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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4759

03/07/2024 Authored by Acomb, Kraft, Hollins, Stephenson and Rehm
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; establishing a program to award grants to political subdivisions
1.3 to assess the feasibility of installing geothermal energy systems; appropriating
1.4 money; proposing coding for new law in Minnesota Statutes, chapter 216C.

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

1.6 Section 1. [216C.47] GEOTHERMAL PLANNING GRANTS.

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

1.9 (b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

1.10 (c) "Geothermal energy system" means a system that heats and cools one or more
1.11 buildings by using the constant temperature of the earth as both a heat source and heat sink
1.12 and a heat exchanger consisting of an underground closed loop system of piping containing
1.13 a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

1.14 (1) a bored geothermal heat exchanger, as defined in section 103I.005;

1.15 (2) a groundwater thermal exchange device, as defined in section 103I.005; and

1.16 (3) a submerged closed loop heat exchanger, as defined in section 103I.005.

1.17 Subd. 2. Establishment. A geothermal planning grant program is established in the
1.18 department to provide financial assistance to political subdivisions to examine the technical
1.19 and economic feasibility of installing geothermal energy systems.

1.20 Subd. 3. Account established. (a) The geothermal planning grant account is established
1.21 as a separate account in the special revenue fund in the state treasury. The commissioner

2.1 must credit to the account appropriations and transfers to the account. Earnings, including
2.2 interest, dividends, and any other earnings arising from assets of the account, must be
2.3 credited to the account. Money remaining in the account at the end of a fiscal year does not
2.4 cancel to the general fund, but remains in the account until June 30, 2027. The commissioner
2.5 must manage the account.

2.6 (b) Money in the account is appropriated to the commissioner to (1) award geothermal
2.7 planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by
2.8 the department to administer this section.

2.9 Subd. 4. **Application process.** An applicant seeking a grant under this section must
2.10 submit an application to the commissioner on a form developed by the commissioner. The
2.11 commissioner must develop administrative procedures to govern the application and grant
2.12 award process. The commissioner may contract with a third party to conduct some or all of
2.13 the program's operations.

2.14 Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the
2.15 total cost of the activities eligible for funding under subdivision 6, up to a limit of \$150,000.

2.16 (b) The commissioner must endeavor to award grants to eligible applicants in all regions
2.17 of Minnesota.

2.18 Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded
2.19 under this section include:

2.20 (1) analysis of the heating and cooling demand of the building or buildings that consume
2.21 energy from the geothermal energy system;

2.22 (2) evaluation of equipment that could be combined with a geothermal energy system
2.23 to meet the building's heating and cooling requirement;

2.24 (3) analysis of the geologic conditions of the earth in which a geothermal energy system
2.25 operates, including the drilling of one or more test wells to characterize geologic materials
2.26 and to measure properties of the earth and aquifers that impact the feasibility of installing
2.27 and operating a geothermal energy system; and

2.28 (4) preparation of a financial analysis of the project.

2.29 Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors
2.30 performing work funded with a grant awarded under this section must have experience
2.31 installing geothermal energy systems.

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

3.1 Sec. 2. **APPROPRIATION.**

3.2 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
 3.3 \$..... in fiscal year 2025 is appropriated from the renewable development account established
 3.4 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
 3.5 to award geothermal planning grants under Minnesota Statutes, section 216C.47, and to
 3.6 reimburse the costs of the department to administer Minnesota Statutes, section 216C.47.

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