the statement under clause (1).

Sec. 15. Minnesota Statutes 2022, section 18B.28, is amended by adding a subdivision to read:

Subd. 5. **Advisory panel.** Before approving the issuance of an experimental use pesticide product registration under this section, the commissioner must convene and consider the advice of a panel of outside scientific and health experts. The panel must include but is not limited to representatives of the Department of Health, the Department of Natural Resources, the Pollution Control Agency, and the University of Minnesota.

Sec. 16. Minnesota Statutes 2022, section 18B.305, subdivision 2, is amended to read:

Subd. 2. **Training manual and examination development.** The commissioner, in consultation with University of Minnesota Extension and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum competency standards required by the United States Environmental Protection Agency and pertinent state specific information. Pesticide applicator training manuals and examinations must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for training manuals and examinations must be published on the Department of Agriculture website. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in groundwater and surface water of the state, and economic thresholds and guidance for insecticide use.

Sec. 17. Minnesota Statutes 2022, section 18B.32, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not engage in structural pest control applications:

(1) for hire without a structural pest control license; ~~and~~

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations~~.~~; and

(3) unless the person is 18 years of age or older.

(b) A structural pest control licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 18. Minnesota Statutes 2022, section 18B.32, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) A person must apply to the commissioner for a structural pest control license on forms and in the manner required by the commissioner. The commissioner shall require the applicant to pass a written, closed-book, monitored examination or oral examination, or both~~, and may also require a practical demonstration regarding structural pest control~~. The commissioner shall establish the examination procedure, including the phases and contents of the examination.

(b) The commissioner may license a person as a master under a structural pest control license if the person has the necessary qualifications through knowledge and experience to properly plan, determine, and supervise the selection and application of pesticides in structural pest control. To demonstrate the qualifications and become licensed as a master under a structural pest control license, a person must:

(1) pass a closed-book test administered by the commissioner;

(2) have direct experience as a licensed journeyman under a structural pest control license for at least two years by this state or a state with equivalent certification requirements or as a full-time licensed master in another state with equivalent certification requirements; and

(3) show practical knowledge and field experience under clause (2) in the actual selection and application of pesticides under varying conditions.

(c) The commissioner may license a person as a journeyman under a structural pest control license if the person:

(1) has the necessary qualifications in the practical selection and application of pesticides;

(2) has passed a closed-book examination given by the commissioner; and

(3) is engaged as an employee of or is working under the direction of a person licensed as a master under a structural pest control license.

(d) The commissioner may license a person as a fumigator under a structural pest control license if the person:

(1) has knowledge of the practical selection and application of fumigants;

(2) has passed a closed-book examination given by the commissioner; and

(3) is licensed by the commissioner as a master or journeyman under a structural pest control license.

Sec. 19. Minnesota Statutes 2022, section 18B.32, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) An applicator may apply to renew a structural pest control applicator license ~~may be renewed~~ on or before the expiration of an existing license subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competency and ability to use pesticides safely and properly. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) If ~~a person~~ an applicator fails to renew a structural pest control license within three months of its expiration, the ~~person~~ applicator must obtain a structural pest control license subject to the requirements, procedures, and fees required for an initial license.

Sec. 20. Minnesota Statutes 2022, section 18B.32, subdivision 5, is amended to read:

Subd. 5. **Financial responsibility.** (a) ~~A structural pest control license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke a structural pest control license if an applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by:

(1) proof of net assets equal to or greater than $50,000; or

(2) a performance bond or insurance of a kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 21. Minnesota Statutes 2022, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person who uses a general-use sanitizer or disinfectant for hire in response to COVID-19 is exempt from the commercial applicator license requirements under this section.

(e) A person licensed under this section must be 18 years of age or older.

Sec. 22. Minnesota Statutes 2022, section 18B.33, subdivision 5, is amended to read:

Subd. 5. **Renewal application.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a commercial applicator license. The commissioner may renew a commercial applicator license accompanied by the application fee, subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. ~~The applicant~~ A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. An applicator may renew a commercial

applicator license within 12 months after expiration of the license without having to meet initial testing requirements. The commissioner may require an additional demonstration of applicator qualification if ~~a person~~ the applicator has had a license suspended or revoked or has had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 23. Minnesota Statutes 2022, section 18B.33, subdivision 6, is amended to read:

Subd. 6. **Financial responsibility.** (a) ~~A commercial applicator license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke an applicator's commercial applicator license if the applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by: (1) proof of net assets equal to or greater than $50,000; or (2) by a performance bond or insurance of the kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed ~~person~~ applicator is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 24. Minnesota Statutes 2022, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person licensed under this section must be 18 years of age or older.

Sec. 25. Minnesota Statutes 2022, section 18B.34, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a noncommercial applicator license. The commissioner may renew a license subject to reexamination, attendance at ~~workshops~~

a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification website must be published on the Department of Agriculture website. Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

(c) An ~~applicant~~ applicator has 12 months to renew the license after expiration without having to meet initial testing requirements.

Sec. 26. Minnesota Statutes 2022, section 18B.35, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) The commissioner may establish categories of structural pest control, commercial applicator, ~~and~~ noncommercial applicator licenses ~~for administering and enforcing this chapter.~~, and private applicator certification consistent with federal requirements in Code of Federal Regulations, title 40, sections 171.101 and 171.105, including but not limited to the federal categories that are applicable to the state. Application categories must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for application categories must be published on the Department of Agriculture website. The categories may include pest control operators and ornamental, agricultural, aquatic, forest, and right-of-way pesticide applicators. Separate subclassifications of categories may be specified as to ground, aerial, or manual methods to apply pesticides or to the use of pesticides to control insects, plant diseases, rodents, or weeds.

(b) Each category is subject to separate testing procedures and requirements.

Sec. 27. Minnesota Statutes 2022, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees; or

(3) when the private applicator is one of two or fewer employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A person may not purchase a restricted use pesticide without presenting a license card, certified private applicator card, or the card number.

(c) A person certified under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person certified under this section must be 18 years of age or older.

Sec. 28. Minnesota Statutes 2022, section 18B.36, subdivision 2, is amended to read:

Subd. 2. **Certification.** (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. Private applicator certification requirements and training must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for private applicator certification and training must be published on the Department of Agriculture website. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include ~~an~~ a proctored examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification shall expire March 1 of the third calendar year after the initial year of certification.

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 29. Minnesota Statutes 2022, section 18B.37, subdivision 2, is amended to read:

Subd. 2. **Commercial and noncommercial applicators.** (a) A commercial or noncommercial applicator~~,~~ or the applicator's authorized agent~~,~~ must maintain a record of pesticides used on each site. Noncommercial applicators must keep records of restricted use pesticides. The record must include the:

(1) date of the pesticide use;

(2) time the pesticide application was completed;

(3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and rate used;

(4) number of units treated;

(5) temperature, wind speed, and wind direction;

(6) location of the site where the pesticide was applied;

(7) name and address of the customer;

(8) name of applicator, name of company, license number of applicator, and address of applicator company; and

(9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a document for each pesticide application, except a map may be attached to identify treated areas. An invoice containing the required

information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) The record must be completed no later than five days after the application of the pesticide.

(e) A commercial applicator must give a copy of the record to the customer.

(f) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

(g) A record of a commercial or noncommercial applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 30. Minnesota Statutes 2022, section 18B.37, subdivision 3, is amended to read:

Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator must maintain a record of each structural pest control application conducted by that person or by the person's employees. The record must include the:

(1) date of structural pest control application;

(2) target pest;

(3) brand name of the pesticide, United States Environmental Protection Agency registration number, and amount used;

(4) for fumigation, the temperature and exposure time;

(5) time the pesticide application was completed;

(6) name and address of the customer;

(7) name of structural pest control applicator, name of company and address of applicator or company, and license number of applicator; and

(8) any other information required by the commissioner.

(b) All information for this record requirement must be contained in a document for each pesticide application. An invoice containing the required information may constitute the record.

(c) The record must be completed no later than five days after the application of the pesticide.

(d) Records must be retained for five years after the date of treatment.

(e) A copy of the record must be given to a person who ordered the application that is present at the site where the structural pest control application is conducted, placed in a conspicuous location at the site where the structural pest control application is conducted immediately after the application of the pesticides, or delivered to the person who ordered an application or the owner of the site. The commissioner must make sample forms available that meet the requirements of this subdivision.

(f) A structural applicator must post in a conspicuous place inside a renter's apartment where a pesticide application has occurred a list of postapplication precautions contained on the label of the pesticide that was applied in the apartment and any other information required by the commissioner.

(g) A record of a structural applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 31. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 1c. **Beneficial substance.** "Beneficial substance" means any substance or compound other than a primary, secondary, and micro plant nutrient, and excluding pesticides, that can be demonstrated by scientific research to be beneficial to one or more species of plants, soil, or media.

Sec. 32. Minnesota Statutes 2022, section 18C.005, subdivision 33, is amended to read:

Subd. 33. **Soil amendment.** "Soil amendment" means a substance intended to improve the structural, physical, chemical, biochemical, or biological characteristics of the soil or modify organic matter at or near the soil surface, except fertilizers, agricultural liming materials, pesticides, and other materials exempted by the commissioner's rules.

Sec. 33. Minnesota Statutes 2022, section 18C.115, subdivision 2, is amended to read:

Subd. 2. **Adoption of national standards.** Applicable national standards contained in the ~~1996 official publication, number 49,~~ most recently published version of the official publication of the Association of American Plant Food Control Officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 34. Minnesota Statutes 2022, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. **Packaged fertilizers.** (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight and volume, if applicable;

(2) the brand and grade, except the grade is not required if primary nutrients are not claimed;

(3) the guaranteed analysis;

(4) the name and address of the guarantor;

(5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and

(6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

(1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

(c) The labeled information must appear:

(1) on the front or back side of the container;

(2) on the upper one-third of the side of the container;

(3) on the upper end of the container; or

(4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 35. Minnesota Statutes 2022, section 18C.221, is amended to read:

18C.221 FERTILIZER PLANT FOOD CONTENT.

(a) Products that are deficient in plant food content are subject to this subdivision.

(b) An analysis must show that a fertilizer is deficient:

(1) in one or more of its guaranteed primary plant nutrients beyond the investigational allowances and compensations as established by regulation; or

(2) if the overall index value of the fertilizer is shown below the level established by rule.

(c) A deficiency in an official sample of mixed fertilizer resulting from nonuniformity is not distinguishable from a deficiency due to actual plant nutrient shortage and is properly subject to official action.

(d) For the purpose of determining the commercial index value to be applied, the commissioner shall determine at least annually the values per unit of nitrogen, available ~~phosphoric acid~~ phosphate, and soluble potash in fertilizers in this state.

(e) If a fertilizer in the possession of the consumer is found by the commissioner to be short in weight, the registrant or licensee of the fertilizer must submit a penalty payment of two times the value of the actual shortage to the consumer within 30 days after official notice from the commissioner.

Sec. 36. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay the inspection fee set under paragraph (e), and until June 30, ~~2024~~ 2029, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged

between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

(e) By commissioner's order, the commissioner must set the inspection fee at no less than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a public meeting before increasing the fee by more than five cents per ton.

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

Sec. 37. Minnesota Statutes 2022, section 18C.70, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of ~~12~~ 15 voting members as follows:

(1) ~~two members~~ one member of the Minnesota Crop Production Retailers;

(2) one member of the Minnesota Corn Growers Association;

(3) one member of the Minnesota Soybean Growers Association;

(4) one member of the sugar beet growers industry;

(5) one member of the Minnesota Association of Wheat Growers;

(6) one member of the potato growers industry;

(7) one member of the Minnesota Farm Bureau;

(8) one member of the Minnesota Farmers Union;

(9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; ~~and~~

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota certified crop advisor program;

(12) one member representing the Minnesota Institute for Sustainable Agriculture;

(13) one member of the Minnesota Soil Health Coalition;

(14) one member who is an expert in public health; and

(15) one member who is an expert in water quality and has performed scientific research on water issues.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be ~~nominated by their organizations and~~ appointed by the commissioner and, except for the members specified under paragraph (a), clauses (14) and (15), nominated by their organizations. The council may add ex officio members at its discretion. The council must meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Sec. 38. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 39. Minnesota Statutes 2022, section 18C.71, subdivision 1, is amended to read:

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments, regenerative agriculture, and the protection of clean water. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community or metropolitan fertilizer users.

Sec. 40. Minnesota Statutes 2022, section 18C.71, is amended by adding a subdivision to read:

Subd. 1a. **Priorities and guidance.** The council must develop or update research priorities and request guidance related to:

(1) the availability of nitrogen by manure type and livestock species based on management; and

(2) manure management and fertilizer best management practices for areas where surface water or groundwater are vulnerable to nitrate losses, including the adjustment of practices based on vulnerability such as coarse textured soils, soils with shallow bedrock, and karst geology.

Sec. 41. Minnesota Statutes 2022, section 18C.71, subdivision 2, is amended to read:

Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least ~~eight~~ ten of the ~~12~~ 15 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Sec. 42. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 43. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 44. Minnesota Statutes 2022, section 18D.301, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) The commissioner shall enforce this chapter and chapters 18B, 18C, and 18F.

(b) Violations of chapter 18B, 18C, or 18F or rules adopted under chapter 18B, 18C, or 18F, or section 103H.275, subdivision 2, are a violation of this chapter.

(c) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws shall take action to the extent of their authority necessary or proper for the enforcement of this chapter or special orders, standards, stipulations, and agreements of the commissioner.

Sec. 45. Minnesota Statutes 2023 Supplement, section 18K.06, is amended to read:

18K.06 RULEMAKING.

(a) The commissioner ~~shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding the two-year limitation for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565, published in the State Register on August 16, 2021, is effective until August 16, 2025, or until permanent rules implementing chapter 18K are adopted, whichever occurs first~~ may adopt or amend rules governing the production, testing, processing, and licensing of industrial hemp using the procedure in section 14.386, paragraph (a). Section 14.386, paragraph (b), does not apply to rules adopted or amended under this section.

(b) Rules adopted under paragraph (a) must include but not be limited to provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background check results required under section 18K.04 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

Sec. 46. Minnesota Statutes 2022, section 28A.10, is amended to read:

28A.10 POSTING OF LICENSE; RULES.

All such licenses shall be issued for a period of one year and shall be posted or displayed in a conspicuous place at the place of business so licensed. ~~Except as provided in sections 29.22, subdivision 4 and 31.39, all such license fees and penalties collected by the commissioner shall be deposited into the state treasury and credited to the general fund.~~ The commissioner may adopt such rules in conformity with law as the commissioner deems necessary to effectively and efficiently carry out the provisions of sections 28A.01 to 28A.16.

Sec. 47. Minnesota Statutes 2022, section 28A.151, subdivision 1, is amended to read:

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

(b) "Farmers' market" means an association of three or more persons who assemble at a defined location that is open to the public for the purpose of selling ~~directly to the consumer the~~ products of a farm or garden occupied and cultivated by the person selling the product.

(c) "Food product sampling" means distributing to individuals at a farmers' market or community event, for promotional or educational purposes, small portions of a food item that include as a main ingredient a

product sold by the vendor ~~at the farmers' market or community event~~. For purposes of this subdivision, "small portion" means a portion that is no more than three ounces of food or beverage.

(d) "Food product demonstration" means cooking or preparing food products to distribute to individuals at a farmers' market or community event for promotional or educational purposes.

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

Sec. 48. Minnesota Statutes 2022, section 28A.151, subdivision 2, is amended to read:

Subd. 2. **Food sampling and demonstration.** (a) Food used in sampling and demonstration must be obtained from sources that comply with Minnesota Food Law.

(b) Raw animal, raw poultry, and raw fish products must not be served as samples.

(c) Food product sampling or food product demonstrations, including cooked animal, poultry, or fish products, must be prepared on site at the event.

(d) Animal or poultry products used for food product sampling or food product demonstrations must be from animals slaughtered under continuous inspection, either by the USDA or through Minnesota's "Equal-to" inspection program.

(e) The licensing provisions of sections 28A.01 to 28A.16 shall not apply to persons engaged in food product sampling or food product demonstrations.

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

Sec. 49. Minnesota Statutes 2022, section 28A.151, subdivision 3, is amended to read:

Subd. 3. **Food required to be provided at no cost.** Food provided through food product sampling or food product demonstrations must be provided at no cost to the individual recipient of a sample.

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

Sec. 50. Minnesota Statutes 2022, section 28A.151, subdivision 5, is amended to read:

Subd. 5. **Food safety and equipment standards.** (a) Any person conducting food product sampling or food product demonstrations shall meet the same food safety and equipment standards that are required of a special event food stand in Minnesota Rules, parts 4626.1855, items B to O, Q, and R; and 4626.0330.

(b) Notwithstanding paragraph (a), a handwashing device is not required when only prepackaged food samples are offered.

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

Sec. 51. Minnesota Statutes 2022, section 28A.151, is amended by adding a subdivision to read:

Subd. 7. **Signage.** A food product provided through food product sampling or food product demonstrations must be accompanied by a legible sign or placard that lists the product's ingredients and major food allergens.

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

Sec. 52. Minnesota Statutes 2022, section 28A.21, subdivision 6, is amended to read:

Subd. 6. **Expiration.** This section expires June 30, ~~2027~~ 2037.

Sec. 53. Minnesota Statutes 2022, section 31.74, is amended to read:

31.74 ~~SALE OF IMITATION~~ HONEY.

Subdivision 1. **Honey defined.** As used in this section "honey" means the nectar and saccharine exudation of plants, gathered, modified and stored in the comb by honey bees, which is levorotatory, contains not more than 25 percent of water, not more than 25/100 percent of ash, and not more than eight percent sucrose.

Subd. 2. **Prohibited sale.** Notwithstanding any law or rule to the contrary, it is unlawful for any person to sell or offer for sale any product which is in semblance of honey and which is labeled, advertised, or otherwise represented to be honey, if it is not honey. The word "imitation" shall not be used in the name of a product which is in semblance of honey whether or not it contains any honey. The label for a product which is not in semblance of honey and which contains honey may include the word "honey" in the name of the product and the relative position of the word "honey" in the product name, and in the list of ingredients, when required, shall be determined by its prominence as an ingredient in the product.

Subd. 4. **Food consisting of honey and another sweetener.** Consistent with the federal act, the federal regulations incorporated under section 31.101, subdivision 7, and the prohibition against misbranding in sections 31.02 and 34A.03, the label for a food in semblance of honey and consisting of honey and another sweetener must include but is not limited to the following elements:

(1) a statement of identity that accurately identifies or describes the nature of the food or its characterizing properties or ingredients; and

(2) the common or usual name of each ingredient in the ingredient statement, in descending order of predominance by weight.

Sec. 54. Minnesota Statutes 2022, section 31.94, is amended to read:

31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies about state or federal programs that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture sector. The task force must consist of the following residents of the state:

(1) three organic farmers;

(2) one wholesaler or distributor of organic products;

(3) one representative of organic certification agencies;

(4) two organic processors;

(5) one representative from University of Minnesota Extension;

(6) one University of Minnesota faculty member;

(7) one representative from a nonprofit organization representing producers;

(8) two public members;

(9) one representative from the United States Department of Agriculture;

(10) one retailer of organic products; and

(11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agencies operating within the state.

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

Sec. 55. Minnesota Statutes 2022, section 32D.30, is amended to read:

32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.

Subdivision 1. **Program.** The commissioner must implement a dairy development and profitability enhancement program consisting of a dairy profitability enhancement ~~teams and~~ program, dairy business planning grants, and other services to support the dairy industry.

Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) The dairy profitability enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance to dairy farms of all sizes to enhance their financial success and long-term sustainability. ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state ~~and~~. Assistance to producers from the program may ~~consist of~~ be provided individually, as a team, or through other methods by farm business management instructors, dairy extension specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities ~~including~~ such as comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, ~~and~~ facilitating or improving production systems, including rotational grazing and other sustainable agriculture methods, and value-added opportunities.

(b) The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the ~~teams~~ program and serve as program administrators. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and submitting periodic reports to the commissioner regarding aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures attributable to the program. The organizations must submit this information in a format that maintains the confidentiality of individual dairy producers.

Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business planning grants of up to $5,000 per producer or dairy processor to ~~develop comprehensive business plans~~ use technical assistance services for evaluating operations, transitional changes, expansions, improvements, and other business modifications. Producers and processors must not use dairy business planning grants for capital improvements.

Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate dairy development and profitability enhancement program dollars ~~among~~ for the permissible uses specified in this section and other needs to support the dairy industry, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to the state's dairy farmers.

Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan during the fiscal year, the commissioner must notify the chairs and ranking minority members.

Sec. 56. Minnesota Statutes 2022, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **State participation.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 57. Minnesota Statutes 2022, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **State participation.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~$525,000~~ $625,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 58. Minnesota Statutes 2022, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **Participation limit; interest.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 59. Minnesota Statutes 2022, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. **Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 60. Minnesota Statutes 2022, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion and modernization loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than $1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or ~~$525,000~~ $625,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 61. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock;

(2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems and practices, and feed when drought is the cause of the purchase;

(3) restore farmland;

(4) replace flocks or livestock, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of a highly contagious animal disease in a commercial poultry or game flock, or a commercial livestock operation, located in Minnesota; or

(5) cover the loss of revenue when the revenue loss is due to an infectious human disease for which the governor has declared a peacetime emergency under section 12.31.

Sec. 62. Minnesota Statutes 2022, section 232.21, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's designee.

Sec. 63. Minnesota Statutes 2022, section 232.21, subdivision 7, is amended to read:

Subd. 7. **Grain.** "Grain" means any ~~cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture, dry edible beans, or agricultural crops designated by the commissioner by rule~~ product commonly referred to as grain, including wheat, corn, oats, barley, rye, rice, soybeans, emmer, sorghum, triticale, millet, pulses, dry edible beans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, and other products ordinarily stored in grain warehouses.

Sec. 64. Minnesota Statutes 2022, section 232.21, subdivision 11, is amended to read:

Subd. 11. **Producer.** "Producer" means a person who ~~owns or manages a grain producing or growing operation and holds or shares the responsibility for marketing that grain produced~~ grows grain on land owned or leased by the person.

Sec. 65. Minnesota Statutes 2022, section 232.21, subdivision 12, is amended to read:

Subd. 12. **Public grain warehouse operator.** "Public grain warehouse operator" means: (1) a person ~~licensed to operate~~ operating a grain warehouse in which grain belonging to persons other than the grain warehouse operator is accepted for storage or purchase~~, or~~; (2) a person who offers grain storage or grain warehouse facilities to the public for hire; or (3) a feed-processing plant that receives and stores grain, the equivalent of which~~,~~ it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant.

Sec. 66. Minnesota Statutes 2022, section 232.21, subdivision 13, is amended to read:

Subd. 13. **Scale ticket.** "Scale ticket" means a memorandum showing the weight~~, grade~~ and kind of grain which is issued by a grain elevator or warehouse operator to a depositor at the time the grain is delivered.

Sec. 67. **[346.021] FINDER TO GIVE NOTICE.**

A person who finds an estray and knows who owns the estray must notify the estray's owner within seven days after finding the estray and request that the owner pay all reasonable charges and take the estray away. A finder who does not know who owns an estray must either:

(1) within ten days, file a notice with the town or city clerk and post a physical or online notice of the finding of the estray. The notice must briefly describe the estray or provide a photograph of the estray,

provide the residence or contact information of the finder, and provide the approximate location and time when the finder found the estray; or

(2) within seven days, surrender the estray to a local animal control agency or to a kennel as defined in section 347.31, subdivision 2.

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

Sec. 68. Laws 2023, chapter 43, article 2, section 142, subdivision 9, is amended to read:

Subd. 9. **Dairy law.** Minnesota Statutes 2022, sections 17.984; 32D.03, subdivision 5; 32D.24; 32D.25, subdivision 1; 32D.26; 32D.27; and 32D.28, are repealed.

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

Sec. 69. **REVIVAL AND REENACTMENT.**

Minnesota Statutes, section 32D.25, subdivision 2, is revived and reenacted effective retroactively from July 1, 2023.

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

Sec. 70. **REPORT REQUIRED; COOPERATIVE FINANCIAL REPORTING.**

The commissioner of agriculture shall convene a cooperative financial reporting workgroup, which must include producers who sell to a cooperative and representatives from cooperative management. The commissioner shall develop recommendations relating to requirements for cooperatives to report on financial conditions and report back with recommendations to the legislative committees with jurisdiction over agriculture by January 3, 2025. Participating stakeholders must be given an opportunity to include written testimony to the legislative committees in the commissioner's report.

Sec. 71. **COMMERCIAL APPLICATOR LICENSE EXAMINATION LANGUAGE REQUIREMENTS.**

By January 1, 2025, the commissioner of agriculture must ensure that examinations for a commercial applicator license under Minnesota Statutes, section 18B.33, are available in Spanish and that applicants are informed that the examinations can be taken in Spanish. The commissioner must use money appropriated from the pesticide regulatory account under Minnesota Statutes, section 18B.05, for this purpose.

Sec. 72. **CREDIT MARKET REPORT REQUIRED.**

The commissioner of agriculture must convene a stakeholder working group to explore the state establishing a market for carbon credits, ecosystem services credits, or other credits generated by farmers who implement clean water, climate-smart, and soil-healthy farming practices. To the extent practicable, the stakeholder working group must include but is not limited to farmers; representatives of agricultural organizations; experts in geoscience, carbon storage, greenhouse gas modeling, and agricultural economics; industry representatives with experience in carbon markets and supply chain sustainability; and representatives of environmental organizations with expertise in carbon sequestration and agriculture. No later than February 1, 2025, the commissioner must report recommendations to the legislative committees with jurisdiction over agriculture. The commissioner must provide participating stakeholders an opportunity to include written testimony in the commissioner's report.

Sec. 73. **REPEALER.**

(a) Minnesota Statutes 2022, sections 3.7371, subdivision 7; and 34.07, are repealed.

(b) Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; and 1506.0040, are repealed.

ARTICLE 3

BROADBAND

Section 1. Minnesota Statutes 2022, section 116J.396, is amended by adding a subdivision to read:

Subd. 4. **Transfer.** The commissioner may transfer up to $5,000,000 of a fiscal year appropriation between the border-to-border broadband program, low density population broadband program, and the broadband line extension program to meet demand. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over broadband finance in writing when this transfer authority is used. The written notice must include how much money was transferred and why the transfer was made. The written notice must also be filed with the Legislative Reference Library in compliance with Minnesota Statutes, section 3.195.

Sec. 2. **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.**

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of Commerce requesting State Digital Equity Capacity Grant funding made available under Public Law 117-58, the Infrastructure Investment and Jobs Act.

(b) The amount awarded to Minnesota pursuant to the application submitted under paragraph (a) is appropriated to the commissioner of employment and economic development for purposes of the commissioner's Minnesota Digital Opportunity Plan.

ARTICLE 4

CLIMATE AND ENERGY FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	2025

Sec. 2. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**1,133,000**

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

Subd. 2. **Thermal Energy Network Site Suitability Study**

$500,000 the second year is for the thermal energy network site suitability study under article 6, section 51. This is a onetime appropriation and is available until December 31, 2025.

Subd. 3. **SolarAPP+ Program**

$500,000 the second year is for transfer to the SolarAPP+ program account established under Minnesota Statutes, section 216C.48, to award incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Incentives must be awarded only to local units of government located outside the electric service territory of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime transfer and is available until June 30, 2028.

Subd. 4. **Grid-Enhancing Technologies**

$133,000 the second year is to (1) participate in a Minnesota Public Utilities Commission proceeding to review electric transmission line owners' plans to deploy grid-enhancing technologies, and (2) issue an order to implement the plans. The base in fiscal year 2026 is $265,000 and the base in fiscal year 2027 is $265,000. The base in fiscal year 2028 is $0.

Sec. 3. **PUBLIC UTILITIES COMMISSION**	**$**	**-0-**	**$**	**267,000**

(a) $39,000 the second year is to support the Thermal Energy Network Deployment Work Group and prepare a report under article 6, section 49. The base in fiscal year 2026 is $77,000 and the base in fiscal year 2027 is $0.

(b) $117,000 the second year is to review electric transmission line owners' plans to deploy

grid-enhancing technologies and develop a commission order to implement approved plans under article 6, section 52. The base in fiscal year 2026 is $157,000 and the base in fiscal year 2027 is $157,000. The base in fiscal year 2028 is $0.

(c) $111,000 the second year is to conduct a proceeding to develop a cost-sharing mechanism enabling developers of distributed generation projects to pay utilities to expand distribution line capacity in order to interconnect to the grid. The base in fiscal year 2026 is $111,000 and the base in fiscal year 2027 is $77,000. The base in fiscal year 2028 is $0.

Sec. 4. **GRANT ADMINISTRATION REPORTING.**

(a) By July 1, 2024, the commissioner of commerce must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy regarding the anticipated costs to administer each named grant and competitive grant program in Laws 2023, chapter 60, article 10, section 2, and Laws 2023, chapter 60, article 11, section 2.

(b) Within 90 days after each named grantee has fulfilled the obligations of the grantee's grant agreement, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the final cost to administer (1) each named grant included in paragraph (a), and (2) each named grant in this article and article 5.

(c) By January 15, 2025, and each year thereafter, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the annual cost to administer (1) each competitive grant program included in paragraph (a), and (2) each competitive grant program in this article and article 5.

ARTICLE 5

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	2025

Sec. 2. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**14,450,000**

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

Subd. 2. **Geothermal Energy System; Sabathani Community Center**

(a) $6,000,000 the second year is for a grant to the Sabathani Community Center in Minneapolis to construct a geothermal energy system that provides space heating and cooling to the center. This is a onetime appropriation and is available until June 30, 2028.

(b) For the purposes of this subdivision, "geothermal energy system" means a system composed of: a heat pump that moves a heat-transferring fluid through piping embedded in the earth and absorbs the earth's constant temperature; a heat exchanger; and ductwork to distribute heated and cooled air to a building.

Subd. 3. **Geothermal Planning Grants**

$1,200,000 the second year is for transfer to the geothermal planning grant account established under Minnesota Statutes, section 216C.47, for planning grants to political subdivisions to assess the feasibility and cost of constructing geothermal energy systems. This is a onetime appropriation and is available until June 30, 2029.

Subd. 4. **Energy Efficiency Projects; Dakota County**

(a) $500,000 the second year is for a grant to Dakota County for energy efficiency projects that are located in the service area of the public utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(b) For purposes of this subdivision, "energy efficiency project" includes: (1) LED lighting, as defined under Minnesota Statutes, section 216B.241, subdivision 5; (2) solar arrays; or (3) heating, ventilating, or air conditioning system improvements.

Subd. 5. **Anaerobic Digester Energy System**

(a) $5,000,000 the second year is for a grant to Recycling and Energy, in partnership with Dem-Con HZI Bioenergy, LLC, to construct an anaerobic energy system in Louisville Township. This is a onetime appropriation and is available until June 30, 2028.

(b) For the purposes of this subdivision, "anaerobic energy system" means a facility that uses diverted food and organic waste to create renewable natural gas and biochar.

Subd. 6. **SolarAPP+ Program**

$1,500,000 the second year is for transfer to the SolarAPP+ program account established under Minnesota Statutes, section 216C.48, to award incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Incentives must be awarded only to political subdivisions located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime transfer.

Subd. 7. **Ultraefficient Vehicle Development Grants**

$250,000 the second year is transferred to the ultraefficient vehicle development grant account under article 6, section 48, to provide grants for developers and producers of ultraefficient vehicles. This is a onetime transfer.

Sec. 3. **PUBLIC UTILITIES COMMISSION** **$** **-0-** **$** **1,000,000**

$1,000,000 the second year is for the carbon dioxide pipelines study under article 6, section 50. This is a onetime appropriation.

ARTICLE 6

ENERGY POLICY

Section 1. Minnesota Statutes 2022, section 103I.621, subdivision 1, is amended to read:

Subdivision 1. **Permit.** (a) Notwithstanding any department or agency rule to the contrary, the commissioner shall issue, on request by the owner of the property and payment of the permit fee, permits

for the reinjection of water by a properly constructed well into the same aquifer from which the water was drawn for the operation of a groundwater thermal exchange device.

(b) As a condition of the permit, an applicant must agree to allow inspection by the commissioner during regular working hours for department inspectors.

(c) Not more than 200 permits may be issued for small systems ~~having~~ that (1) have maximum capacities of 20 gallons per minute or less, and (2) are compliant with the natural resource water-use requirements under subdivision 2. ~~The small systems are subject to inspection twice a year.~~

(d) Not more than ~~ten~~ 100 permits may be issued for larger systems ~~having~~ that (1) have maximum capacities ~~from~~ over 20 ~~to 50~~ gallons per minute, and (2) are compliant with the natural resource water-use requirements under subdivision 2. ~~The larger systems are subject to inspection four times a year.~~

(e) A person issued a permit must comply with this section ~~for the permit to be valid.~~ and permit conditions deemed necessary to protect public health and safety of groundwater. Permit conditions may include but are not limited to:

(1) notification to the commissioner at intervals specified in the permit conditions;

(2) system operation and maintenance;

(3) system location and construction;

(4) well location and construction;

(5) signage requirements;

(6) reports of system construction, performance, operation, and maintenance;

(7) removal of the system upon termination of use or failure;

(8) disclosure of the system at the time of property transfer;

(9) requirements to obtain approval from the commissioner prior to deviating from the approval plan and conditions;

(10) groundwater level monitoring; and

(11) groundwater quality monitoring.

(f) The property owner or the property owner's agent must submit to the commissioner a permit application on a form provided by the commissioner, or in a format approved by the commissioner, that provides any information necessary to protect public health and safety of groundwater.

(g) A permit granted under this section is not valid if a water-use permit is required for the project and is not approved by the commissioner of natural resources.

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

Sec. 2. Minnesota Statutes 2022, section 103I.621, subdivision 2, is amended to read:

Subd. 2. **Water-use requirements apply.** Water-use permit requirements and penalties under chapter ~~103F~~ 103G and related rules adopted and enforced by the commissioner of natural resources apply to groundwater thermal exchange permit recipients. A person who violates a provision of this section is subject

to enforcement or penalties for the noncomplying activity that are available to the commissioner and the Pollution Control Agency.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is amended to read:

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

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

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. The total amount transferred annually under this paragraph must be reduced by $3,750,000.

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

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

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

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

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

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

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

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

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

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

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

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

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

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

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

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

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

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable:

(1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers; and

(2) the proposer's commitment to increasing the diversity of the proposer's workforce and vendors.

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

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

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

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

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

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

~~(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.~~

~~(r)~~ (q) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. A project receiving funds from the account must submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

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

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

~~(v)~~ (u) Construction projects receiving funds from this account are subject to the requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Sec. 4. Minnesota Statutes 2023 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

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

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

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

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

(1) $10,000,000 in 2021;

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

(3) $5,000,000 in 2023;

(4) $11,250,000 in 2024; ~~and~~

(5) $6,250,000 in 2025; and

(6) $5,000,000 each year, beginning in 2026 through 2035.

(e) Notwithstanding the Department of Commerce's November 14, 2018, decision in Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production incentive program, half of the amounts allocated each year under paragraph (d), clauses (3), (4), and (5), must be reserved for solar energy systems whose installation meets the eligibility standards for the low-income program established in the November 14, 2018, decision or successor decisions of the department. All other program operations of the solar energy production incentive program are governed by the provisions of the November 14, 2018, decision or successor decisions of the department.

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

(g) Any unspent amount remaining on January 1, 2028, must be transferred to the renewable development account.

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

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

Sec. 5. Minnesota Statutes 2022, section 216B.098, is amended by adding a subdivision to read:

Subd. 7. **Social Security number and individual taxpayer identification number.** If a utility requires a new customer to provide a Social Security number on an application for utility service, the utility must accept an individual taxpayer identification number in lieu of a Social Security number. The utility application must indicate that the utility accepts an individual taxpayer identification number.

Sec. 6. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching improvement.** (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation and efficient fuel-switching expenditures and savings. For public utilities that provide electric service, the commission must develop and implement incentive plans designed to promote energy conservation separately from the plans designed to promote efficient fuel-switching. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

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

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation or efficient fuel switching;

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

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation or efficient fuel switching; ~~and~~

(4) whether the plan is in conflict with other provisions of this chapter~~.~~;

(5) whether the plan conflicts with other provisions of this chapter; and

(6) the likely financial impacts of the conservation and efficient fuel-switching programs on the utility.

(c) The commission may set rates to encourage the vigorous and effective implementation of utility conservation and efficient fuel-switching programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy through energy conservation or efficient fuel switching;

(2) share between ratepayers and utilities the net savings resulting from energy conservation and efficient fuel-switching programs to the extent justified by the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy; and

(3) adopt any mechanism that satisfies the criteria of this subdivision, such that implementation of cost-effective conservation or efficient fuel switching is a preferred resource choice for the public utility considering the impact of conservation or efficient fuel switching on earnings of the public utility.

(d) Any incentives offered to electric utilities under this subdivision for efficient-fuel switching projects expire December 31, 2032.

Sec. 7. Minnesota Statutes 2022, section 216B.16, subdivision 8, is amended to read:

Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any rate which makes an allowance directly or indirectly for expenses incurred by a public utility to provide a public advertisement which:

(1) is designed to influence or has the effect of influencing public attitudes toward legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed authorization of the Public Utilities Commission or other agency of government responsible for regulating a public utility;

(2) is designed to justify or otherwise support or defend a rate, proposed rate, practice or proposed practice of a public utility;

(3) is designed primarily to promote consumption of the services of the utility;

(4) is designed primarily to promote good will for the public utility or improve the utility's public image; or

(5) is designed to promote the use of nuclear power or to promote a nuclear waste storage facility.

(b) The commission may approve a rate which makes an allowance for expenses incurred by a public utility to disseminate information which:

(1) is designed to encourage ~~conservation~~ efficient use of energy supplies;

(2) is designed to promote safety; or

(3) is designed to inform and educate customers as to financial services made available to them by the public utility.

(c) The commission shall not withhold approval of a rate because it makes an allowance for expenses incurred by the utility to disseminate information about corporate affairs to its owners.

Sec. 8. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision to read:

Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures, equipment, and installations at a single site where electricity is used primarily by computers to process transactions involving digital currency that is not issued by a central authority.

Sec. 9. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:

Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement" means a project that:

(1) replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to section 216B.2403 or 216B.241;

(2) results in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis;

(3) otherwise meets the criteria established for consumer-owned utilities in section 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 and 12; and

(4) requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of the previous fuel used.

An efficient fuel-switching improvement is not an energy conservation improvement or energy efficiency even if the efficient fuel-switching improvement results in a net reduction in electricity or natural gas use. ~~An efficient fuel-switching improvement does not include, and must not count toward any energy savings goal from, energy conservation improvements when fuel switching would result in an increase of greenhouse gas emissions into the atmosphere on an annual basis.~~

Sec. 10. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

(2) electric sales to:

(i) a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; ~~or~~ and

(ii) a data mining facility, if the facility:

(A) has provided a signed letter to the utility verifying the facility meets the definition of a data mining facility; and

(B) imposes a peak electrical demand on a consumer-owned utility's system equal to or greater than 40 percent of the peak electrical demand of the system, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or

(3) the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a public utility's gross annual retail sales.

Sec. 11. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned electric utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales and each individual consumer-owned natural gas utility subject to this section has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90 percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal may be achieved only by the following consumer-owned utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that result in increased efficiency greater than would have occurred through normal maintenance activity;

(3) net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

(4) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on weather-normalized sales averaged over the most recent three years. A consumer-owned utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the next three years, except that energy savings from electric utility infrastructure projects may be carried forward for five years. A particular energy savings can only be used to meet one year's goal.

(c) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements that exceed the minimum level established under this subdivision if cost-effective opportunities and funding are available, considering other potential investments the consumer-owned utility intends to make to benefit customers during the term of the plan filed under subdivision 3.

~~(d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a consumer-owned utility subject to this section on efficient fuel-switching improvements implemented to meet the annual energy savings goal under this section must not exceed 0.55 percent per year, averaged over a three-year period, of the consumer-owned utility's gross annual retail energy sales.~~

Sec. 12. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching, load management, and other measures the consumer-owned utility intends to offer to achieve the utility's energy savings goal.

(b) A plan's term may extend up to three years. A multiyear plan must identify the total energy savings and energy savings resulting from energy conservation improvements that are projected to be achieved in each year of the plan. A multiyear plan that does not, in each year of the plan, meet both the minimum energy savings goal from energy conservation improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by the commissioner under paragraph (k), must:

(1) state why each goal is projected to be unmet; and

(2) demonstrate how the consumer-owned utility proposes to meet both goals on an average basis over the duration of the plan.

(c) A plan filed under this subdivision must provide:

(1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department; and

(2) for new programs, a preliminary analysis upon which the program will proceed, in parallel with further development of assumptions and standards.

(d) The commissioner must evaluate a plan filed under this subdivision based on the plan's likelihood to achieve the energy-savings goals established in subdivision 2. The commissioner may make recommendations to a consumer-owned utility regarding ways to increase the effectiveness of the consumer-owned utility's energy conservation activities and programs under this subdivision. The commissioner may recommend that a consumer-owned utility implement a cost-effective energy conservation or efficient fuel-switching program~~, including an energy conservation program~~ suggested by an outside source such as a political subdivision, nonprofit corporation, or community organization.

(e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of the plan filed under this subdivision, including: (i) total expenditures and investments made to date under the plan; and (ii) any intended changes to the plan; and (2) a summary

of the annual energy-savings achievements under a plan. An annual filing made in the last year of a plan must contain a new plan that complies with this section.

(f) When evaluating the cost-effectiveness of a consumer-owned utility's energy conservation programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. The commissioner must also consider the rate at which the consumer-owned utility is increasing energy savings and expenditures on energy conservation, and lifetime energy savings and cumulative energy savings.

(g) A consumer-owned utility may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation, efficient fuel-switching, or load management improvements on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(h) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may file a plan under this subdivision on behalf of the consumer-owned utilities to which the association or agency provides energy services and may make investments, offer conservation programs, and otherwise fulfill the energy-savings goals and reporting requirements of this subdivision for those consumer-owned utilities on an aggregate basis.

(i) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

(j) The energy conservation and optimization plan of a consumer-owned utility may include activities to improve energy efficiency in the public schools served by the utility. These activities may include programs to:

(1) increase the efficiency of the school's lighting and heating and cooling systems;

(2) recommission buildings;

(3) train building operators; and

(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust the consumer-owned utility's minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year when the consumer-owned utility must file a plan under this subdivision. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the consumer-owned utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the consumer-owned utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the energy savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy savings goal from energy conservation improvements that is less than an average of 0.95 percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

(l) A consumer-owned utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the requirements of subdivision 8 are met~~, using a full fuel-cycle energy analysis~~.

Sec. 13. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

Subd. 5. **Energy conservation programs for low-income households.** (a) A consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a consumer-owned utility's plans under this section by considering the consumer-owned utility's historic spending on energy conservation programs directed to low-income households, the rate of customer participation in and the energy savings resulting from those programs, and the number of low-income persons residing in the consumer-owned utility's service territory. A municipal utility that furnishes natural gas service must spend at least 0.2 percent of the municipal utility's most recent three-year average gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. A consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the consumer-owned utility's gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

(b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish energy conservation programs for low-income households funded through contributions to the energy and conservation account under paragraph (b). When establishing energy conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by August 1, 2021, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy conservation programs may be spent on preweatherization measures. A consumer-owned utility is prohibited from claiming energy savings from preweatherization measures toward the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income energy conservation programs no later than March 15, 2022.

(h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate account in the special revenue fund in the state treasury. A consumer-owned utility may elect to contribute money to the Healthy AIR account to provide preweatherization measures for households eligible for weatherization assistance from the state weatherization assistance program in section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services. Money contributed to the account by a consumer-owned utility counts toward: (1) the minimum low-income spending requirement under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f). Money in the account is annually appropriated to the commissioner of commerce to pay for Healthy AIR-related activities.

(i) This paragraph applies to a consumer-owned utility that supplies electricity to a low-income household whose primary heating fuel is supplied by an entity other than a public utility. Any spending on space and water heating energy conservation improvements and efficient fuel-switching by the consumer-owned utility on behalf of the low-income household may be applied to the consumer owned utility's spending requirement under paragraph (a). To the maximum extent possible, a consumer-owned utility providing services under this paragraph must offer the services in conjunction with weatherization services provided under section 216C.264.

Sec. 14. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed

by an electric consumer-owned utility, the reduction in emissions must be measured ~~based on the hourly emissions profile of the consumer-owned utility or the utility's electricity supplier, as reported in the most recent resource plan approved by the commission under section 216B.2422. If the hourly emissions profile is not available, the commissioner must develop a method consumer-owned utilities must use to estimate that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual average emissions factor, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the consumer-owned utility, participants, and society~~; and~~.

~~(4) is installed and operated in a manner that improves the consumer-owned utility's system load factor.~~

(b) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 15. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) A public utility providing electric service has an annual energy-savings goal equivalent to 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility providing electric service may elect to carry forward energy savings in excess of 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used to meet one year's goal.

(c) In its energy conservation and optimization plan filing, a public utility may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(d) The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

The balance of the 1.75 percent annual energy savings goal may be achieved through energy savings from:

(1) additional energy conservation improvements;

(2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or

(3) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

(f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

~~(g) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a public utility subject to this section on efficient fuel-switching improvements to meet energy-savings goals under this section must not exceed 0.35 percent per year, averaged over three years, of the public utility's gross annual retail energy sales.~~

Sec. 16. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers.

(b) A public utility shall file an energy conservation and optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. As provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative lifetime energy savings projected to be achieved under the plan. A plan filed by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year.

(c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in an energy conservation program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result

in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy.

(e) Each public utility subject to this subdivision may spend and invest annually up to ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests on energy conservation, efficient fuel-switching, or load management improvements under this section ~~by the public utility~~ on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(f) The commissioner shall consider and may require a public utility to undertake an energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements of subdivisions 11 and 12, that is suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization. When approving a proposal under this paragraph, the commissioner must consider the qualifications and experience of the entity proposing the program and any other criteria the commissioner deems relevant.

(g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested an energy conservation program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the energy conservation program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that an energy conservation program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the public utility's annual status report, the results of an independent audit of the public utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the public utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the public utility that is the result of the public utility's spending and investments. The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs to increase the efficiency of the school's lighting and heating and cooling systems, and to provide for building recommissioning, building operator training, and opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(j) The commissioner may require investments or spending greater than the amounts proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose most recent advanced forecast required under section 216B.2422 projects a peak demand deficit of 100 megawatts or more within five years under midrange forecast assumptions.

(k) A public utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the requirements of subdivisions 11 or 12 are met, as applicable~~, using a full fuel-cycle energy analysis~~.

Sec. 17. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a) A public utility providing electric service at retail may include in the plan required under subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility expects to achieve under the plan and the programs to implement efficient fuel-switching improvements or combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the public utility must provide a proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if the department determines the improvements meet the requirements of paragraph (d). ~~For fuel-switching improvements that require the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, if the department determines the primary purpose and effect of the program is energy efficiency.~~

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs to implement and promote efficient fuel-switching programs. The utility, department, or other entity may propose, and the commission may ~~not~~ approve, modify, or reject, a proposal for a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service approved under this subdivision. When making a decision on the financial incentive proposal, the commission must apply the considerations established in section 216B.16, subdivision 6c, paragraphs (b) and (c).

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement meets the following criteria, relative to the fuel that is being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422~~ using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal, monthly or more granular level of analysis, for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the utility, participants, and society~~; and~~.

~~(4) is installed and operated in a manner that improves the utility's system load factor.~~

(e) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 18. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

Subd. 12. **Programs for efficient fuel-switching improvements; natural gas utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that provides natural gas service to Minnesota retail customers may propose one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers as an energy conservation improvement. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (e), determines that:

(1) the electric technology to be installed meets the criteria established under section 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

(2) the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(b) If a program is approved by the commission under this subdivision, the public utility may count the program's energy savings toward its energy savings goal under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient fuel-switching achieved through programs approved under this subdivision is energy conservation.

(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs to implement and promote the programs.

(d) The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage efficient fuel-switching programs approved under this subdivision, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive mechanism that is calculated based on the combined energy savings and net benefits that the commission has determined have been achieved by a program approved under this subdivision, provided the commission determines that the financial incentive mechanism is in the ratepayers' interest.

~~(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching program under this subdivision in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through fuel-switching programs.~~

Sec. 19. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line and grid enhancing technology projects.

EFFECTIVE DATE. This section is effective June 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision to read:

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(g) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(h) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(i) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216I.02, subdivision 8.

(j) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

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

Sec. 21. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:

Subd. 2. **List development; transmission and grid enhancing technology projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed, including grid enhancing technologies such as dynamic line rating, power flow controllers, topology optimization, and other hardware or software that reduce congestion or enhance the flexibility of the transmission system;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

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

Sec. 22. Minnesota Statutes 2022, section 216B.2427, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428, the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise be released into the atmosphere.

(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "Disadvantaged community" means a community in Minnesota that is:

(1) defined as disadvantaged by the federal agency disbursing federal funds, when the federal agency is providing funds for an innovative resource; or

(2) an environmental justice area, as defined under section 216B.1691, subdivision 1.

~~(e)~~ (f) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

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

~~(g)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

~~(i)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy delivered to an end user.

~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

~~(l)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

~~(o)~~ (p) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

~~(p)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

~~(q)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

(1) results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and

(2) is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(s) "Thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

~~(r)~~ (t) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

(1) the sum of:

(i) return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(ii) incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(iii) incremental costs to procure innovative resources from third parties;

(iv) incremental costs to develop and administer programs; and

(v) incremental costs for research and development related to innovative resources;

(2) less the sum of:

(i) value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases and avoided pipeline costs; and

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

~~(s)~~ (u) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Sec. 23. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision to read:

Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under this section by a utility with more than 800,000 customers must include spending of at least 15 percent of the utility's proposed total incremental costs over the five-year term of the proposed innovation plan for thermal energy networks projects. If the utility has developed or is developing thermal energy network projects outside of an approved innovation plan, the utility may apply the budget for the projects toward the 15 percent minimum requirement without counting the costs against the limitations on utility customer costs under subdivision 3.

Sec. 24. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

216C.08 JURISDICTION.

(a) The commissioner has sole authority and responsibility ~~for the administration of sections 216C.05 to 216C.30 and 216C.375~~ to administer this chapter. Other laws notwithstanding, the authority granted to the commissioner ~~shall supersede~~ under this section supersedes the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in ~~the administration of sections 216C.05 to 216C.30 and 216C.375~~ administering this chapter. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with ~~them~~ the other state departments or agencies to provide appropriate services to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter.

(b) The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

Sec. 25. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy ~~conservation~~ measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter, and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar,

wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

Sec. 26. Minnesota Statutes 2022, section 216C.10, is amended to read:

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections 216C.05 to 216C.30~~ this chapter;

(2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to administer this chapter;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the Public Utilities Commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate.

(b) Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

Sec. 27. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended to read:

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

(b) "Aggregated customer energy use data" means customer energy use data that is combined into one collective data point per time interval. Aggregated customer energy use data is data with any unique identifiers or other personal information removed that a qualifying utility collects and aggregates in at least monthly intervals for an entire building on a covered property.

(c) "Benchmark" means to electronically input into a benchmarking tool ~~the total~~ whole building energy use data and other descriptive information about a building that is required by a benchmarking tool.

(d) "Benchmarking information" means data related to a building's energy use generated by a benchmarking tool, and other information about the building's physical and operational characteristics. Benchmarking information includes but is not limited to the building's:

(1) address;

(2) owner and, if applicable, the building manager responsible for operating the building's physical systems;

(3) total floor area, expressed in square feet;

(4) energy use intensity;

(5) greenhouse gas emissions; and

(6) energy performance score comparing the building's energy use with that of similar buildings.

(e) "Benchmarking tool" means the United States Environmental Protection Agency's Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(f) "Covered property" means any property that is served by an investor-owned utility in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, served by a municipal energy utility or investor-owned utility, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property that is: (i) classified as manufacturing under the North American Industrial Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an industrial building otherwise incompatible with benchmarking in the benchmarking tool, as determined by the commissioner;

(3) an agricultural building;

(4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying aggregated customer usage data under subdivision 8 or is not using a customer usage data aggregation program to supply aggregated customer usage data to the benchmarking tool; or

(5) other property types that do not meet the purposes of this section, as determined by the commissioner.

(g) "Customer energy use data" means data collected from utility customer meters that reflect the quantity, quality, or timing of customers' energy use.

(h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

(i) "Energy performance score" means a numerical value from one to 100 that the Energy Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of comparable buildings nationwide.

(j) "Energy Star Portfolio Manager" means an interactive resource management tool developed by the United States Environmental Protection Agency that (1) enables the periodic entry of a building's energy use data and other descriptive information about a building, and (2) rates a building's energy efficiency against that of comparable buildings nationwide.

(k) "Energy use intensity" means the total annual energy consumed in a building divided by the building's total floor area.

(l) "Financial distress" means a covered property that, at the time benchmarking is conducted:

(1) is the subject of a qualified tax lien sale or public auction due to property tax arrearages;

(2) is controlled by a court-appointed receiver based on financial distress;

(3) is owned by a financial institution through default by the borrower;

(4) has been acquired by deed in lieu of foreclosure; or

(5) has a senior mortgage that is subject to a notice of default.

(m) "Local government" means a statutory or home rule municipality or county.

(n) "Owner" means:

(1) an individual or entity that possesses title to a covered property; or

(2) an agent authorized to act on behalf of the covered property owner.

(o) "Qualifying utility" means ~~a utility serving the covered property, including~~:

(1) an electric or gas utility, including:

(i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(ii) a municipally owned electric or gas utility serving customers in any city with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater;

(2) a natural gas supplier with five or more active commercial connections, accounts, or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(3) a district steam, hot water, or chilled water provider serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater.

(p) "Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a lease agreement.

(q) "Total floor area" means the sum of gross square footage inside a building's envelope, measured between the outside exterior walls of the building. Total floor area includes covered parking structures.

(r) "Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

(s) "Whole building energy use data" means all energy consumed in a building, whether purchased from a third party or generated at the building site or from any other source.

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

Sec. 28. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. **~~Cost-effective~~ Energy improvements.** "~~Cost-effective~~ Energy improvements" means:

(1) any new construction, renovation, or retrofitting of qualifying commercial real property to improve energy efficiency that: (i) is permanently affixed to the property~~,~~; and (ii) results in a net reduction in energy consumption ~~without altering the principal source of energy, and has been identified~~ or greenhouse gas emissions, as documented in an energy audit ~~as repaying the purchase and installation costs in 20 years or less,~~ based on the amount of future energy saved ~~and estimated future energy prices~~ or emissions avoided;

(2) any renovation or retrofitting of qualifying residential real property that is permanently affixed to the property and is eligible to receive an incentive through a program offered by the electric or natural gas utility that provides service under section 216B.241 to the property or is otherwise determined to be ~~a cost-effective~~ an eligible energy improvement by the commissioner under section 216B.241, subdivision 1d, paragraph (a);

(3) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(4) a solar voltaic or solar thermal energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source that has been ~~identified~~ documented in an energy audit or renewable energy system feasibility study ~~as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices~~, along with the estimated amount of related renewable energy production.

Sec. 29. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor" means a person or entity that installs ~~cost-effective energy~~ eligible improvements financed under a commercial PACE loan program.

Sec. 30. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy improvements, resiliency improvements, or water improvements made to qualifying real property.

Sec. 31. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the ~~length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices~~ effective useful life, the reduction of energy consumption, and the related avoided greenhouse gas emissions resulting from the proposed eligible improvements.

Sec. 32. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, a commercial or industrial building, or farmland, as defined in section 216C.436, subdivision 1b, that the implementing entity has determined, after review of an energy audit, renewable energy system feasibility study, water improvement study, resiliency improvement study, or agronomic assessment, as defined in section 216C.436, subdivision 1b, can benefit from ~~the installation of cost-effective energy~~ installing eligible improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Sec. 33. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the ~~length of time a specific~~ effective useful life, the production of renewable energy, and any related avoided greenhouse gas emissions of the proposed renewable energy system ~~will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs~~.

Sec. 34. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more installations or modifications to eligible commercial real property that are designed to improve a property's resiliency by improving the eligible real property's:

(1) structural integrity for seismic events;

(2) indoor air quality;

(3) durability to resist wind, fire, and flooding;

(4) ability to withstand an electric power outage;

(5) stormwater control measures, including structural and nonstructural measures to mitigate stormwater runoff;

(6) ability to mitigate the impacts of extreme temperatures; or

(7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

Sec. 35. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement feasibility study" means a written study, conducted by a contractor trained to perform the analysis, that:

(1) determines the feasibility of installing a resiliency improvement;

(2) documents the improved resiliency capabilities of the property; and

(3) estimates the effective useful life of the proposed resiliency improvements.

Sec. 36. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 14. **Water improvement.** "Water improvement" means one or more installations or modifications to qualifying commercial real property that are designed to improve water efficiency or water quality by:

(1) reducing water consumption;

(2) improving the quality, potability, or safety of water for the qualifying property; or

(3) conserving or remediating water, in whole or in part, on qualifying real property.

Sec. 37. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study" means a written study, conducted by a contractor trained to perform the analysis, that:

(1) determines the appropriate water improvements that could be made to the building; and

(2) estimates the effective useful life, the reduction of water consumption, and any improvement in water quality resulting from the proposed water improvements.

Sec. 38. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

Subdivision 1. **Program purpose and authority.** An implementing entity may establish a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency improvements to enable owners of qualifying commercial real property to pay for ~~the cost-effective energy~~ eligible improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. An implementing entity may limit the number of qualifying commercial real properties for which a property owner may receive program financing.

Sec. 39. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is amended to read:

Subd. 1b. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Agronomic assessment" means a study by an independent third party that assesses the environmental impacts of proposed land and water improvements on farmland.

(c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under section 273.13, subdivision 23.

(d) "Land and water improvement" means:

(1) an improvement to farmland that:

(i) is permanent;

(ii) results in improved agricultural profitability or resiliency;

(iii) reduces the environmental impact of agricultural production; and

(iv) if the improvement affects drainage, complies with the most recent versions of the applicable following conservation practice standards issued by the United States Department of Agriculture's Natural Resources Conservation Service: Drainage Water Management (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and Constructed Wetland (Code 656); or

(2) water conservation and quality measures, which include permanently affixed equipment, appliances, or improvements that reduce a property's water consumption or that enable water to be managed more efficiently.

(e) "Resiliency" means:

(1) the ability of farmland to maintain and enhance profitability, soil health, and water quality~~.~~;

(2) the ability to mitigate greenhouse gas embodied emissions from an eligible real property; or

(3) an increase in building resilience through flood mitigation, stormwater management, wildfire and wind resistance, energy storage use, or microgrid use.

Sec. 40. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit, renewable energy system feasibility study, resiliency improvement study, water improvement study, or agronomic or soil health assessment to be conducted on the qualifying commercial real property and reviewed by the implementing entity prior to approval of the financing;

(3) require the inspection or verification of all ~~installations and a performance verification of at least ten percent of the cost-effective energy~~ eligible improvements or land and water improvements financed by the program;

(4) not prohibit the financing of all ~~cost-effective energy~~ eligible improvements or land and water improvements not otherwise prohibited by this section;

(5) require that all ~~cost-effective energy~~ eligible improvements or land and water improvements be made to a qualifying commercial real property prior to, or in conjunction with, an applicant's repayment of financing for ~~cost-effective energy~~ eligible improvements or land and water improvements for ~~that~~ the qualifying commercial real property;

(6) have ~~cost-effective energy~~ eligible improvements or land and water improvements financed by the program performed by a licensed contractor as required by chapter 326B or other law or ordinance;

(7) require disclosures in the loan document to borrowers by the implementing entity of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default; and (ii) all the terms and conditions of the commercial PACE loan and the installation of ~~cost-effective energy~~ eligible improvements or land and water improvements, including the interest rate being charged on the loan;

(8) provide financing only to those who demonstrate an ability to repay;

(9) not provide financing for a qualifying commercial real property in which the owner is not current on mortgage or real property tax payments;

(10) require a petition to the implementing entity by all owners of the qualifying commercial real property requesting collections of repayments as a special assessment under section 429.101;

(11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due;

(12) require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

(13) prior to financing any improvements to or imposing any assessment upon qualifying commercial real property, require notice to and written consent from the mortgage lender of any mortgage encumbering or otherwise secured by the qualifying commercial real property.

Sec. 41. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the ~~energy~~ eligible improvements installed, as determined by the implementing entity, but in no event may a term exceed ~~20~~ 30 years;

(2) a principal amount not to exceed the lesser of:

(i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the ~~energy~~ eligible improvements, including the costs of necessary equipment, materials, and labor~~,~~; the costs of each related energy audit ~~or~~, renewable energy system feasibility study, water improvement study, or resiliency improvement study; and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Sec. 42. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

Subd. 7. **Repayment.** An implementing entity that finances an ~~energy~~ eligible improvement under this section must:

(1) secure payment with a lien against the qualifying commercial real property; and

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

Sec. 43. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section and section 216C.437, provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

Sec. 44. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

Sec. 45. **[216C.47] GEOTHERMAL PLANNING GRANTS.**

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

(b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

(c) "Geothermal energy system" means a system that heats and cools one or more buildings by using the constant temperature of the earth as both a heat source and heat sink, and a heat exchanger consisting of an underground closed loop system of piping containing a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

(1) a bored geothermal heat exchanger, as defined in section 103I.005;

(2) a groundwater thermal exchange device, as defined in section 103I.005; and

(3) a submerged closed loop heat exchanger, as defined in section 103I.005.

Subd. 2. **Establishment.** A geothermal planning grant program is established in the department to provide financial assistance to eligible applicants to examine the technical and economic feasibility of installing geothermal energy systems.

Subd. 3. **Account established.** (a) The geothermal planning grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until June 30, 2029. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to (1) award geothermal planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by the department to administer this section.

Subd. 4. **Application process.** An applicant seeking a grant under this section must submit an application to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures to govern the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.

Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the total cost of the activities eligible for funding under subdivision 6, up to a limit of $150,000.

(b) The commissioner must endeavor to award grants to eligible applicants in all regions of Minnesota.

(c) Grants may be awarded under this section only to projects whose work is completed after July 1, 2024.

Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded under this section include:

(1) analysis of the heating and cooling demand of the building or buildings that consume energy from the geothermal energy system;

(2) evaluation of equipment that could be combined with a geothermal energy system to meet the building's heating and cooling requirements;

(3) analysis of the geologic conditions of the earth in which a geothermal energy system operates, including the drilling of one or more test wells to characterize geologic materials and to measure properties of the earth and aquifers that impact the feasibility of installing and operating a geothermal energy system; and

(4) preparation of a financial analysis of the project.

Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors that perform work funded with a grant awarded under this section must have experience installing geothermal energy systems.

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

Sec. 46. **[216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE; TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.**

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

(b) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1.

(c) "Permitting authority" means a unit of local government in Minnesota that has authority to review and issue permits to install residential solar projects and solar plus energy storage system projects within the unit of local government's jurisdiction.

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

(e) "Residential solar project" means the installation of a photovoltaic device at a residence located in Minnesota.

(f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing Plus software, developed by the National Renewable Energy Laboratory and available free to permitting authorities from the United States Department of Energy, that uses a web-based portal to automate the solar project plan review and permit issuance processes for residential solar projects that are compliant with applicable building and electrical codes.

(g) "Solar plus energy storage system project" means a residential solar project installed in conjunction with an energy storage system at the same residence.

Subd. 2. **Program establishment.** A program is established in the department to provide technical assistance and financial incentives to local units of government that issue permits for residential solar projects and solar plus energy storage system projects in order to incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate, and streamline the review and permitting process.

Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting authority's website.

Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial incentive under this section to the commissioner on a form developed by the commissioner.

(b) An application may be submitted for a financial incentive under this section after SolarAPP+ has become operational in the permitting authority's jurisdiction.

Subd. 5. **Review and grant award process.** The commissioner must develop administrative procedures to govern the application review and incentive award process under this section.

Subd. 6. **Incentive awards.** Beginning no later than March 1, 2025, the commissioner may award a financial incentive to a permitting authority under this section only if the commissioner has determined that the permitting authority meets verification requirements established by the commissioner that ensure a permitting authority has made SolarAPP+ operational within the permitting authority's jurisdiction and that SolarAPP+ is available on the permitting authority's website.

Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less than $5,000 and no greater than $20,000.

(b) The commissioner may vary the amount of an incentive awarded under this section by considering the following factors:

(1) the population of the permitting authority;

(2) the number of permits for solar projects issued by the permitting authority using conventional review processes;

(3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been integrated with other permit management software utilized by the permitting authority; and

(4) whether the permitting jurisdiction has participated in other sustainability programs, including but not limited to GreenStep Cities and the United States Department of Energy's SolSmart and Charging Smart programs.

Subd. 8. **Technical assistance.** The department must provide technical assistance to eligible permitting authorities seeking to apply for an incentive under this section.

Subd. 9. **Program promotion.** The department must develop an education and outreach program to make permitting authorities aware of the incentive offered under this section, including by convening workshops, producing educational materials, and using other mechanisms to promote the program, including but not limited to utilizing the efforts of the League of Minnesota Cities, the Association of Minnesota Counties, the Community Energy Resource Teams established under section 216C.385, and similar organizations to reach permitting authorities.

Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in the special revenue account in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until June 30, 2028. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs incurred by the department to administer this section.

Sec. 47. Laws 2023, chapter 60, article 10, section 2, subdivision 2, is amended to read:

Subd. 2. **Energy Resources**	96,083,000	27,617,000
(a) $5,861,000 the first year and $6,038,000 the second year are to the division of energy resources for operating expenses.		
(b) $150,000 the first year and $150,000 the second year are to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.		

(c) $1,138,000 in the first year is transferred from the general fund to the solar for schools program account under Minnesota Statutes, section 216C.375, to provide financial assistance to schools that are state colleges and universities to purchase and install solar energy generating systems. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. Money under this paragraph is available until June 30, 2034. Any money remaining on June 30, 2034, cancels to the general fund.

(d) $189,000 each year is for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(e) $15,000,000 in the first year is transferred from the general fund to the solar for schools program account in the special revenue fund for grants under the solar for schools program established under Minnesota Statutes, section 216C.375. The money under this paragraph must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779.

(f) $500,000 each year is for the strengthen Minnesota homes program under Minnesota Statutes, section 65A.299, subdivision 4. Money under this paragraph is transferred from the general fund to strengthen Minnesota homes account in the special revenue fund. This is a onetime appropriation.

(g) $20,000,000 the first year and $18,737,000 the second year are for weatherization and preweatherization work to serve additional households and allow for services that would otherwise be denied due to current federal limitations related to the federal weatherization assistance program. Money under this paragraph is transferred from the general fund to the preweatherization account in the special revenue fund under Minnesota Statutes, section 216C.264, subdivision 1c. The base in fiscal years 2026 and later is $3,199,000.

(h) $15,000,000 the first year is for a grant to an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers, to increase the capacity and improve the reliability of an existing high-voltage

direct current transmission line that runs between North Dakota and Minnesota. This is a onetime appropriation and must be used to support the cost-share component of a federal grant application to a program enacted in the federal Infrastructure Investment and Jobs Act, Public Law 117-58, and may otherwise be used to reduce the cost of the high-voltage direct current transmission project upgrade and to reimburse the reasonable costs incurred by the department to administer the grant. This appropriation is available until June 30, 2034.

(i) $300,000 the first year is for technical assistance and administrative support for the Tribal Advocacy Council on Energy under article 12, section 71. As part of the technical assistance and administrative support for the program, the commissioner must hire a Tribal liaison to support the Tribal Advocacy Council on Energy and advise the department on the development of a culturally responsive clean energy grants program based on the priorities identified by the Tribal Advocacy Council on Energy.

(j) $3,000,000 the first year is for a grant to Clean Energy Economy Minnesota for the Minnesota Energy Alley initiative to secure the state's energy and economic development future. The appropriation may be used to establish and support the initiative, provide seed funding for businesses, develop a training and development program, support recruitment of entrepreneurs to Minnesota, and secure funding from federal programs and corporate partners to establish a self-sustaining, long-term revenue model. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grant. This is a onetime appropriation and is available until June 30, 2027.

(k) $5,000,000 the first year is transferred to the electric vehicle rebate program account to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible recipients located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(l) $1,000,000 the first year is to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles and to reimburse the reasonable costs incurred by the department to administer the grants. Grants must only be awarded under this paragraph to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(m) $3,000,000 the first year is transferred to the residential electric panel upgrade grant program account established under Minnesota Statutes, section 216C.45, to award electric panel upgrade grants and to reimburse the reasonable costs incurred by the department to administer the program. Grants must be awarded under this paragraph only to owners of single-family homes or multifamily buildings located outside the electric service area of the public utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(n) $500,000 the first year and $500,000 the second year are for a grant to the clean energy resource teams partnerships under Minnesota Statutes, section 216C.385, subdivision 2, to provide additional capacity to perform the duties specified under Minnesota Statutes, section 216C.385, subdivision 3. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grant.

(o) $1,807,000 the first year and $301,000 the second year are to implement energy benchmarking under Minnesota Statutes, section 216C.331.

Of the amount appropriated under this paragraph, $750,000 the first year is to award grants to qualifying utilities that are not investor-owned utilities to support the development of technology for implementing energy benchmarking under Minnesota Statutes, section 216C.331. This is a onetime appropriation.

Of the amount appropriated in the first year under this paragraph, $756,000 the first year is for a grant to Building Owners and Managers Association Greater Minneapolis to establish partnerships with three technical colleges and high school career counselors

with a goal of increasing the number of building engineers across Minnesota. This is a onetime appropriation and is available until June 30, 2028. The grant recipient must provide a detailed report describing how the grant funds were used to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education by January 15 of each year until 2028. The report must describe the progress made toward the goal of increasing the number of building engineers and strategies used.

(p) $500,000 the first year is for a feasibility study to identify and process Minnesota iron resources that could be suitable for upgrading to long-term battery storage specifications. The results of the feasibility study must be submitted to the commissioner of commerce and to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over energy policy no later than ~~February~~ November 1, 2025. This appropriation may be used to reimburse the reasonable costs incurred to administer the study. This is a onetime appropriation.

(q) $6,000,000 the first year is for electric school bus grants under Minnesota Statutes, section 216C.374. Money under this paragraph is transferred from the general fund to the electric school bus program account. This is a onetime appropriation.

(r) $5,300,000 the first year is for electric grid resiliency grants under article 12, section 72. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grants. This is a onetime appropriation and is available until June 30, 2028.

(s) $6,000,000 the first year is transferred to the heat pump rebate program account established under Minnesota Statutes, section 216C.46, to implement the heat pump rebate program and to reimburse the reasonable costs incurred by the department to administer the program. Of this amount:

(1) up to $1,400,000 the first year is to contract with an energy coordinator under Minnesota Statutes, section 216C.46, subdivision 5; and

(2) up to $1,400,000 the first year is to conduct contractor training and support under Minnesota Statutes, section 216C.46, subdivision 6.

(t) $1,000,000 the first year is to award air ventilation pilot program grants under Minnesota Statutes, section 123B.663, for assessments, testing, and equipment upgrades in schools, and for the department's costs to administer the program. This is a onetime appropriation.

(u) $500,000 the first year is for a grant to the city of Anoka for feasibility studies as described in this paragraph and design, engineering, and environmental analysis related to the repair and reconstruction of the Rum River Dam. Findings from the feasibility studies must be incorporated into the design and engineering funded by this appropriation. This appropriation is onetime and is available until June 30, 2027. This appropriation includes money for the following studies: (1) a study to assess the feasibility of adding a lock or other means for boats to traverse the dam to navigate between the lower Rum River and upper Rum River; (2) a study to assess the feasibility of constructing the dam in a manner that would facilitate recreational river surfing at the dam site; and (3) a study to assess the feasibility of constructing the dam in a manner to generate hydroelectric power.

(v) $3,000,000 the first year is for grants to install on-site energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, paragraph (f), with a capacity of 50 kilowatt hours or less and that are located outside the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. To receive a grant under this paragraph, an owner of the energy storage system must be operating a solar energy generating system at the same site as the energy storage system or have filed an application with a utility to interconnect a solar energy generating system at the same site as the energy storage system. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grants. This is a onetime appropriation and is available until June 30, 2027.

(w) $164,000 the second year is for activities associated with a public utility's filing a transportation electrification plan under Minnesota Statutes, section

216B.1615. The base in fiscal year 2026 and later is $164,000.

(x) $77,000 each year is for activities associated with appeals of consumer complaints to the commission under Minnesota Statutes, section 216B.172.

(y) $961,000 each year is for activities required under Minnesota Statutes, section 216B.1641 for community solar gardens. This appropriation must be assessed directly to the public utility subject to Minnesota Statutes, section 116C.779.

(z) $300,000 the first year is for the community solar garden program study required under article 12, section 73.

Sec. 48. **ULTRAEFFICIENT VEHICLE DEVELOPMENT GRANTS.**

Subdivision 1. **Program establishment.** (a) A grant program is established in the Department of Commerce to provide financial assistance to developers and producers of ultraefficient vehicles that use proprietary technology.

(b) For purposes of this section, "ultraefficient vehicle" means a fully closed compartment vehicle that is designed to carry at least one adult passenger and that achieves:

(1) at least 75 miles per gallon while operating on gasoline;

(2) at least 75 miles per gallon equivalent while operating as a hybrid electric-gasoline; or

(3) at least 75 miles per gallon equivalent while operating as a fully electric vehicle.

Subd. 2. **Application process.** Applicants seeking a grant under this section must submit an application to the commissioner of commerce on a form developed by the commissioner. The commissioner is responsible for receiving and reviewing grant applications and awarding grants under this subdivision. The commissioner must develop administrative procedures to govern the application, evaluation, and grant-award process.

Subd. 3. **Grant awards.** The maximum grant award for each eligible applicant awarded a grant under this section is $250,000. When awarding grants under this section, the department must:

(1) give priority to ultraefficient vehicle projects that are deemed to be near production ready; and

(2) give priority to ultraefficient vehicle projects that maximize the use of electricity to charge and run the vehicle.

Subd. 4. **Account established.** An ultraefficient vehicle development grant account is established in the special revenue fund in the state treasury. The commissioner of commerce must credit to the account appropriations made for ultraefficient vehicle development grants. Earnings, including interest, arising from assets in the account, must be credited to the account. Money in the account is available until June 30, 2028. Any amount remaining in the account after June 30, 2028, cancels to the renewable development account. The commissioner of commerce must manage the account.

Subd. 5. **Appropriation; expenditures.** Money in the account established in subdivision 4 is appropriated to the commissioner of commerce and must be used only to:

(1) make grant awards under this section; and

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

Subd. 6. **Report.** On January 15, 2026, and on January 15, 2029, the commissioner of commerce must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance on the grant awards under this section.

Sec. 49. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint a thermal energy network deployment work group to examine (1) the potential regulatory opportunities for regulated natural gas utilities to deploy thermal energy networks, and (2) potential barriers to development. The work group must examine the public benefits, costs, and impacts of deployment of thermal energy networks, as well as examine rate design options.

Subd. 2. **Membership.** (a) The work group consists of at least the following:

(1) representatives of the Department of Commerce;

(2) representatives of the Department of Health;

(3) representatives of the Pollution Control Agency;

(4) representatives of the Department of Natural Resources;

(5) representatives of the Office of the Attorney General;

(6) representatives from utilities;

(7) representatives from clean energy advocacy organizations;

(8) representatives from labor organizations;

(9) geothermal technology providers;

(10) representatives from consumer protection organizations;

(11) representatives from cities; and

(12) representatives from low-income communities.

(b) The executive secretary of the Public Utilities Commission may invite others to participate in one or more meetings of the work group.

(c) When appointing members to the work group, the Public Utilities Commission must endeavor to ensure that all geographic regions of Minnesota are represented.

Subd. 3. **Duties.** The work group must prepare a report containing findings and recommendations regarding how to deploy thermal energy networks within a regulated context and in a manner that protects the public interest and considers reliability, affordability, environmental impacts, and socioeconomic impacts.

Subd. 4. **Report to legislature.** The work group must submit a report detailing the work group's findings and recommendations to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over energy policy and finance by December 31, 2025. The work group terminates the day after the report under this subdivision is submitted.

Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities Commission must file the completed report in Public Utilities Commission Docket No. G-999/CI-21-565 and provide notice to all docket participants and other interested persons that comments on the findings and recommendations may be filed in the docket.

Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

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

Sec. 50. **STUDY; CARBON DIOXIDE PIPELINES.**

(a) The commission must contract with an independent third party to conduct a study that: (1) assesses the human health and environmental impacts that result from constructing, operating, and maintaining carbon dioxide pipelines; and (2) makes recommendations regarding regulation of the activities listed in clause (1). The executive secretary of the commission may consult with the executive director of the environmental quality board when selecting the contractor to conduct the study.

(b) The study must include, at a minimum, the following elements:

(1) identification of geographic areas in Minnesota that, due to the geographic area's geology or the presence of environmentally sensitive resources, are unsuitable sites to construct and operate carbon dioxide pipelines;

(2) the amount of energy and water required to operate the equipment used to capture the carbon dioxide that is transported in a carbon dioxide pipeline;

(3) the potential human and environmental impacts of a carbon dioxide pipeline leak or rupture, especially to long-term human health, surface water bodies and wetlands, animals and animal habitat, croplands, and other sensitive resources;

(4) measures that can be taken to mitigate the impact of a carbon dioxide pipeline leak or rupture, including setbacks, protection for wildlife and wildlife habitat, and enhanced local emergency response strategies and resources;

(5) the long-term impacts of pipeline construction on wetlands, soils, crops, and other vegetation;

(6) the lifecycle greenhouse gas emissions resulting from carbon dioxide pipelines, including the ultimate disposition of the carbon dioxide, whether the carbon dioxide is sequestered, used to manufacture other products, or used to extract incremental oil or gas supplies from underground reservoirs. The greenhouse gas emissions resulting from the process to extract incremental oil or gas supplies from underground reservoirs and the subsequent combustion of the incremental energy sources must also be estimated. The analysis should also indicate the degree to which any emission reductions are verifiable; and

(7) recommended provisions for a state regulatory process to site, operate, maintain, and abandon carbon dioxide pipelines that are transparent, provide opportunity for public engagement, and provide pipeline operators with clear signals and efficient procedures regarding permitting issues.

(c) No later than November 1, 2026, a written copy of the report must be submitted to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy and environmental policy and to the Public Utilities Commission. The commission must consider the report's findings and recommendations when issuing siting permits for carbon dioxide pipelines.

Sec. 51. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**

(a) The Department of Commerce must conduct or contract for a study to determine the suitability of sites to deploy thermal energy networks statewide.

(b) The study must:

(1) identify areas more and less suitable for deployment of thermal energy networks statewide; and

(2) identify potential barriers to the deployment of thermal energy networks and potential ways to address the barriers.

(c) In determining site suitability, the study must consider:

(1) geologic or hydrologic access to thermal storage;

(2) the existing built environment, including but not limited to age, density, building uses, existing heating and cooling systems, and existing electrical services;

(3) the condition of existing natural gas infrastructure;

(4) road and street conditions, including planned replacement or maintenance;

(5) local land use regulations;

(6) area permitting requirements; and

(7) whether the area is an environmental justice area, as defined in section 116.065, subdivision 1, paragraph (e).

(d) No later than January 15, 2026, the Department of Commerce must submit a written report documenting the study's findings to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance.

(e) For the purposes of this section, "thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

Sec. 52. **GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES COMMISSION ORDER.**

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Line rating methodology" means a methodology used to calculate the maximum amount of electricity that can be carried by a transmission line without exceeding thermal limits designed to ensure safety.

(g) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(h) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(i) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(j) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216E.01. subdivision 4.

(k) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

Subd. 2. **Report; content.** An entity that owns more than 750 miles of transmission lines in Minnesota, as reported in the state transmission report submitted to the Public Utilities Commission under Minnesota Statutes, section 216B.2425, by November 1, 2025, must include in that report information that:

(1) identifies, during each of the last three years, locations that experienced 168 hours or more of congestion, or the ten locations at which the most costly congestion occurred, whichever measure produces the greater number of locations;

(2) estimates the frequency of congestion at each location and the increased cost to ratepayers resulting from the substitution of higher-priced electricity;

(3) identifies locations on each transmission system that are likely to experience high levels of congestion during the next five years;

(4) evaluates the technical feasibility and estimates the cost of installing one or more grid enhancing technologies to address each instance of grid congestion identified in clause (1), and projects the grid enhancing technology's efficacy in reducing congestion;

(5) analyzes the cost-effectiveness of installing grid enhancing technologies to address each instance of congestion identified in clause (1) by using the information developed in clause (2) to calculate the payback period of each installation, using a methodology developed by the commission;

(6) proposes an implementation plan, including a schedule and cost estimate, to install grid enhancing technologies at each congestion point identified in clause (1) at which the payback period is less than or equal to a value determined by the commission, in order to maximize transmission system capacity; and

(7) explains the transmission owner's current line rating methodology.

Subd. 3. **Commission review; order.** (a) The commission must review the implementation plans proposed by each reporting entity as required in subdivision 2, clause (6), and must:

(1) review, and may approve, reject, or modify, the plan; and

(2) issue an order requiring implementation of an approved plan.

(b) Within 90 days of the date the commission issues an order under this subdivision each public utility must file with the commission a plan containing a workplan, cost estimate, and schedule to implement the elements of the plan approved by the commission that are located within the public utility's electric service area. For each entity required to report under this section that is not a public utility, the commission's order is advisory.

Subd. 4. **Cost recovery.** Notwithstanding any other provision of this chapter, the commission may approve cost recovery under Minnesota Statutes, section 216B.16, including an appropriate rate of return, of any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement a grid enhancing technologies plan approved by the commission under this section.

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

Sec. 53. **INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.**

(a) No later than September 1, 2024, the commission must initiate a proceeding to establish by order generic standards for the sharing of utility costs necessary to upgrade a utility's distribution system by increasing hosting capacity or applying other necessary distribution system upgrades at a congested or constrained location in order to allow for the interconnection of distributed generation facilities at the congested or constrained location and to advance the achievement of the state's renewable and carbon-free energy goals in Minnesota Statutes, section 216B.1691 and greenhouse gas emissions reduction goals in Minnesota Statutes, section 216H.02. The tariff standards must reflect an interconnection process designed to, at a minimum:

(1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution system by ensuring that the cost of upgrades is shared fairly among owners of distributed generation projects seeking interconnection on a pro rata basis according to the amount of the expanded capacity utilized by each interconnected distributed generation facility;

(2) reduce the capital burden on owners of trigger projects seeking interconnection;

(3) establish a minimum level of upgrade costs an expansion of hosting capacity must reach in order to be eligible to participate in the cost-share process and below which a trigger project must bear the full cost of the upgrade;

(4) establish a distributed generation facility's pro rata cost-share amount as the utility's total cost of the upgrade divided by the incremental capacity resulting from the upgrade, and multiplying the result by the capacity of the distributed generation facility seeking interconnection;

(5) establish a minimum proportion of the total upgrade cost that a utility must receive from one or more distributed generation facilities before initiating constructing an upgrade;

(6) allow trigger projects and any other distributed generation facilities to pay a utility more than the trigger project's or distributed generation facility's pro rata cost-share amount only if needed to meet the minimum threshold established in clause (5) and to receive refunds for amounts paid beyond the trigger project's or distributed generation facility's pro rata share of expansion costs from distributed generation projects that subsequently interconnect at the applicable location, after which pro rata payments are paid to the utility for distribution to ratepayers;

(7) prohibit owners of distributed generation facilities from using any unsubscribed capacity at an interconnection that has undergone an upgrade without the distributed generation owners paying the distributed generation owner's pro rata cost of the upgrade; and

(8) establish an annual limit or a formula for determining an annual limit for the total cost of upgrades that are not allocated to owners of participating generation facilities and may be recovered from ratepayers under section 216B.16, subdivision 7b, clause (6).

(b) For the purposes of this section, the following terms have the meanings given:

(1) "distributed generation project" means an energy generating system with a capacity no greater than ten megawatts;

(2) "hosting capacity" means the maximum capacity of a utility distribution system to transport electricity at a specific location without compromising the safety or reliability of the distribution system;

(3) "trigger project" means the initial distributed generation project whose application for interconnection of a distributed generation project alerts a utility that an upgrade is needed in order to accommodate the trigger project and any future interconnections at the applicable location;

(4) "upgrade" means a modification of a utility's distribution system at a specific location that is necessary to allow the interconnection of distributed generation projects by increasing hosting capacity at the applicable location, including but not limited to installing or modifying equipment at a substation or along a distribution line. Upgrade does not mean an expansion of hosting capacity dedicated solely to the interconnection of a single distributed generation project; and

(5) "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

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

Sec. 54. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

Subdivision 1. **Position; duties.** (a) The Public Utilities Commission's Consumer Affairs Office must establish a new full-time equivalent interconnection ombudsperson position to assist applicants seeking to interconnect distributed generation projects to utility distribution systems under the generic statewide standards developed by the commission under section 53. The Public Utilities Commission must (1) appoint a person to the position who possesses mediation skills and technical expertise related to interconnection

and interconnection procedures, and (2) authorize the person to request and review all interconnection data from utilities and applicants that are necessary to fulfill the duties of the position described in this subdivision.

(b) The duties of the interconnection ombudsperson include but are not limited to:

(1) tracking interconnection disputes between applicants and utilities;

(2) facilitating the efficient and fair resolution of disputes between customers seeking to interconnect and utilities;

(3) reviewing utility interconnection policies to assess opportunities to reduce interconnection disputes, while considering the equitable distribution of distributed generation facilities;

(4) convening stakeholder groups as necessary to facilitate effective communication among interconnection stakeholders; and

(5) preparing reports that detail the number, type, resolution timelines, and outcome of interconnection disputes.

(c) A utility must provide information requested under this section that the interconnection ombudsperson determines is necessary to effectively carry out the duties of the position.

Subd. 2. **Definition.** For the purposes of this section, "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

Subd. 3. **Position; funding.** (a) A utility must assess and collect a surcharge of $50 on each application interconnection filed by an owner of a distributed generation facility located in Minnesota. A utility must remit the full surcharge to the Public Utilities Commission monthly, in a manner determined by the Public Utilities Commission, for each interconnection application filed with the utility during the previous month.

(b) The interconnection ombudsperson account is established in the special revenue account in the state treasury. The Public Utilities Commission must manage the account. The Public Utilities Commission must deposit in the account all revenues received from utilities from the surcharge on interconnection applications established under this section. Money is appropriated from the account to the Public Utilities Commission for the sole purpose of funding the ombudsperson position established in subdivision 1.

(c) The Public Utilities Commission must review the amount of revenues collected from the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1) sufficient money is available to support the position, and (2) the reserve in the account does not reach more than ten percent of the amount necessary to fully fund the position.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for interconnections filed with a utility on or after that date.

ARTICLE 7

MINNESOTA ENERGY INFRASTRUCTURE PERMITTING ACT

Section 1. **[216I.01] CITATION.**

This chapter may be cited as the "Minnesota Energy Infrastructure Permitting Act."

Sec. 2. **[216I.02] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given, unless context clearly indicates or provides otherwise.

Subd. 2. **Associated facility.** "Associated facility" means a building, equipment, communication instrumentation, or other physical structure that is necessary to operate a large energy infrastructure facility. Associated facility includes transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect the large energy infrastructure facility with the existing high-voltage transmission system.

Subd. 3. **Commission.** "Commission" means the Public Utilities Commission. Commission also means the executive secretary of the Public Utilities Commission for purposes of the following:

(1) applicability determinations under section 216I.04;

(2) completeness determinations under section 216I.05;

(3) public meetings under section 216I.05, subdivision 9;

(4) draft environmental impact statements under section 216I.06, subdivision 1, paragraph (c); and

(5) public hearings under section 216I.06, subdivision 2, or 216I.07, subdivision 4.

Subd. 4. **Construction.** "Construction" means any clearing of land, excavation, or other action that adversely affects the site's or route's natural environment. Construction does not include changes needed to temporarily use sites or routes for nonutility purposes, or uses in securing survey or geological data, including necessary borings to ascertain foundation conditions.

Subd. 5. **Cultivated agricultural land.** "Cultivated agricultural land" has the meaning given in section 216G.01, subdivision 4.

Subd. 6. **Energy storage system.** "Energy storage system" means equipment and associated facilities designed with a nameplate capacity of 10,000 kilowatts or more that is capable of storing generated electricity for a period of time and delivering the electricity for use after storage.

Subd. 7. **Executive secretary.** "Executive secretary" means the executive secretary of the Public Utilities Commission under section 216A.04 or Public Utilities Commission staff designated by the executive secretary.

Subd. 8. **High-voltage transmission line.** "High-voltage transmission line" means a conductor of electric energy and associated facilities that is (1) designed for and capable of operation at a nominal voltage of 100 kilovolts or more, and (2) is greater than 1,500 feet in length.

Subd. 9. **Large electric power generating plant.** "Large electric power generating plant" means electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more.

Subd. 10. **Large energy infrastructure facility.** "Large energy infrastructure facility" means a high-voltage transmission line, a large electric power generating plant, an energy storage system, a large wind energy conversion system, and any associated facility.

Subd. 11. **Large wind energy conversion system.** "Large wind energy conversion system" means any combination of wind energy conversion systems with a combined nameplate capacity of 5,000 kilowatts or

more, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a large wind energy conversion system with a high-voltage transmission line.

Subd. 12. **Permittee.** "Permittee" means a person to whom a site or route permit is issued.

Subd. 13. **Person.** "Person" means an individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

Subd. 14. **Power purchase agreement.** "Power purchase agreement" means a legally enforceable agreement between two or more persons where one or more of the signatories agrees to provide electrical power and one or more of the signatories agrees to purchase the power.

Subd. 15. **Route.** "Route" means the location of a high-voltage transmission line between two end points. The route may have a variable width of up to 1.25 miles.

Subd. 16. **Site.** "Site" means the location of a large electric power generating plant, solar energy generating system, energy storage system, or large wind energy conversion system.

Subd. 17. **Small wind energy conversion system.** "Small wind energy conversion system" means any combination of wind energy conversion systems with a combined nameplate capacity of less than 5,000 kilowatts.

Subd. 18. **Solar energy generating system.** "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy with a combined nameplate capacity of 50,000 kilowatts alternating current or more.

Subd. 19. **Utility.** "Utility" means any entity engaged or intending to engage in generating, transmitting, or distributing electric energy in Minnesota. Utility includes but is not limited to a private investor-owned utility, cooperatively owned utility, and public or municipally owned utility.

Subd. 20. **Wind energy conversion system.** "Wind energy conversion system" means a device, including but not limited to a wind charger, windmill, or wind turbine and associated facilities, that converts wind energy to electrical energy.

Sec. 3. **[216I.03] SITING AUTHORITY.**

Subdivision 1. **Policy.** The legislature hereby declares it is the policy of the state to locate large electric power facilities in an orderly manner that is compatible with environmental preservation and the efficient use of resources. In accordance with the policy, the commission must choose locations that minimize adverse human and environmental impact while ensuring (1) continuing electric power system reliability and integrity, and (2) that electric energy needs are met and fulfilled in an orderly and timely fashion.

Subd. 2. **Jurisdiction.** (a) The commission has the authority to provide for site and route selection for large energy infrastructure facilities. The commission must issue permits for large energy infrastructure facilities in a timely fashion and in a manner consistent with the overall determination of need for the project under section 216B.2425 or 216B.243, if applicable.

(b) The scope of an environmental review conducted under this chapter must not include: (1) questions of need, including size, type, and timing; (2) alternative system configurations; or (3) voltage.

Subd. 3. **Interstate routes.** If a route is proposed in two or more states, the commission must attempt to reach an agreement with affected states on the entry and exit points before designating a route. The commission, in discharge of the commission's duties under this chapter, may make joint investigations, hold joint hearings within or outside of the state, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any state or of the United States. The commission may, pursuant to any consent of Congress, negotiate and enter into any agreements or compacts with agencies of other states for cooperative efforts to certify the construction, operation, and maintenance of large electric power facilities in a manner consistent with this chapter's requirements and to enforce the respective state laws regarding large electric power facilities.

Subd. 4. **Biennial report.** By December 15, 2025, and every odd-numbered year thereafter, the commission must submit a written report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy and utilities. The report must:

(1) provide an update on the progress made to permit, approve, and construct the electric utility infrastructure necessary to meet the requirements of section 216B.1691 within the milestones provided under section 216B.1691;

(2) describe efforts made by the commission to engage stakeholders in environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (c), in permitting, approving, and constructing electric utility infrastructure under this section, section 216B.1691, or section 216B.243; and

(3) provide information regarding any cumulative impact analysis ordered by the commissioner of the Pollution Control Agency under section 116.065 pertaining to any electric utility infrastructure permitted, approved, or constructed under this section, section 216B.1691, or section 216B.243.

Sec. 4. **[216I.04] APPLICABILITY DETERMINATION.**

Subdivision 1. **Generally.** This section may be used to determine: (1) whether a proposal meets the definition of large energy infrastructure facility and is subject to the commission's siting or routing jurisdiction under this chapter; or (2) which review process is applicable at the time of the initial application.

Subd. 2. **Solar, wind, or energy storage facilities.** For solar energy generating systems, large wind energy conversion systems, or energy storage systems, the alternating current nameplate capacity of one solar energy generating system, wind energy conversion system, or energy storage system must be combined with the alternating current nameplate capacity of any other solar energy generating system, wind energy conversion system, or energy storage system that:

(1) is constructed within the same 12-month period; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

Subd. 3. **Transmission lines.** For transmission lines, the petitioner must describe the applicability question and provide sufficient facts to support the determination.

Subd. 4. **Forms; assistance; written determination.** (a) The commission must provide forms and assistance to help applicants make a request for an applicability determination.

(b) Upon written request from an applicant, the commission or the commission's designee must provide a written determination regarding applicability under this section. The commission or the commission's

designee must provide the written determination within 30 days of the date the request was received or 30 days of the date information that the commission requested from the applicant is received, whichever is later. This written determination constitutes a final decision of the commission.

Sec. 5. **[216I.05] DESIGNATING SITES AND ROUTES.**

Subdivision 1. **Site permit.** (a) A person is prohibited from constructing a large electric generating plant, a solar energy generating system, an energy storage system, or a large wind energy conversion system without a site permit issued by the commission. A person may construct a large electric generating plant, an energy storage system, a solar energy generating system, or a large wind energy conversion system only on a site approved by the commission. A person is prohibited from increasing the generating capacity or output of an electric power plant from under 50 megawatts to more than 50 megawatts without a site permit issued by the commission.

(b) The commission must incorporate into one proceeding the route selection for a high-voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant, energy storage system, solar energy generating system, or large wind energy conversion system to the transmission system if the applications are submitted jointly under this chapter.

(c) A site permit does not authorize construction of a large electric power generating plant until the permittee has obtained a power purchase agreement or some other enforceable mechanism to sell the power generated by the project. If the permittee does not have a power purchase agreement or other enforceable mechanism at the time the permit is issued, the commission must provide in the permit that the permittee must advise the commission when the permittee obtains a commitment to purchase the power. The commission may establish as a condition in the permit a date by which the permittee must obtain a power purchase agreement or other enforceable mechanism. If the permittee does not obtain a power purchase agreement or other enforceable mechanism by the date required by the permit condition, the site permit is null and void.

Subd. 2. **Route permit.** A person is prohibited from constructing a high-voltage transmission line without a route permit issued by the commission. A person may construct a high-voltage transmission line only along a route approved by the commission.

Subd. 3. **Application.** (a) A person that seeks to construct a large energy infrastructure facility must apply to the commission for a site or route permit, as applicable. The applicant must propose a single route for a high-voltage transmission line.

(b) The application must contain:

(1) a statement of proposed ownership of the facility at the time of filing the application and after commercial operation;

(2) the name of any person or organization initially named as permittee or permittees and the name of any other person to whom the permit may be transferred if transfer of the permit is contemplated;

(3) a description of the proposed large energy infrastructure facility and all associated facilities, including size, type, and timing of the facility;

(4) the environmental information required under subdivision 4;

(5) the names of each owner described under subdivision 8;

(6) United States Geological Survey topographical maps, or other maps acceptable to the commission, that show the entire proposed large energy infrastructure facility;

(7) a document that identifies existing utility and public rights-of-way along or near the large energy infrastructure facility;

(8) the engineering and operational design at each of the proposed sites for the proposed large energy infrastructure facility, and identify transportation, pipeline, and electrical transmission systems that are required to construct, maintain, and operate the facility;

(9) a cost analysis of the proposed large energy infrastructure facility, including the costs to construct, operate, and maintain the facility;

(10) a description of possible design options to accommodate the large energy infrastructure facility's future expansion;

(11) the procedures and practices proposed to acquire, construct, maintain, and restore the large energy infrastructure facility's right-of-way or site;

(12) a list and brief description of federal, state, and local permits that may be required for the proposed large energy infrastructure facility;

(13) a discussion regarding whether a certificate of need application is required and, if a certificate of need application is required, whether the certificate of need application has been submitted;

(14) a discussion regarding any other sites or routes that were considered and rejected by the applicant;

(15) any information the commission requires pursuant to an administrative rule; and

(16) a discussion regarding coordination with Minnesota Tribal governments, as defined under section 10.65, subdivision 2, by the applicant, including but not limited to the notice required under subdivision 5 of this section.

Subd. 4. **Environmental information.** (a) An applicant for a site or route permit must include in the application environmental information for each proposed site or route. The environmental information submitted must include:

(1) a description of each site or route's environmental setting;

(2) a description of the effects the facility's construction and operation has on human settlement, including but not limited to public health and safety, displacement, noise, aesthetics, socioeconomic impacts, environmental justice impacts, cultural values, recreation, and public services;

(3) a description of the facility's effects on land-based economies, including but not limited to agriculture, forestry, tourism, and mining;

(4) a description of the facility's effects on archaeological and historic resources;

(5) a description of the facility's effects on the natural environment, including effects on air and water quality resources, flora, and fauna;

(6) a description of the greenhouse gas emissions associated with constructing and operating the facility;

(7) a description of the facility's climate change resilience;

(8) a description of the facility's effects on rare and unique natural resources;

(9) a list that identifies human and natural environmental effects that are unavoidable if the facility is approved at a specific site or route; and

(10) a description of (i) measures that might be implemented to mitigate the potential human and environmental impacts identified in clauses (1) to (7), and (ii) the estimated costs of the potential mitigative measures.

(b) An applicant that applies using the standard process under section 216I.06 may include the environmental information required under paragraph (a) in the applicant's environmental assessment.

Subd. 5. **Preapplication coordination.** At least 30 days before filing an application with the commission, an applicant must provide notice to: (1) each local unit of government within which a site or route may be proposed; (2) Minnesota Tribal governments, as defined under section 10.65, subdivision 2; and (3) the state technical resource agencies. The notice must describe the proposed project and provide the entities receiving the notice an opportunity for preapplication coordination or feedback.

Subd. 6. **Preapplication review.** (a) Before submitting an application under this chapter, an applicant must provide a draft application to commission staff for review. A draft application must not be filed electronically.

(b) Commission staff's draft application review must focus on the application's completeness and clarifications that may assist the commission's review of the application. Upon completion of the preapplication review under this subdivision, commission staff must provide the applicant a summary of the completeness review. The applicant may include the completeness review summary with the applicant's application under subdivision 3.

Subd. 7. **Complete applications.** (a) The commission or the commission's designee must determine whether an application is complete and advise the applicant of any deficiencies within ten working days of the date an application is received.

(b) An application is not incomplete if: (1) information that is not included in the application may be obtained from the applicant prior to the initial public meeting; and (2) the information that is not included in the application is not essential to provide adequate notice.

Subd. 8. **Application notice.** (a) Upon finding an application is complete, the commission must:

(1) publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed;

(2) provide notice of the application to any regional development commission, Minnesota Tribal government as defined under section 10.65, subdivision 2, county, incorporated municipality, and town in which any part of the site or route is proposed;

(3) provide notice of the application and description of the proposed project to each owner whose property is within or adjacent to the proposed site or route for the large energy infrastructure facility; and

(4) provide notice to persons who have requested to be placed on a list maintained by the commission to receive notice of proposed large energy infrastructure facilities.

(b) The commission must identify a standard format and content for application notice. At a minimum, the notice must include: (1) a description of the proposed project, including a map displaying the general

area of the proposed site or route; (2) a description detailing how a person may receive more information and future notices regarding the application; and (3) a location where a copy of the application may be reviewed.

(c) The notice must also provide information regarding the date and location of the public meeting where the public may learn more about the proposed project and the commission's review process.

(d) For the purposes of providing mailed notice under this subdivision, an owner is the person indicated in the records of the county auditor or, in a county where tax statements are mailed by the county treasurer, in the records of the county treasurer. If necessary, other appropriate records may be used for purposes of providing mailed notice. The failure to provide mailed notice to a property owner or defects in the notice do not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made.

Subd. 9. **Public meeting.** (a) The commission must hold at least one public meeting in a location near the proposed large energy infrastructure facility project's location to explain the permitting process, present major issues, accept public comments on the scope of the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07, and respond to questions raised by the public.

(b) At the public meeting and in written comments accepted for at least ten days following the date of the public meeting, the commission must accept comments on (1) potential impacts and alternative sites or routes to be considered in the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07, and (2) permit conditions.

Subd. 10. **Draft permit; additional considerations.** Upon close of the public comment period following the public meeting in subdivision 9, the commission must:

(1) prepare a draft site or route permit for the large energy infrastructure facility. The draft permit must identify the person or persons who are the permittee, describe the proposed project, and include proposed permit conditions. A draft site permit does not authorize a person to construct a large energy infrastructure facility. The commission may change the draft site permit in any respect before final issuance or may deny the permit; and

(2) identify the scope of the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07. A member of the commission is prohibited from giving direction to commission environmental review staff on the scope of an environmental assessment, environmental addendum, or environmental impact statement, except in a publicly noticed meeting or through a publicly available commission notice or order.

Subd. 11. **Designating sites and routes; considerations.** (a) The commission's site and route permit determinations must (1) be guided by the state's goals to conserve resources; (2) minimize environmental impacts, and minimize human settlement and other land use conflicts; (3) consider impacts to environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e), including cumulative impacts, as defined in section 116.065, to environmental justice areas; and (4) ensure the state's energy security through efficient, cost-effective energy supply and infrastructure.

(b) When determining whether to issue a site permit for a large energy infrastructure facility, the commission must include but is not limited to:

(1) evaluating research and investigations relating to: (i) large energy infrastructure facilities' effects on land, water, and air resources; and (ii) the effects water and air discharges and electric and magnetic fields

resulting from large energy infrastructure facilities have on public health and welfare, vegetation, animals, materials, and aesthetic values, including baseline studies, predictive modeling, and evaluating new or improved methods to minimize adverse impacts of water and air discharges and other matters pertaining to large energy infrastructure facilities' effects on the water and air environment;

(2) conducting environmental evaluation of sites and routes that are proposed for future development and expansion, and the relationship of proposed sites and routes for future development and expansion to Minnesota's land, water, air, and human resources;

(3) evaluating the effects of measures designed to minimize adverse environmental effects;

(4) evaluating the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analyzing the direct and indirect economic impact of proposed sites and routes, including but not limited to productive agricultural land lost or impaired;

(6) evaluating adverse direct and indirect environmental effects that are unavoidable should the proposed site and route be accepted;

(7) evaluating alternatives to the applicant's proposed site or route, if applicable;

(8) when appropriate, evaluating potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluating governmental survey lines and other natural division lines of agricultural land to minimize interference with agricultural operations;

(10) evaluating the future needs for large energy infrastructure facilities in the same general area as any proposed site or route;

(11) evaluating irreversible and irretrievable commitments of resources if the proposed site or route is approved;

(12) when appropriate, considering the potential impacts raised by other state and federal agencies and local entities;

(13) evaluating the benefits of the proposed facility with respect to (i) the protection and enhancement of environmental quality, and (ii) the reliability of state and regional energy supplies;

(14) evaluating the proposed facility's impact on socioeconomic factors; and

(15) evaluating the proposed facility's employment and economic impacts in the facility site's vicinity and throughout Minnesota, including the quantity, quality, and compensation level of construction and permanent jobs. The commission must consider a facility's local employment and economic impacts, and may reject or place conditions on a site or route permit based on the local employment and economic impacts.

(c) If the commission's rules are substantially similar to existing federal agency regulations the utility is subject to, the commission must apply the federal regulations.

(d) The commission is prohibited from designating a site or route that violates state agency rules.

(e) When applicable, the commission must make a specific finding that the commission considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and using

parallel existing highway right-of-way. To the extent an existing high-voltage transmission route or parallel existing right-of-way is not used for the route, the commission must state the reasons.

Subd. 12. **Final decision.** (a) The commission must issue a site or route permit that is demonstrated to be in the public interest pursuant to this chapter. The commission may require any reasonable conditions in the site or route permit that are necessary to protect the public interest. The commission maintains continuing jurisdiction over the route and site permits and any conditions contained in the route and site permits.

(b) The commission is prohibited from issuing a site permit in violation of the site selection standards and criteria established under this section and in rules the commission adopts. When the commission designates a site, the commission must issue a site permit to the applicant with any appropriate conditions. The commission must publish a notice of the commission's decision in the Environmental Quality Board Monitor within 30 days of the date the commission issues the site permit.

(c) The commission is prohibited from issuing a route permit in violation of the route selection standards and criteria established under this section and in rules the commission adopts. When the commission designates a route, the commission must issue a permit for the construction of a high-voltage transmission line that specifies the design, routing, right-of-way preparation, and facility construction the commission deems necessary, including any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expanding transmission capacity through multiple circuiting or design modifications. The commission must publish a notice of the commission's decision in the Environmental Quality Board Monitor within 30 days of the date the commission issues the route permit.

(d) The commission must require as a condition of permit issuance, including the issuance of a modified permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of a site or route permit to construct an energy infrastructure facility, including all of the permit recipient's construction contractors and subcontractors on the project: (1) must pay no less than the prevailing wage rate, as defined in section 177.42; and (2) is subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(e) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying the decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site or route operations.

Subd. 13. **Commission; technical expertise and other assistance.** (a) The commission must consult with other state agencies and obtain technical expertise and other assistance for activities and proceedings under this chapter.

(b) Notwithstanding the requirements of section 216B.33, employees of the commission may take any action related to the requirements of this chapter immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certification.

Sec. 6. **[216I.06] APPLICATIONS; MAJOR REVIEW.**

Subdivision 1. **Environmental review.** (a) The commission must prepare an environmental impact statement on each proposed large energy infrastructure facility for which a complete application has been submitted. An environmental impact statement means a detailed written statement that describes a large energy infrastructure facility and satisfies the requirements of section 116D.04. For the purposes of environmental review, the commission is prohibited from considering whether or not the project is needed.

No other state environmental review documents are required. The commission must study and evaluate any site or route identified by the commission under section 216I.05, subdivision 10, clause (2).

(b) For a cogeneration facility, as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commission must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions resulting from increased efficiency from thermal energy production on the part of the customer that operates or owns the proposed cogeneration facility.

(c) The commission must publish a draft environmental impact statement and a scoping document for the environmental impact statement under section 216I.05, subdivision 10. The public may provide comments on the draft environmental impact statement at the public hearing and comment period under subdivision 2.

(d) The commission must publish a final environmental impact statement responding to the timely substantive comments on the draft environmental impact statement consistent with the scope approved by the commission under section 216I.05, subdivision 10, clause (2). The final environmental impact statement must discuss at appropriate points in the final environmental impact statement any reasonable opposing views relating to scoping issues that were not adequately discussed in the draft environmental impact statement and must indicate a response to the reasonable opposing views. When making the commission's final decision, the commission must consider the final environmental impact statement and the entirety of the record related to human and environmental impacts.

(e) The commission must determine the adequacy of the final environmental impact statement. The commission must not decide the adequacy for at least ten days after the availability of the final environmental impact statement is announced in the EQB Monitor. The final environmental impact statement is adequate if the final environmental impact statement:

(1) addresses the issues and alternatives raised in scoping;

(2) provides responses to the timely substantive comments received during the draft environmental impact statement review process; and

(3) was prepared in compliance with the procedures in sections 216I.05 and 216I.06.

If the commission finds that the environmental impact statement is not adequate, the commission must direct staff to respond to the deficiencies and resubmit the revised environmental impact statement to the commission as soon as possible.

Subd. 2. **Public hearing.** (a) No sooner than 15 days after the date the draft environmental impact statement is published, the commission must hold a public hearing on an application for a large energy infrastructure facility site or route permit. A hearing held to designate a site or route must be conducted by an administrative law judge from the Office of Administrative Hearings.

(b) The commission may designate a portion of the hearing to be conducted as a contested case proceeding under chapter 14.

(c) The commission must provide notice of the hearing at least ten days before but no earlier than 45 days before the date the hearing commences. The commission must provide notice by (1) publishing in a legal newspaper of general circulation in the county in which the public hearing is to be held, (2) mailing to chief executives of the regional development commissions, counties, organized towns, townships, and

incorporated municipalities in which a site or route is proposed, and (3) Tribal governments as defined by section 10.65, subdivision 2.

(d) Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses.

(e) The administrative law judge must hold a portion of the hearing in the area where the large energy infrastructure facility's location is proposed.

(f) The commission and administrative law judge must accept written comments for at least 20 days after the public hearing's date.

Subd. 3. **Administrative law judge report.** The administrative law judge must issue a report and recommendations after completion of post-hearing briefing or the date the public comment period under subdivision 2 closes, whichever is later.

Subd. 4. **Timing.** The commission must make a final decision on an application within 60 days of the date the administrative law judge's report is received. A final decision on the site or route permit request must be made within one year of the date the commission determines an application is complete. The commission may extend the time limit under this subdivision for up to three months for just cause or upon agreement with the applicant.

Sec. 7. **[216I.07] APPLICATIONS; STANDARD REVIEW.**

Subdivision 1. **Standard review.** An applicant who seeks a site or route permit for which the applicant's proposal is one of the projects identified in this section may follow the procedures under this section in lieu of the procedures under section 216I.06. The applicant must notify the commission at the time the application is submitted which procedure the applicant has elected to follow.

Subd. 2. **Applicable projects.** The requirements and procedures under this section apply to projects for which the applicant's proposal is:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines with a capacity between 100 and 300 kilovolts;

(4) high-voltage transmission lines with a capacity in excess of 300 kilovolts and less than 30 miles in length in Minnesota;

(5) high-voltage transmission lines with a capacity in excess of 300 kilovolts, if at least 80 percent of the distance of the line in Minnesota, as proposed by the applicant, is located along existing high-voltage transmission line right-of-way;

(6) solar energy systems;

(7) energy storage systems; and

(8) large wind energy conversion systems.

Subd. 3. **Environmental review.** (a) For the projects identified in subdivision 2 and following the procedures under this section, the applicant must prepare and submit an environmental assessment with the

application. A draft of the environmental assessment must also be provided to commission staff as part of the preapplication review under section 216I.05, subdivision 6. The environmental assessment must (1) contain information regarding the proposed project's human and environmental impacts, and (2) address mitigating measures for identified impacts. The environmental assessment is the only state environmental review document that must be prepared for the proposed project.

(b) If after the public meeting the commission identifies other sites or routes or potential impacts for review, the commission must prepare an addendum to the environmental assessment that evaluates (1) the human and environmental impacts of the alternative site or route, and (2) any additional mitigating measures related to the identified impacts consistent with the scoping decision made pursuant to section 216I.06, subdivision 10, clause (2). The public may provide comments on the environmental assessment and any addendum to the environmental assessment at the public hearing and comment period under subdivision 4. When making the commission's final decision, the commission must consider the environmental assessment, the environmental assessment addendum, if any, and the entirety of the record related to human and environmental impacts.

Subd. 4. **Public hearing.** (a) After the commission issues any environmental assessment addendum and a draft permit under section 216I.05, subdivision 10, the commission must hold a public hearing in the area where the facility's location is proposed.

(b) The commission must provide notice of the public hearing in the same manner as required under section 216I.06, subdivision 2.

(c) The commission must conduct the public hearing under procedures established by the commission and may request that an administrative law judge from the Office of Administrative Hearings conduct the hearing and prepare a report.

(d) The applicant must be present at the hearing to present evidence and to answer questions. The commission must provide opportunity at the public hearing for any person to present comments and to ask questions of the applicant and commission staff. The commission must also provide interested persons an opportunity to submit written comments into the record after the public hearing.

Subd. 5. **Timing.** (a) The commission must make a final decision on an application within 60 days of the date the public comment period following completion of the public hearing closes, or the date the report is filed, whichever is later. A final decision on the request for a site or route permit under this section must be made within six months of the date the commission determines the application is complete. The commission may extend the time limit under this subdivision for up to three months for just cause or upon agreement with the applicant.

(b) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying the decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site or route operations.

Sec. 8. **[216I.08] APPLICATIONS; LOCAL REVIEW.**

Subdivision 1. **Local review authorized.** (a) Notwithstanding sections 216I.06 and 216I.07, an applicant who seeks a site or route permit for one of the projects identified in subdivision 2 may apply to the local units of government that have jurisdiction over the site or route for approval to build the project. If local approval is granted, a site or route permit is not required from the commission. If the applicant files an

application with the commission, the applicant waives the applicant's right to seek local approval for the project.

(b) A local unit of government with jurisdiction over a project identified in this section to whom an applicant has applied for approval to build the project may request that the commission assume jurisdiction and make a decision on a site or route permit pursuant to the applicable provisions under this chapter. A local unit of government must file the request with the commission within 60 days of the date an applicant files an application for the project with any one local unit of government. If one of the local units of government with jurisdiction over the project requests that the commission assume jurisdiction, jurisdiction over the project transfers to the commission. If the local units of government maintain jurisdiction over the project, the commission must select the appropriate local unit of government to be the responsible governmental unit to conduct the project's environmental review.

Subd. 2. **Applicable projects.** An applicant may seek approval under this section from a local unit of government to construct:

(1) large electric power generating plants and solar energy generating systems with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

(3) high-voltage transmission lines with a capacity between 100 and 200 kilovolts;

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(6) a high-voltage transmission line rerouting to serve the demand of a single customer, if at least 80 percent of the rerouted line is located on property owned or controlled by the customer or the owner of the transmission line;

(7) energy storage systems; and

(8) large wind energy conversion systems with a capacity less than 25 megawatts.

Subd. 3. **Notice of application.** An applicant must notify the commission that the applicant has elected to seek local approval of the proposed project within ten days of the date the applicant submits an application to a local unit of government to approve an eligible project.

Subd. 4. **Environmental review.** (a) A local unit of government that maintains jurisdiction over a qualifying project must prepare or request that the applicant prepare an environmental assessment on the project. The local unit of government must afford the public an opportunity to participate in developing the scope of the environmental assessment before the environmental assessment is prepared.

(b) Upon completing the environmental assessment, the local unit of government must publish notice in the EQB Monitor that indicates (1) the environmental assessment is available for review, (2) how a copy of the document may be reviewed, (3) that the public may comment on the document, and (4) the procedure for submitting comments to the local unit of government. Upon completion of the environmental assessment, the local unit of government must provide a copy of the environmental assessment to the commission.

(c) The local unit of government is prohibited from making a final decision on the permit until at least ten days after the date the notice appears in the EQB Monitor. If more than one local unit of government has jurisdiction over a project and the local units of government cannot agree which local unit of government prepares the environmental assessment, any local unit of government or the applicant may request that the commission select the appropriate local unit of government to be the responsible governmental unit to conduct an environmental review of the project.

Sec. 9. **[216I.09] PERMIT AMENDMENTS.**

Subdivision 1. **Applicability.** This section applies to a request by the owner of the large energy infrastructure facility to modify any provision or condition of a site or route permit issued by the commission, including the following:

(1) upgrades or rebuilds an existing electric line and associated facilities to a voltage capable of operating between 100 kilovolts and 300 kilovolts that does not result in significant changes in the human and environmental impact of the facility; or

(2) repowers or refurbishes a large electric power generating plant, a large wind energy conversion system, a solar energy generating system, or an energy storage system that increases the efficiency of the system, provided the project does not increase the developed area within the permitted site or increase the nameplate capacity of the facility's most recent interconnection agreement. For a large electric power generating plant, an increase in efficiency is a reduction in the amount of British thermal units required to produce a kilowatt hour of electricity at the facility.

Subd. 2. **Application.** A person that seeks authorization to amend a large energy infrastructure facility must apply to the commission. The application must be in writing and must (1) describe the alteration to be made or the amendment sought, and (2) explain why the request meets the eligibility criteria under subdivision 1. The application must describe any changes to the environmental impacts evaluated by the commission as part of the initial permit approval. If there are significant changes to the environmental impacts evaluated by the commission as part of the initial permit approval, environmental review must be conducted pursuant to the applicable requirements of Minnesota Rules, chapter 4410 and parts 7849.1000 to 7849.2100.

Subd. 3. **Notice.** The commission must mail notice that the application was received to the persons on the general list and to the persons on the project contact list, if a project list exists.

Subd. 4. **Public comment.** The commission must provide at least a ten-day period for interested persons to submit comments on the application or to request that the matter be brought to the commission for consideration. The applicant may respond to submitted comments within seven days of the date the comment period closes.

Subd. 5. **Timing.** Within 30 days of the date the applicant responds to submitted comments under subdivision 4, the commission must decide whether to authorize the permit amendment, bring the matter to the commission for consideration, or determine that the application requires a permitting decision under another section in this chapter.

Subd. 6. **Decision.** The commission may authorize an amendment but impose reasonable conditions on the approval. The commission must notify the applicant in writing of the commission's decision and send a copy of the decision to any person who requested notification or filed comments on the application.

Subd. 7. **Local review.** For a large electric power generating plant or high-voltage transmission line that was not issued a permit by the commission, the owner or operator of the nonpermitted facility may seek

approval of a project listed under subdivision 1 from the local unit of government if the facility qualifies for standard review under section 216I.07 or local review under section 216I.08.

Sec. 10. **[216I.10] EXEMPT PROJECTS.**

Subdivision 1. **Permit not required.** A permit issued by the commission is not required to construct:

(1) a small wind energy conversion system;

(2) a power plant or solar energy generating system with a capacity of less than 50 megawatts;

(3) an energy storage system with a capacity of less than ten megawatts;

(4) a transmission line that (i) has a capacity of 100 kilovolts or more, and (ii) is less than 1,500 feet in length; and

(5) a transmission line that has a capacity of less than 100 kilovolts.

Subd. 2. **Other approval.** A person that proposes a facility listed in subdivision 1 must (1) obtain any approval required by local, state, or federal units of government with jurisdiction over the project, and (2) comply with the environmental review requirements under chapter 116D and Minnesota Rules, chapter 4410.

Sec. 11. **[216I.11] PERMITTING REQUIREMENTS; EXCEPTIONS FOR CERTAIN FACILITIES.**

Subdivision 1. **Permit not required.** The following projects do not constitute the construction of a large energy infrastructure facility and may be constructed without a permit issued by the commission:

(1) maintaining or repairing an existing large energy infrastructure facility within an existing site or right-of-way;

(2) adding equipment at an existing substation that does not (i) require more than a one-acre expansion of the land needed for the substation, and (ii) involve an increase in the voltage or changes in the location of existing transmission lines, except that up to the first five transmission line structures outside the substation may be moved to accommodate the equipment additions, provided the structures are not moved more than 500 feet from the existing right-of-way;

(3) reconductoring or reconstructing a high-voltage transmission line that does not result in a change to voltage or a change in right-of-way;

(4) relocating a high-voltage transmission line that is required by a local or state agency as part of road, street, or highway construction;

(5) converting the fuel source of a large electric power generating plant to natural gas, provided the plant is not expanded beyond the developed portion of the plant site; and

(6) starting up an existing large electric power generating plant that has been closed for any period of time at no more than the large electric power generating plant's previous capacity rating and in a manner that does not involve changing the fuel or expanding the developed portion of the plant site.

Subd. 2. **Amendment.** If a modification or other change to an existing large energy infrastructure facility does not qualify for an exception under subdivision 1, the modification or change may qualify as an amendment under section 216I.09.

Subd. 3. **Notice.** A person that proposes to implement changes to a large energy infrastructure facility under subdivision 1, clauses (2) to (5), must notify the commission in writing at least 30 days before commencing construction of the modification or change.

Sec. 12. **[216I.13] PERMIT TRANSFER.**

Subdivision 1. **Application.** A permittee holding a large energy infrastructure facility site or route permit may request that the commission transfer the permittee's permit. The permittee must provide the name of the existing permittee, the name and description of the entity to which the permit is to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer. The person to whom the permit is to be transferred must provide the commission with information the commission requires to determine whether the new permittee is able to comply with the permit's conditions. The commission must mail notice of receipt of the application to the persons on the general list at least seven days in advance of the date the commission considers the matter. The commission must provide the same notice to persons on the project contact list if a project contact list exists.

Subd. 2. **Approval of transfer.** The commission must approve the transfer if the commission determines that the new permittee complies with the conditions of the permit. The commission, in approving the transfer of a permit, may impose reasonable additional conditions in the permit as part of the approval. The commission may decide to hold a public meeting to provide the public with an opportunity to comment on the request for the transfer prior to making a decision.

Sec. 13. **[216I.14] PERMIT REVOCATION OR SUSPENSION.**

Subdivision 1. **Initiation of action to revoke or suspend.** The commission may initiate action to consider revoking or suspending a permit on the commission's own motion or upon the request of any person who has made a prima facie showing by affidavit and documentation that a violation of this act or the permit has occurred.

Subd. 2. **Hearing.** If the commission initiates action to consider revoking or suspending a permit, the commission must provide the permittee with an opportunity for a contested case hearing conducted by an administrative law judge from the Office of Administrative Hearings.

Subd. 3. **Finding of violation.** If the commission finds that a violation of this act or the permit has occurred, the commission may revoke or suspend the permit, require the permittee to undertake corrective or ameliorative measures as a condition to avoid revocation or suspension, or require corrective measures and suspend the permit. When determining the appropriate sanction, the commission must consider whether:

(1) the violation results in any significant additional adverse environmental effects;

(2) the results of the violation can be corrected or ameliorated; and

(3) suspending or revoking a permit impairs the permittee's electrical power system reliability.

Sec. 14. **REVISOR INSTRUCTION.**

The revisor shall renumber each section of Minnesota Statutes in Column A with the number in Column B.

Column A	Column B
216E.06	216I.12
216E.07	216I.15
216E.08, subdivision 2	216I.16, subdivision 1
216E.08, subdivision 3	216I.16, subdivision 2
216E.09	216I.17
216E.10	216I.18
216F.084	216I.19
216E.11	216I.20
216E.12	216I.21
216E.03, subdivision 8	216I.22
216E.13	216I.23
216E.14	216I.24
216E.15	216I.25
216E.16	216I.26
216E.17	216I.27
216E.18, subdivision 2a	216I.28, subdivision 1
216E.18, subdivision 3	216I.28, subdivision 2

Sec. 15. **REPEALER.**

Subdivision 1. **Minnesota Statutes, chapter 216E, repeals.** (a) Minnesota Statutes 2022, sections 216E.001; 216E.01, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, and 10; 216E.02; 216E.021; 216E.03, subdivisions 2, 3a, 3b, 4, and 9; 216E.04, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 216E.05, subdivisions 1 and 3; 216E.08, subdivisions 1 and 4; and 216E.18, subdivisions 1 and 2, are repealed.

(b) Minnesota Statutes 2023 Supplement, sections 216E.01, subdivisions 3a, 6, and 9a; 216E.03, subdivisions 1, 3, 5, 6, 7, 10, and 11; 216E.04, subdivision 2; and 216E.05, subdivision 2, are repealed.

Subd. 2. **Minnesota Statutes, chapter 216F, repeals.** (a) Minnesota Statutes 2022, sections 216F.01; 216F.011; 216F.012; 216F.015; 216F.02; 216F.03; 216F.05; 216F.06; 216F.07; 216F.08; and 216F.081, are repealed.

(b) Minnesota Statutes 2023 Supplement, section 216F.04, is repealed.

Subd. 3. **Minnesota Rules, chapter 7854, repeals.** Minnesota Rules, parts 7854.0100; 7854.0200; 7854.0300; 7854.0400; 7854.0500; 7854.0600; 7854.0700; 7854.0800; 7854.0900; 7854.1000; 7854.1100; 7854.1200; 7854.1300; 7854.1400; and 7854.1500, are repealed.

Subd. 4. **Minnesota Rules, chapter 7850, repeals.** Minnesota Rules, parts 7850.1000; 7850.1100; 7850.1200; 7850.1300; 7850.1400; 7850.1500; 7850.1600; 7850.1700; 7850.1800; 7850.1900; 7850.2000; 7850.2100; 7850.2200; 7850.2300; 7850.2400; 7850.2500; 7850.2600; 7850.2700; 7850.2800; 7850.2900; 7850.3000; 7850.3100; 7850.3200; 7850.3300; 7850.3400; 7850.3500; 7850.3600; 7850.3700; 7850.3800; 7850.3900; 7850.4100; 7850.4200; 7850.4500; 7850.4600; 7850.4700; 7850.4800; 7850.4900; 7850.5000; 7850.5100; 7850.5200; 7850.5300; 7850.5400; 7850.5500; and 7850.5600, are repealed.

Sec. 16. **EFFECTIVE DATE.**

This article is effective July 1, 2025.

ARTICLE 8

CERTIFICATES OF NEED

Section 1. Minnesota Statutes 2022, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **Large energy facility.** "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high-voltage transmission line with a capacity of ~~200~~ 300 kilovolts or more and greater than ~~1,500 feet~~ one mile in length in Minnesota;

(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota ~~or that crosses a state line~~;

(4) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil, or their derivatives;

(5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(7) any underground gas storage facility requiring a permit pursuant to section 103I.681;

(8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

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

Sec. 2. Minnesota Statutes 2022, section 216B.243, subdivision 3, is amended to read:

Subd. 3. **Showing required for construction.** No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation, except that the commission must not require evaluation of alternative end points for a high-voltage transmission line qualifying as a large energy facility unless the alternative end points are (i) consistent with end points identified in a federally registered planning authority transmission plan, or (ii) otherwise agreed to for further evaluation by the applicant;

(7) the policies, rules, and regulations of other state and federal agencies and local governments;

(8) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

(9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;

(10) whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all pending applications.

Sec. 3. Minnesota Statutes 2022, section 216B.243, subdivision 3a, is amended to read:

Subd. 3a. **Use of renewable resource.** The commission may not issue a certificate of need under this section for a large energy facility that generates electric power ~~by means of a nonrenewable energy source, or that transmits electric power generated~~ by means of a nonrenewable energy source, unless the applicant

for the certificate has demonstrated to the commission's satisfaction that it has explored the possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive ~~(~~, including environmental costs~~)~~, than power generated by a renewable energy source. For purposes of this subdivision, "renewable energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

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

Sec. 4. Minnesota Statutes 2022, section 216B.243, subdivision 4, is amended to read:

Subd. 4. **Application for certificate; hearing.** Any person proposing to construct a large energy facility shall apply for a certificate of need and for a site or route permit under chapter ~~216E~~ 216I prior to construction of the facility. The application shall be on forms and in a manner established by the commission. In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need and, if a joint hearing is held, a site or route permit. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process. Unless the commission determines that a joint hearing on siting and need under this subdivision and ~~section 216E.03, subdivision 6~~ chapter 216I~~,~~ is not feasible or more efficient, or otherwise not in the public interest, a joint hearing under ~~those subdivisions shall~~ this subdivision and chapter 216I must be held.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2023 Supplement, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section ~~216F.01, subdivision 2~~ 216I.02, subdivision 12, or a solar energy generating system, as defined in section ~~216E.01, subdivision 9a~~ 216I.02,

subdivision 18, for which a site permit application is submitted by an independent power producer under chapter ~~216E or 216F~~ 216I; ~~or~~

(8) a large wind energy conversion system, as defined in section ~~216F.01, subdivision 2~~ 216I.02, subdivision 12, or a solar energy generating system ~~that is a large energy facility~~, as defined in section ~~216B.2421, subdivision 2~~ 216I.02, subdivision 18, engaging in a repowering project that:

(i) will not result in the system exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the system exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase~~.~~;

(9) energy storage systems, as defined in section 216I.02, subdivision 7;

(10) transmission lines that directly interconnect large wind energy conversion systems, solar energy generating systems, or energy storage systems to the transmission system; or

(11) relocation of an existing high voltage transmission line to new right-of-way, provided that any new structures that are installed are not designed for and capable of operation at higher voltage.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating system that is a large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

EFFECTIVE DATE. (a) The amendment to paragraph (a), clause (7), is effective July 1, 2025.

(b) The amendments to paragraph (a), clauses (9), (10), and (11), are effective the day following final enactment, except that the reference to Minnesota Statutes, section 216I.02, subdivision 7, in paragraph (a), clause (9), is effective July 1, 2025. Prior to July 1, 2025, the definition of "energy storage system" in Minnesota Statutes, section 216E.01, subdivision 3a, applies.

Sec. 6. Minnesota Statutes 2022, section 216B.243, subdivision 9, is amended to read:

Subd. 9. **Renewable energy standard and carbon-free energy standard facilities.** This section does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the obligations of section 216B.1691, subdivision 2a or 2g; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:

(1) the size of the facility relative to a utility's total need for renewable resources;

(2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;

(3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;

(4) the facility's ability to maintain electric system reliability;

(5) impacts on ratepayers; and

(6) other criteria as the commission may determine are relevant.

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

Sec. 7. Minnesota Statutes 2022, section 216B.246, subdivision 3, is amended to read:

Subd. 3. **Commission procedure.** (a) If an electric transmission line has been approved for construction in a federally registered planning authority transmission plan, the incumbent electric transmission owner, or owners if there is more than one owner, shall give notice to the commission, in writing, within ~~90~~ 60 days of approval, regarding its intent to construct, own, and maintain the electric transmission line. If an incumbent electric transmission owner gives notice of intent to build the electric transmission line then, unless exempt from the requirements of section 216B.243, within ~~18~~ 12 months from the date of the notice described in this paragraph ~~or such longer time approved by the commission~~, the incumbent electric transmission owner shall file an application for a certificate of need under section 216B.243 or certification under section 216B.2425.

(b) If the incumbent electric transmission owner indicates that it does not intend to build the transmission line, such notice shall fully explain the basis for that decision. If the incumbent electric transmission owner, or owners, gives notice of intent not to build the electric transmission line, then the commission may determine whether the incumbent electric transmission owner or other entity will build the electric transmission line, taking into consideration issues such as cost, efficiency, reliability, and other factors identified in this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any electric transmission line that has been approved for construction in a federally registered planning authority transmission plan on or after that date.

ARTICLE 9

CONFORMING CHANGES

Section 1. Minnesota Statutes 2023 Supplement, section 10.65, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration; Department of Agriculture; Department of Children, Youth, and Families; Department of Commerce; Department of Corrections; Department of Education; Department of Employment and Economic Development; Department of Health; Office of Higher Education; Housing Finance Agency; Department of Human Rights; Department of Human Services; Department of Information Technology Services; Department of Iron Range Resources and Rehabilitation; Department of Labor and Industry; Minnesota Management and Budget; Bureau of Mediation Services; Department of Military Affairs; Metropolitan Council; Department of Natural Resources; Pollution Control Agency; Department of Public Safety; Department of Revenue; Department of Transportation; Department of Veterans Affairs; Gambling Control Board; Racing Commission; the Minnesota Lottery; the Animal Health Board; the Public Utilities Commission; and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative

process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 116C.83, subdivision 6, is amended to read:

Subd. 6. **Environmental review and protection.** (a) The siting, construction, and operation of an independent spent-fuel storage installation located on the site of a Minnesota generation facility for dry cask storage of spent nuclear fuel generated solely by that facility is subject to all environmental review and protection provisions of this chapter and chapters 115, 115B, 116, 116B, 116D, and 216B, and rules associated with those chapters, except those statutes and rules that apply specifically to a radioactive waste management facility as defined in section 116C.71, subdivision 7.

(b) An environmental impact statement is required under chapter 116D for a proposal to construct and operate a new or expanded independent spent-fuel storage installation. The ~~commissioner of the Department of Commerce shall be~~ Public Utilities Commission is the responsible governmental unit for the environmental impact statement. Prior to finding the statement adequate, the ~~commissioner~~ commission must find that the applicant has demonstrated that the facility is designed to provide a reasonable expectation that the operation of the facility will not result in groundwater contamination in excess of the standards established in section 116C.76, subdivision 1, clauses (1) to (3).

Sec. 3. Minnesota Statutes 2022, section 216A.037, subdivision 1, is amended to read:

Subdivision 1. **Ex parte communications prohibitions; rules.** (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications, directly or indirectly, between a commissioner and a participant or party under the commission's rules of practice and procedure relating to:

(1) a material issue during a pending contested case proceeding;

(2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;

(3) a material issue in a disputed formal petition; and

(4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the Office of Administrative Hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

(d) Commission staff and consultants that perform environmental review and other activities identified in chapters 216G and 216I are not parties, participants, or decision making personnel, as defined under Minnesota Rules, part 7845.7000.

Sec. 4. Minnesota Statutes 2022, section 216A.07, subdivision 3, is amended to read:

Subd. 3. **Intervention in commission proceeding.** (a) The commissioner may intervene as a party in all proceedings before the commission. When intervening in gas or electric hearings, the commissioner shall prepare and defend testimony designed to:

(1) encourage energy conservation improvements as defined in section 216B.241.;

(2) ensure that the greenhouse gas reduction goals are attained on a schedule that keeps pace with the reduction timetable in section 216H.02, subdivision 1;

(3) ensure that the renewable energy standards, solar energy goal, and carbon-free standards are achieved according to the schedules under section 216B.1691, subdivisions 2a, 2f, and 2g, respectively; and

(4) ensure compliance with state environmental policy, as stated in section 116D.02.

(b) The attorney general shall act as counsel in the proceedings.

Sec. 5. Minnesota Statutes 2023 Supplement, section 216E.06, is amended to read:

216E.06 EMERGENCY ~~PERMIT~~ PERMITS.

Subdivision 1. **Utility emergency action.** ~~(a)~~ Any utility whose ~~electric power~~ system requires the immediate construction of a large ~~electric power~~ energy infrastructure facility due to a major unforeseen event may apply to the commission for an emergency permit. The application ~~shall~~ must provide notice in writing of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the commission's acceptance of the application and upon a finding by the commission that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified ~~in section 216E.03 would jeopardize~~ under this chapter jeopardizes the utility's electric power system or ~~would jeopardize~~ jeopardizes the utility's ability to meet the electric needs of ~~its~~ the utility's customers in an orderly and timely manner.

Subd. 2. **Utility emergency procedures.** ~~(b)~~ A public hearing to determine if an emergency exists must be held within 90 days of the application. The commission, after notice and hearing, ~~shall~~ must adopt rules specifying the criteria for emergency certification.

Sec. 6. Minnesota Statutes 2023 Supplement, section 216E.07, is amended to read:

216E.07 ANNUAL HEARING.

The commission ~~shall~~ must hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding any matters relating to the siting and routing of large ~~electric power~~ energy infrastructure facilities. At the meeting, the commission ~~shall~~ must advise the public of the permits issued by the commission in the past year. The commission ~~shall~~ must provide at least ten days but no more than 45 days' notice of the annual meeting by mailing or serving electronically, as provided in section 216.17, a notice to those persons who have requested notice and by publication in the EQB Monitor and the commission's weekly calendar.

Sec. 7. Minnesota Statutes 2022, section 216E.08, subdivision 2, is amended to read:

Subd. 2. **~~Other~~ Public participation.** The commission ~~shall~~ must adopt broad spectrum citizen participation as a principal of operation. The form of public participation ~~shall~~ must not be limited to public meetings and hearings ~~and advisory task forces~~ and ~~shall~~ must be consistent with the commission's rules and guidelines ~~as provided for in~~ under section ~~216E.16~~ 216I.24.

Sec. 8. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 1, is amended to read:

Subdivision 1. **Site or route permit prevails over local provisions.** To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county, and local governments, and special purpose government districts, the issuance of a site permit or route permit and subsequent purchase and use of ~~such~~ the site or route locations for large ~~electric power~~ energy infrastructure facility purposes ~~shall be~~ is the sole site or route approval required to be obtained by the ~~utility~~ permittee. ~~Such~~ The permit ~~shall supersede~~ supersedes and ~~preempt~~ preempts all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Sec. 9. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 2, is amended to read:

Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, ~~utilities shall~~ a permittee must obtain state permits that may be required to construct and operate large ~~electric power~~ energy infrastructure facilities. A state agency in processing a ~~utility's~~ permittee's facility permit application ~~shall be~~ is bound to the decisions of the commission~~,~~ with respect to (1) the site or route designation, and ~~with respect to~~ (2) other matters for which authority has been granted to the commission by this chapter.

Sec. 10. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 3, is amended to read:

Subd. 3. **State agency participation.** (a) A state ~~agencies~~ agency authorized to issue permits required ~~for construction or operation of~~ to construct or operate a large ~~electric power facilities shall~~ energy infrastructure facility must participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and ~~shall~~ must clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval ~~will be in compliance~~ complies with state agency standards, rules, or policies.

(b) An applicant for a permit under this section or under chapter 216G ~~shall~~ must notify the commissioner of agriculture if the proposed project ~~will impact~~ impacts cultivated agricultural land~~, as that term is defined in section 216G.01, subdivision 4~~. The commissioner may participate and advise the commission as to

whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture ~~shall be~~ is the lead agency on the development of any agricultural mitigation plan required for the project.

(c) The Minnesota State Historic Preservation Office must participate in the commission's siting and routing activities described in this section. The commission's consideration and resolution of Minnesota State Historic Preservation Office's comments satisfies the requirements of section 138.665, when applicable.

Sec. 11. Minnesota Statutes 2022, section 216E.11, is amended to read:

216E.11 IMPROVEMENT OF SITES AND ROUTES.

~~Utilities that have acquired~~ A permittee that acquires a site or route in accordance with this chapter may proceed to construct or improve the site or route for the intended purposes at any time, subject to section ~~216E.10, subdivision 2~~ 216I.16, subdivision 2, provided that if the construction and improvement has not commenced within four years after a permit for the site or route has been issued, ~~then~~ the ~~utility~~ permittee must certify to the commission that the site or route continues to meet the conditions upon which the site or route permit was issued.

Sec. 12. Minnesota Statutes 2022, section 216E.13, is amended to read:

216E.13 FAILURE TO ACT.

If the commission fails to act within the times specified ~~in section 216E.03~~ under this chapter, the applicant or any affected person may seek an order of the district court requiring the commission to designate or refuse to designate a site or route.

Sec. 13. Minnesota Statutes 2022, section 216E.14, is amended to read:

216E.14 REVOCATION OR SUSPENSION.

A site or route permit may be revoked or suspended by the commission after adequate notice of the alleged grounds for revocation or suspension and a full and fair hearing in which the affected ~~utility~~ permittee has an opportunity to confront any witness and respond to any evidence against ~~it~~ the permittee and to present rebuttal or mitigating evidence upon a finding by the commission of:

(1) any false statement knowingly made in the application or in accompanying statements or studies required of the applicant, if a true statement would have warranted a change in the commission's findings;

(2) failure to comply with material conditions of the site certificate or construction permit, or failure to maintain health and safety standards; or

(3) any material violation of the provisions of this chapter, any rule promulgated pursuant thereto, or any order of the commission.

Sec. 14. Minnesota Statutes 2022, section 216E.15, is amended to read:

216E.15 JUDICIAL REVIEW.

Any applicant, party or person aggrieved by the issuance of a site or route permit, minor alteration, amendment, or emergency permit from the commission or a certification of continuing suitability filed by a ~~utility~~ permittee with the commission or by a final order in accordance with any rules promulgated by the commission, may appeal to the court of appeals in accordance with chapter 14. The appeal ~~shall~~ must be

filed within 30 days after the ~~publication in the State Register of~~ date the notice of the ~~issuance of the permit by the commission or~~ commission's permit issuance is published in the EQB Monitor, certification is filed with the commission, or the ~~filing of~~ any final order is filed by the commission.

Sec. 15. Minnesota Statutes 2022, section 216E.16, is amended to read:

216E.16 RULES.

Subdivision 1. **Commission rules.** The commission, in order to give effect to the purposes of this chapter, may adopt rules consistent with this chapter, including promulgation of site and route designation criteria, the description of the information to be furnished by the utilities, establishment of minimum guidelines for public participation in the development, revision, and enforcement of any rule, plan, or program established by the commission, procedures for the revocation or suspension of a site or route permit, and the procedure and timeliness for proposing alternative routes and sites. ~~No~~ A rule adopted by the commission ~~shall~~ must not grant priority to state-owned wildlife management areas over agricultural lands in the designation of route avoidance areas. ~~The provisions of~~ Chapter 14 ~~shall apply~~ applies to the appeal of rules adopted by the commission to the same extent as it applies to review of rules adopted by any other agency of state government.

Subd. 2. **Office of Administrative Hearings rules.** The chief administrative law judge ~~shall~~ must adopt procedural rules for public hearings relating to the site and route permit process. The rules ~~shall~~ must attempt to maximize citizen participation in these processes consistent with the time limits for commission decision established ~~in sections 216E.03, subdivision 10, and 216E.04, subdivision 7~~ under this chapter.

Sec. 16. Minnesota Statutes 2022, section 216E.18, subdivision 2a, is amended to read:

Subd. 2a. **~~Route~~ Application fee; appropriation.** ~~Every~~ An applicant for a ~~transmission line~~ site or route permit ~~shall~~ must pay to the ~~commissioner of commerce~~ commission a fee to cover the necessary and reasonable costs incurred by the commission ~~in acting~~ to act on the permit application and ~~carrying~~ carry out the requirements of this chapter. The commission may adopt rules providing for ~~the~~ fee payment ~~of the fee~~. Section 16A.1283 does not apply to ~~the~~ establishment of ~~this~~ the fee under this subdivision. All money received ~~pursuant to~~ under this subdivision ~~shall~~ must be deposited in a special account. Money in the account is appropriated to the ~~commissioner of commerce~~ commission to pay expenses incurred ~~in processing~~ to process applications for site and route permits in accordance with this chapter and, in the event ~~the~~ expenses are less than the fee paid, to refund the excess fee paid to the applicant.

Sec. 17. **[216G.025] ROUTING PERMIT; ENVIRONMENTAL REVIEW; CARBON DIOXIDE PIPELINES.**

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

(b) "Carbon dioxide pipeline" means a pipeline located in Minnesota that transports carbon dioxide in a liquid, gaseous, or supercritical state.

(c) "Commission" means the Public Utilities Commission.

(d) "Supercritical" means a physical state in which a substance is more dense than a gas but less dense than a liquid.

Subd. 2. **Routing permit required.** (a) A person is prohibited from constructing or operating a carbon dioxide pipeline without a route permit issued by the commission under this chapter.

(b) A person seeking to construct or operate a carbon dioxide pipeline is prohibited from applying to the commission for a conditional exclusion or partial exemption from pipeline route selection procedures under Minnesota Rules, chapter 7852.

Subd. 3. **Carbon dioxide pipeline; environmental review.** Notwithstanding any other law or rule, an environmental impact statement must be prepared under Minnesota Rules, chapter 4410, prior to issuing a route permit under this section for a carbon dioxide pipeline. The commission is the governmental unit responsible for preparing an environmental impact statement under this subdivision.

Sec. 18. **TRANSFER OF DUTIES; ENVIRONMENTAL ANALYSIS OF LARGE ENERGY INFRASTRUCTURE FACILITIES.**

(a) The responsibility for administering the environmental analysis of large energy infrastructure facilities, as described in this act, is transferred from the Department of Commerce to the Public Utilities Commission on July 1, 2025.

(b) Minnesota Statutes, section 15.039, applies to the transfer of duties required under this section. Assessments are considered appropriations under Minnesota Statutes, section 15.039, subdivision 6, for the purposes of the transfer under this section.

Sec. 19. **ADMINISTRATIVE RULEMAKING.**

(a) The Public Utilities Commission must adopt rules, using the expedited process under Minnesota Statutes, section 14.389, that amend Minnesota Rules, chapters 7849 and 7850, to conform with the changes made in this act.

(b) The Environmental Quality Board must adopt rules, using the expedited process under Minnesota Statutes, section 14.389, that amend Minnesota Rules, chapter 4410, to conform with the changes made in this act.

(c) The Public Utilities Commission must amend Minnesota Rules, chapter 7850, to authorize applicants for site and route permits to begin submitting preconstruction compliance filings to commission staff for review immediately following the commission's vote to grant the applicant a site or route permit, but prior to issuing a written commission order.

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

Sec. 20. **APPROPRIATION; PUBLIC UTILITIES COMMISSION.**

$5,000 in fiscal year 2025 is appropriated from the general fund to the Public Utilities Commission for the administrative costs of rulemaking in this article. This is a onetime appropriation and is available until June 30, 2026.

Sec. 21. **APPROPRIATION; DEPARTMENT OF COMMERCE.**

$1,200,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of commerce to facilitate timely actions in nonenvironmental review, routing and siting proceedings, and to intervene as

a party in Public Utilities Commission permitting proceedings. The base in fiscal year 2026 and later is $2,400,000.

Sec. 22. **EFFECTIVE DATE.**

Sections 3 and 5 to 16 are effective July 1, 2025.

Presented to the governor May 22, 2024