

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1824

(SENATE AUTHORS: OSMEK)

DATE	D-PG	OFFICIAL STATUS
03/06/2017	1073	Introduction and first reading
		Referred to Energy and Utilities Finance and Policy
03/23/2017	1633a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to energy; appropriating money for the Department of Commerce and

1.3 Public Utilities Commission; making policy and technical changes; modifying

1.4 facilities eligible for staging and permitting at innovative energy project sites;

1.5 amending terms of a contract for a biomass project; modifying the solar energy

1.6 standard; amending resource planning requirements; prohibiting regulation of

1.7 voice-over-Internet protocol service and Internet protocol-enabled service;

1.8 establishing a task force; amending Minnesota Statutes 2016, sections 216B.164,

1.9 subdivisions 5, 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694,

1.10 subdivision 3; 216B.2422, subdivisions 2, 4; 216B.2424, by adding a subdivision;

1.11 216B.62, subdivision 3b; 216C.435, by adding a subdivision; 237.01, by adding

1.12 subdivisions; proposing coding for new law in Minnesota Statutes, chapter 237.

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

1.14 **ARTICLE 1**

1.15 **APPROPRIATIONS**

1.16 Section 1. **ENERGY AND UTILITIES APPROPRIATIONS.**

1.17 The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.18 and for the purposes specified in this article. The appropriations are from the general fund,

1.19 or another named fund, and are available for the fiscal years indicated for each purpose.

1.20 The figures "2018" and "2019" used in this article mean that the appropriations listed under

1.21 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

1.22 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"

1.23 is fiscal years 2018 and 2019.

1.24 **APPROPRIATIONS**

1.25 **Available for the Year**

1.26 **Ending June 30**

2.1			<u>2018</u>	<u>2019</u>
2.2	Sec. 2. <u>DEPARTMENT OF COMMERCE</u>			
2.3	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>8,348,000</u>	<u>\$ 8,348,000</u>
2.4	<u>Appropriations by Fund</u>			
2.5		<u>2018</u>	<u>2019</u>	
2.6	<u>General</u>	<u>5,686,000</u>	<u>5,686,000</u>	
2.7	<u>Special Revenue</u>	<u>1,610,000</u>	<u>1,610,000</u>	
2.8	<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>	
2.9	<u>The amounts that may be spent for each</u>			
2.10	<u>purpose are specified in the following</u>			
2.11	<u>subdivisions.</u>			
2.12	<u>Subd. 2. Petroleum Tank Release Compensation</u>			
2.13	<u>Board</u>		<u>1,052,000</u>	<u>1,052,000</u>
2.14	<u>This appropriation is from the petroleum tank</u>			
2.15	<u>fund.</u>			
2.16	<u>Subd. 3. Telecommunications</u>			
2.17	<u>Appropriations by Fund</u>			
2.18	<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>	
2.19	<u>Special Revenue</u>	<u>1,610,000</u>	<u>1,610,000</u>	
2.20	<u>\$1,610,000 each year is from the</u>			
2.21	<u>telecommunication access fund for the</u>			
2.22	<u>following transfers.</u>			
2.23	<u>(1) \$1,170,000 each year is to the</u>			
2.24	<u>commissioner of human services to</u>			
2.25	<u>supplement the ongoing operational expenses</u>			
2.26	<u>of the Commission of Deaf, DeafBlind, and</u>			
2.27	<u>Hard-of-Hearing Minnesotans;</u>			
2.28	<u>(2) \$290,000 each year is to the chief</u>			
2.29	<u>information officer for the purpose of</u>			
2.30	<u>coordinating technology accessibility and</u>			
2.31	<u>usability;</u>			

3.1 (3) \$100,000 each year is to the Legislative
 3.2 Coordinating Commission for captioning of
 3.3 legislative coverage; and

3.4 (4) \$50,000 each year is to the Office of
 3.5 MN.IT Services for a consolidated access fund
 3.6 to provide grants to other state agencies related
 3.7 to accessibility of their Web-based services.

3.8 **Subd. 4. Energy Resources** 4,677,000 4,677,000

3.9 \$150,000 each year is for grants to providers
 3.10 of low-income weatherization services to
 3.11 install renewable energy equipment in
 3.12 households that are eligible for weatherization
 3.13 assistance under Minnesota's weatherization
 3.14 assistance program state plan under Minnesota
 3.15 Statutes, section 216C.264.

3.16 \$430,000 each year is for costs associated with
 3.17 competitive rates for energy-intensive,
 3.18 trade-exposed electric utility customers. All
 3.19 general fund appropriations for costs
 3.20 associated with competitive rates for
 3.21 energy-intensive, trade-exposed electric utility
 3.22 customers are recovered through assessments
 3.23 under Minnesota Statutes, section 216B.62.

3.24 **Sec. 3. APPROPRIATION AND TRANSFER.**

3.25 (a) The utility subject to Minnesota Statutes, section 116C.779, shall transfer \$10,000,000
 3.26 in fiscal year 2018 from the renewable development account established under that section
 3.27 to the commissioner of commerce, who shall deposit it in the special revenue fund. This is
 3.28 a onetime transfer.

3.29 (b) \$10,000,000 from the money deposited in the special revenue fund under paragraph
 3.30 (a) is appropriated to the commissioner of commerce for transfer to the Iron Range Resources
 3.31 and Rehabilitation Board for deposit in Fund #280, Business Development Fund for
 3.32 Renewable Energy Manufacturing. This is a onetime appropriation and is available until
 3.33 June 30, 2020.

4.1 Sec. 4. PUBLIC UTILITIES COMMISSION \$ 7,465,000 \$ 7,465,000

4.2 **ARTICLE 2**

4.3 **COMMERCE**

4.4 Section 1. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

4.5 Subd. 5. **Dispute; resolution.** In the event of disputes between ~~an electric~~ a public utility
 4.6 and a qualifying facility, either party may request a determination of the issue by the
 4.7 commission. In any such determination, the burden of proof shall be on the public utility.
 4.8 The commission in its order resolving each such dispute shall require payments to the
 4.9 prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys'
 4.10 fees, except that the qualifying facility will be required to pay the costs, disbursements, and
 4.11 attorneys' fees of the public utility only if the commission finds that the claims of the
 4.12 qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

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

4.14 Sec. 2. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

4.15 Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision~~
 4.16 ~~5,~~ and with respect to municipal electric utilities only, the term "commission" means the
 4.17 governing body of each municipal electric utility that adopts and has in effect rules
 4.18 implementing this section which are consistent with the rules adopted by the Minnesota
 4.19 Public Utilities Commission under subdivision 6. As used in this subdivision, the governing
 4.20 body of a municipal electric utility means the city council of that municipality; except that,
 4.21 if another board, commission, or body is empowered by law or resolution of the city council
 4.22 or by its charter to establish and regulate rates and days for the distribution of electric energy
 4.23 within the service area of the city, that board, commission, or body shall be considered the
 4.24 governing body of the municipal electric utility.

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

4.26 Sec. 3. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision
 4.27 to read:

4.28 Subd. 11. **Cooperative electric association.** (a) For purposes of this section only, the
 4.29 term "commission" means the board of directors of a cooperative association that (1) elects,
 4.30 by resolution, to assume the authority delegated to the Public Utilities Commission over
 4.31 cooperative electric associations under this section, and (2) adopts and has in effect rules

5.1 implementing this section. The rules must provide for a process to resolve disputes that
 5.2 arise under this section, and must include a provision that a request by either party for
 5.3 mediation of the dispute by an independent third party must be implemented. A cooperative
 5.4 electric association that has adopted a resolution and rules under this subdivision is exempt
 5.5 from regulation by the Public Utilities Commission under this section.

5.6 (b) Except as provided in paragraph (c), any proceedings concerning the activities of a
 5.7 cooperative electric association under this section that are pending at the Public Utilities
 5.8 Commission on the effective date of this section are terminated on that date.

5.9 (c) The Public Utilities Commission shall limit its investigation in Docket No. 16-512
 5.10 determining whether the methodology used by cooperative associations to establish a fee
 5.11 under section 216B.164, subdivision 3, paragraph (a), complies with state law. The
 5.12 commission shall complete the investigation no later than December 31, 2017. A
 5.13 methodology determined by the commission to comply with state law may not be challenged
 5.14 in a dispute under section 216B.164. If the commission determines that a methodology does
 5.15 not comply with state law, it shall clearly state the changes necessary to bring the
 5.16 methodology into compliance, and the cooperative electric association shall proceed under
 5.17 paragraph (a).

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

5.19 Sec. 4. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

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

5.25 (b) For a public utility with more than 200,000 retail electric customers, at least ten
 5.26 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
 5.27 solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

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

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

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

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

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

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

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

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

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

6.16 ~~(e)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under
 6.17 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 6.18 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 6.19 solar standard under this subdivision.

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

6.24 ~~(g)~~ (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall
 6.25 file a report with the commission reporting its progress in achieving the solar energy standard
 6.26 established under this subdivision.

6.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.28 Sec. 5. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

6.29 Subd. 3. **Staging and permitting.** (a) A Natural gas-fired plant that is located on one
 6.30 site designated as an innovative energy project site under subdivision 1, clause (3), is
 6.31 accorded the regulatory incentives granted to an innovative energy project under subdivision
 6.32 2, clauses (1) to (3), and may exercise the authorities therein.

7.1 (b) Following issuance of a final state or federal environmental impact statement for an
 7.2 innovative energy project that was a subject of contested case proceedings before an
 7.3 administrative law judge:

7.4 (1) site and route permits and water appropriation approvals for an innovative energy
 7.5 project must also be deemed valid for a plant meeting the requirements of paragraph (a)
 7.6 and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required
 7.7 state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

7.8 (2) no air, water, or other permit issued by a state agency that is necessary for constructing
 7.9 an innovative energy project may be the subject of contested case hearings, notwithstanding
 7.10 Minnesota Rules, parts 7000.1750 to 7000.2200.

7.11 Sec. 6. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

7.12 Subd. 2. **Resource plan filing and approval.** A utility shall file a resource plan with
 7.13 the commission periodically in accordance with rules adopted by the commission. The
 7.14 commission shall approve, reject, or modify the plan of a public utility, as defined in section
 7.15 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings
 7.16 of all other utilities, the commission's order shall be advisory and the order's findings and
 7.17 conclusions shall constitute prima facie evidence which may be rebutted by substantial
 7.18 evidence in all other proceedings. With respect to utilities other than those defined in section
 7.19 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions
 7.20 in any comparable proceedings in another jurisdiction. As a part of its resource plan filing,
 7.21 a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs
 7.22 from both new and refurbished capacity needs generating facilities through a combination
 7.23 of conservation and renewable energy resources.

7.24 **EFFECTIVE DATE.** This section is effective the day following final enactment, and
 7.25 applies to resource plans filed with the commission on or after July 1, 2017.

7.26 Sec. 7. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

7.27 Subd. 4. **Preference for renewable energy facility.** The commission shall not approve
 7.28 a new or refurbished nonrenewable energy facility in an integrated resource plan or a
 7.29 certificate of need, pursuant to section 216B.243, nor shall the commission allow rate
 7.30 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the
 7.31 utility has demonstrated that a renewable energy facility is not in the public interest. When
 7.32 making the public interest determination, the commission must include consider:

8.1 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
 8.2 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
 8.3 the solar energy standard under section 216B.1691, subdivision 2f;

8.4 (2) impacts on local and regional grid reliability;

8.5 (3) utility and ratepayer impacts resulting from the intermittent nature of renewable
 8.6 energy facilities, including but not limited to the costs of purchasing wholesale electricity
 8.7 in the market and the costs of providing ancillary services; and

8.8 (4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,
 8.9 changes in transmission costs, portfolio diversification, and environmental compliance
 8.10 costs.

8.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

8.12 Sec. 8. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision
 8.13 to read:

8.14 **Subd. 9. Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision
 8.15 in this section, a public utility that operates a nuclear-powered electric generating plant may
 8.16 file a petition with the commission for approval of a new or amended power purchase
 8.17 agreement, or, with the agreement of all parties, the early termination of a power purchase
 8.18 agreement, with a facility that was previously approved to satisfy a portion of the biomass
 8.19 mandate in this section.

8.20 (b) A new or amended power purchase agreement under this subdivision may be approved
 8.21 by the commission regardless of the fuel requirements of this section if, by its terms:

8.22 (1) all parties to the power purchase agreement agree to the terms and conditions of the
 8.23 new or amended power purchase agreement; and

8.24 (2) the new or amended power purchase agreement is in the best interest of the customers
 8.25 of the public utility that operates a nuclear-powered electric generating plant, taking into
 8.26 consideration any savings to customers resulting from the new or amended power purchase
 8.27 agreement and any costs imposed on customers under paragraph (f).

8.28 (c) The termination of a power purchase agreement under this subdivision may be
 8.29 approved by the commission if:

8.30 (1) all parties to the power purchase agreement agree to the early termination of the
 8.31 agreement; and

9.1 (2) the termination of the power purchase agreement is in the best interest of the customers
 9.2 of the public utility that operates a nuclear-powered electric generating plant, taking into
 9.3 consideration any savings to customers resulting from the termination of the power purchase
 9.4 agreement and any costs imposed on customers under paragraph (f).

9.5 (d) A new or amended power purchase agreement approved under paragraph (b) may
 9.6 be for any term agreed to by the parties for any amount of energy agreed to by the parties.

9.7 (e) The approval of a new or amended power purchase agreement under paragraph (b),
 9.8 or the approval of a termination of a power purchase agreement under paragraph (c), shall
 9.9 not require the public utility that operates a nuclear-powered electric generation plant to
 9.10 purchase additional biomass energy under this section.

9.11 (f) A utility may petition the commission to approve a rate schedule that provides for
 9.12 the automatic adjustment of charges to recover investments, expenses and costs, and earnings
 9.13 on the investment associated with the new or amended power purchase agreement or the
 9.14 termination of a power purchase agreement. The commission may approve the rate schedule
 9.15 upon a showing that the recovery of investments, expenses and costs, and earnings on the
 9.16 investment is less than the costs that would have been recovered from customers had the
 9.17 utility continued to purchase energy under the power purchase agreement that was terminated.

9.18 (g) This subdivision does not apply to a St. Paul district heating and cooling system
 9.19 cogeneration facility and nothing in this subdivision precludes a public utility that operates
 9.20 a nuclear-power electric generating plant from filing a petition with the commission for
 9.21 approval of a new or amended power purchase agreement with such a facility.

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

9.23 Sec. 9. Minnesota Statutes 2016, section 216B.62, subdivision 3b, is amended to read:

9.24 Subd. 3b. **Assessment for department regional and national duties.** In addition to
 9.25 other assessments in subdivision 3, the department may assess up to ~~\$1,000,000~~ \$500,000
 9.26 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount
 9.27 in this subdivision shall be assessed to energy utilities in proportion to their respective gross
 9.28 operating revenues from retail sales of gas or electric service within the state during the last
 9.29 calendar year and shall be deposited into an account in the special revenue fund and is
 9.30 appropriated to the commissioner of commerce for the purposes of section 216A.07,
 9.31 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
 9.32 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
 9.33 an "energy utility" means public utilities, generation and transmission cooperative electric

10.1 associations, and municipal power agencies providing natural gas or electric service in the
10.2 state. This subdivision expires June 30, ~~2017~~ 2021.

10.3 Sec. 10. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
10.4 to read:

10.5 Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means
10.6 a residential dwelling containing five or more units intended for use as a residence by tenants
10.7 or lessees of the owner.

10.8 Sec. 11. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to
10.9 read:

10.10 Subd. 10. **Voice-over-Internet protocol service.** "Voice-over-Internet protocol service"
10.11 or "VoIP service" means any service that (1) enables real-time two-way voice
10.12 communications that originate from or terminate at the user's location in Internet protocol
10.13 or any successor protocol, and (2) permits users generally to receive calls that originate on
10.14 the public switched telephone network and terminate calls to the public switched telephone
10.15 network.

10.16 Sec. 12. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to
10.17 read:

10.18 Subd. 11. **Internet protocol-enabled service.** "Internet protocol-enabled service" or
10.19 "IP-enabled service" means any service, capability, functionality, or application provided
10.20 using Internet protocol, or any successor protocol, that enables an end user to send or receive
10.21 a communication in Internet protocol format or any successor format, regardless of whether
10.22 that communication is voice, data, or video.

10.23 Sec. 13. [237.037] **VOICE-OVER-INTERNET PROTOCOL SERVICE AND**
10.24 **INTERNET PROTOCOL-ENABLED SERVICE.**

10.25 Subdivision 1. **Regulation prohibited.** Except as provided in this section, no state
10.26 agency, including the commission and the Department of Commerce, or political subdivision
10.27 of this state shall by rule, order, or other means directly or indirectly regulate the entry,
10.28 rates, terms, quality of service, availability, classification, or any other aspect of VoIP service
10.29 or IP-enabled service.

11.1 Subd. 2. VoIP regulation. (a) To the extent permitted by federal law, VoIP service is
11.2 subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard to
11.3 the collection and remittance of the surcharges governed by those sections.

11.4 (b) A provider of VoIP service must comply with the requirements of chapter 403
11.5 applicable to the provision of access to 911 service by service providers, except to the extent
11.6 those requirements conflict with federal requirements for the provision of 911 service by
11.7 VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is
11.8 entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision
11.9 5. Beginning June 1, 2017, and continuing each June 1 thereafter, each VoIP provider shall
11.10 file a plan with the commission describing how it will comply with the requirements of this
11.11 paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the
11.12 commission either an update of the plan or a statement certifying that the plan and personnel
11.13 contact information previously filed is still current.

11.14 Subd. 3. Relation to other law. Nothing in this section restricts, creates, expands, or
11.15 otherwise affects or modifies:

11.16 (1) the commission's authority under the Federal Communications Act of 1934, United
11.17 States Code, title 47, sections 251 and 252;

11.18 (2) any applicable wholesale tariff or any commission authority related to wholesale
11.19 services;

11.20 (3) any commission jurisdiction over (i) intrastate switched access rates, terms, and
11.21 conditions, including the implementation of federal law with respect to intercarrier
11.22 compensation, or (ii) existing commission authority to address or affect the resolution of
11.23 disputes regarding intercarrier compensation;

11.24 (4) the rights of any entity, or the authority of the commission and local government
11.25 authorities, with respect to the use and regulation of public rights-of-way under sections
11.26 237.162 and 237.163;

11.27 (5) the establishment or enforcement of standards, requirements or procedures in
11.28 procurement policies, internal operational policies, or work rules of any state agency or
11.29 political subdivision of the state relating to the protection of intellectual property; or

11.30 (6) the authority of the attorney general to apply and enforce chapters 325C to 325G
11.31 and 325K to 325M or other laws of general applicability governing consumer protection
11.32 and trade practices.

12.1 Subd. 4. **Exemption.** The following services delivered by IP-enabled service are not
 12.2 regulated under this chapter:

12.3 (1) video services provided by a cable communications system, as defined in section
 12.4 238.02, subdivision 3;

12.5 (2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

12.6 (3) any other IP-enabled video service.

12.7 Subd. 5. **Preservation of existing landline telephone service.** Nothing in this section
 12.8 restricts, creates, expands, or otherwise affects or modifies the obligations of a telephone
 12.9 company under this chapter to offer landline telephone service that is not Voice-over-Internet
 12.10 protocol service.

12.11 Sec. 14. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**
 12.12 **FORCE.**

12.13 Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation
 12.14 Task Force shall develop recommendations for consumer protection legislation for any
 12.15 energy improvements financing program implemented under Minnesota Statutes, sections
 12.16 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,
 12.17 "residential PACE" or "PACE" means energy improvement financing programs for
 12.18 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435
 12.19 to 216C.436.

12.20 Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

12.21 (1) one member appointed by the Minnesota Association of Realtors;

12.22 (2) one member appointed by the Center for Energy and Environment;

12.23 (3) one member appointed by the Minnesota Bankers Association;

12.24 (4) one member appointed by the Legal Services Advocacy Project;

12.25 (5) one member appointed by the Minnesota Credit Union Network;

12.26 (6) one member appointed by the Minnesota Solar Energy Industry Association;

12.27 (7) one member appointed by the St. Paul Port Authority;

12.28 (8) one member appointed by the League of Minnesota Cities;

12.29 (9) one member appointed by the Association of Minnesota Counties;

12.30 (10) one member appointed by AARP Minnesota;

- 13.1 (11) one member appointed by Fresh Energy;
- 13.2 (12) one member appointed by the Citizens Utility Board of Minnesota;
- 13.3 (13) one member appointed by Clean Energy Economy Minnesota;
- 13.4 (14) one member appointed by the Minnesota Land Title Association;
- 13.5 (15) one member appointed by an organization with experience implementing residential
- 13.6 PACE programs in other states; and
- 13.7 (16) the commissioner of commerce or a designee.
- 13.8 (b) Any public member can designate a substitute from the same organization to replace
- 13.9 that member at a meeting of the task force.
- 13.10 Subd. 3. **Duties.** The task force must develop recommendations to:
- 13.11 (1) address concerns regarding the possible constraints on free alienation of residential
- 13.12 property caused by existence and amount of the PACE liens;
- 13.13 (2) reduce and minimize any point-of-sale confusion in transactions involving
- 13.14 PACE-encumbered homes;
- 13.15 (3) ensure conspicuous and meaningful disclosure of, among other things:
- 13.16 (i) all costs and fees of a residential PACE loan; and
- 13.17 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
- 13.18 PACE loans relative to other financing mechanisms;
- 13.19 (4) ensure that the ability to repay standard uses commonly accepted underwriting
- 13.20 principles;
- 13.21 (5) ensure that consumer provisions required of and protections that apply to conventional
- 13.22 loans and other financing options, including but not limited to the Truth in Lending Act and
- 13.23 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;
- 13.24 (6) address any unique protections necessary for elderly, low-income homeowners and
- 13.25 other financially vulnerable homeowners;
- 13.26 (7) establish criteria for ensuring the cost-effectiveness of PACE-enabled clean energy
- 13.27 improvements; and
- 13.28 (8) address any other issues the task force identifies that are necessary to protect
- 13.29 consumers.

14.1 Subd. 4. **Administrative support.** The commissioner of commerce shall provide
14.2 administrative support and meeting space for the task force.

14.3 Subd. 5. **Compensation.** Members serve without compensation and shall not be
14.4 reimbursed for expenses.

14.5 Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall
14.6 serve as chair.

14.7 Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings
14.8 of the task force are subject to Minnesota Statutes, chapter 13D.

14.9 Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017.
14.10 The commissioner of commerce must convene the first meeting by July 15, 2017.

14.11 Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a
14.12 report detailing the task force's findings and recommendations to the chairs and ranking
14.13 minority members of the senate and house of representatives committees with jurisdiction
14.14 over energy and consumer protection policy and finance. The report must include any draft
14.15 legislation necessary to implement the recommendations of the task force.

14.16 Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing
14.17 consumer protections that addresses, but is not limited to, the concerns identified in
14.18 subdivision 3, no programs for the financing of energy improvements on a single-family
14.19 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,
14.20 may be operated after the effective date of this section.

14.21 Subd. 11. **Expiration.** The task force shall expire January 15, 2018, or after submitting
14.22 the report required in this section, whichever is earlier.

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

APPENDIX
Article locations in S1824-1

ARTICLE 1 APPROPRIATIONS Page.Ln 1.14
ARTICLE 2 COMMERCE Page.Ln 4.2