ARTICLE 1

ENERGY AND UTILITIES

1.24

ARTICLE 17

COMMERCE APPROPRIATIONS

1.25

Section 1. APPROPRIATIONS.

186.16 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
186.17 and for the purposes specified in this article. The appropriations are from the general fund,
186.18 or another named fund, and are available for the fiscal years indicated for each purpose.
186.19 The figures "2022" and "2023" used in this article mean that the appropriations listed under
186.20 them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

186.21

186.22 Available for the Year

186.23 Ending June 30

186.24 2022 2023

186.25 Sec. 2. DEPARTMENT OF COMMERCE

186.26 (a) $4,000,000 in fiscal year 2023 is for
186.27 deposit in the solar on public buildings grant
186.28 program account for the grant program
186.29 described in Minnesota Statutes, section
186.30 216C.377. This appropriation may not be used
186.31 to provide grants to public buildings located
186.32 within the electric service area of the electric
186.33 utility subject to Minnesota Statutes, section
186.34 116C.779. This is a onetime appropriation and
186.35 remains available until June 30, 2023.
186.36
186.37 (b) $30,000,000 in fiscal year 2023 is to
186.38 provide grants to community action agencies
186.39 and other agencies to weatherize residences
186.40 and to install preweatherization measures in
186.41 residential buildings occupied by eligible
186.42 low-income households, as provided under
186.43 Minnesota Statutes, sections 216B.2403.
subdivision 5; 216B.241, subdivision 7; and
216C.264. Of this amount:

1) up to ten percent may be used to
supplement utility spending on
preweatherization measures as part of a
low-income conservation program; and

2) up to ten percent may be used to:
(i) recruit and train energy auditors and
installers of weatherization assistance services;
and
(ii) provide financial incentives to contractors
and workers who install weatherization
assistance services.

The base in fiscal year 2024 is $15,000,000
and the base in fiscal year 2025 is
$15,000,000.

For the purposes of this paragraph:

(A) "low-income conservation program" means a utility program that offers energy
conservation services to low-income
households as part of the utility's energy
conservation and optimization plan under
Minnesota Statutes, section 216B.2403,
subdivision 5, or 216B.241, subdivision 7;

(B) "preweatherization measure" has the
meaning given in Minnesota Statutes, section
216B.2402, subdivision 30;

(C) "weatherization assistance program" means the federal program described in Code
of Federal Regulations, title 10, part 440 et
seq., designed to assist low-income households
to reduce energy use in a cost-effective
manner; and

(D) "weatherization assistance services" means
the energy conservation measures installed in
households under the weatherization assistance
program and under utility low-income conservation programs.

(c) $2,195,000 in fiscal year 2023 is for residential electric panel upgrade grants under Minnesota Statutes, section 216C.45, and to pay the reasonable costs incurred by the department to administer Minnesota Statutes, section 216C.45. This is a onetime appropriation and is available until June 30, 2025.

(d) $500,000 in fiscal year 2023 is to award grants to auto dealers to seek certification from electric vehicle manufacturers to sell electric vehicles under Minnesota Statutes, section 216C.502. This is a onetime appropriation and is available until June 30, 2025.

(e) $3,000,000 in fiscal year 2023 is for grants under the solar for schools program to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This is a onetime appropriation and is available until June 30, 2025.

(f) $10,000,000 in fiscal year 2023 is for deposit in the state competitiveness account established in Minnesota Statutes, section 216C.391, to leverage federal formula and competitive funds for energy-related infrastructure and clean energy investments in Minnesota. This is a onetime appropriation and is available until June 30, 2034.

(g) $5,000,000 in fiscal year 2023 is for grants from the energy alley start-up fund established in Minnesota Statutes, section 216C.46, to businesses developing decarbonization technologies. This is a onetime appropriation and is available until June 30, 2025.

(h) $500,000 in fiscal year 2023 is to install a network of electric vehicle charging stations in public parking facilities in county.
government centers. This is a onetime appropriation and is available until June 30, 2025.

(i) $531,000 in fiscal year 2023 is to develop an energy benchmarking program under which building owners report the energy use of certain types of buildings under Minnesota Statutes, section 216C.331. This is a onetime appropriation and is available until June 30, 2024.

(j) $109,000 in fiscal year 2023 is for participation in customer disputes before the Minnesota Public Utilities Commission under the consumer dispute process established in Minnesota Statutes, section 216B.172.

(k) $35,000 in fiscal year 2023 is to participate in the participant compensation process under Minnesota Statutes, section 216B.631.

(l) $10,000,000 in fiscal year 2023 is for a grant to the Minnesota Innovation Finance Authority for organizational start-up costs and for the purposes of Minnesota Statutes, section 216C.441. The commissioner of commerce is the fiscal agent for the grant and shall establish reporting requirements with respect to activities and expenditures of the authority. This is a onetime appropriation and is available until June 30, 2025.

(m) $141,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding energy storage systems under Minnesota Statutes, sections 216B.1616 and 216C.378.

(n) $70,000 in fiscal year 2023 is for participation in Minnesota Public Utilities Commission proceedings regarding utility transportation electrification plans under Minnesota Statutes, section 216B.1615.
(o) $225,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding the issuance of extraordinary event natural gas utility bonds under Minnesota Statutes, sections 216B.491 to 216B.499.

(p) $35,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding utility programs to deploy electric school buses under Minnesota Statutes, section 216B.1617.

Sec. 26. Laws 2021, First Special Session chapter 4, article 2, section 3, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$29,000</td>
<td>$1,300,000</td>
</tr>
</tbody>
</table>

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

Sec. 3. PUBLIC UTILITIES COMMISSION

(a) $234,000 in fiscal year 2023 is to administer the customer dispute process established in Minnesota Statutes, section 216B.172. The base for this appropriation in fiscal year 2024 and thereafter is $228,000.

(b) $32,000 in fiscal year 2023 is to administer the participant compensation process under Minnesota Statutes, section 216B.631.

(c) $135,000 in fiscal year 2023 is for commission proceedings regarding energy storage systems under Minnesota Statutes, sections 216B.1616 and 216C.378.

(d) $32,000 is for the commission's review of utility transportation electrification plans under Minnesota Statutes, section 216B.1615.
(e) $32,000 is for the commission's review of utility electric school bus deployment programs under Minnesota Statutes, section 216B.1617.

(f) $172,000 is for the commission's contracting with consultants with expertise in securitized utilities customer-backed bond financing under Minnesota Statutes, section 216B.494.

Sec. 4. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

(a) $500,000 in fiscal year 2023 is to the commissioner of employment and economic development for a grant to Unidos MN Education Fund and the New Justice Project MN to address employment and economic disparities for people of color, immigrant communities, and low-income unemployed or underemployed individuals. The money must be used to support preapprenticeship and workforce training, career development, worker rights training, employment placement and entrepreneurship support, related support services, and the development of transferable skills in high-demand fields related to construction, clean energy, and energy efficiency. Of this amount, 50 percent is for a grant to Unidos MN Education Fund and 50 percent is for a grant to the New Justice Project MN. This is a onetime appropriation and is available until June 30, 2025.

(b) $2,000,000 in fiscal year 2023 is to the commissioner of employment and economic development for the community energy transition grant program under Minnesota Statutes, section 116J.55. This is a onetime appropriation and is available until June 30, 2025.
Sec. 5. **POLLUTION CONTROL AGENCY**

(a) $300,000 in fiscal year 2023 is to the commissioner of the Pollution Control Agency for a report describing potential strategies to reduce statewide greenhouse gas emissions in order to comply with the state’s greenhouse gas emissions reduction goals established in subdivision 1, and the 2030 emissions reduction goal established by the United States under the United Nations Framework Convention on Climate Change, also known as the Paris Agreement. This is a onetime appropriation and is available until June 30, 2024.

(b) $3,000,000 in fiscal year 2023 is to the commissioner of the Pollution Control Agency to award grants to political subdivisions to encourage the formation of organizations and plans to reduce contributions to and mitigate the impacts of climate change. This is a onetime appropriation and is available until June 30, 2024.

Sec. 6. **DEPARTMENT OF NATURAL RESOURCES**

$4,100,000 in fiscal year 2023 is to the commissioner of natural resources for funding the installation of electric vehicle charging stations in public parking facilities located in state and regional parks. This is a onetime appropriation and is available until June 30, 2025.

Sec. 7. **DEPARTMENT OF TRANSPORTATION**

(a) Notwithstanding any other law to the contrary, including any law prohibiting the servicing of vehicles or the conduct of private business on the right-of-way of a trunk
highway, $2,100,000 in fiscal year 2023 is to
the commissioner of transportation for funding
the installation of electric vehicle charging
stations at highway safety rest areas. The
charging stations may be free or fee-based.
This is a onetime appropriation and is
available until June 30, 2025.

(b) $81,000 in fiscal year 2023 is to the
commissioner of transportation for
administrative work on the Buy Clean Task
Force to advise the commissioner of
administration on developing environmental
standards for state purchases of asphalt paving
materials. This is a onetime appropriation and
is available until June 30, 2024.

Sec. 8. DEPARTMENT OF LABOR AND
INDUSTRY

(a) $133,000 in fiscal year 2023 is to the
commissioner of labor and industry for
modifying the State Building Code to address
needs for electric vehicle charging in parking
facilities in new commercial and multifamily
buildings that provide on-site parking, as
described in Minnesota Statutes, section
326B.103. This is a onetime appropriation and
is available until June 30, 2024.

(b) $146,000 in fiscal year 2023 is to the
commissioner of labor and industry to
implement new commercial energy codes, as
described in Minnesota Statutes, section
326B.106, subdivision 1. This is a onetime
appropriation and is available until June 30,
2025.

Sec. 9. DEPARTMENT OF
ADMINISTRATION

(a) $314,000 in fiscal year 2023 is to the
commissioner of administration to staff a task
force to advise the commissioner on
developing environmental standards for the
state's procurement of certain building
materials. This is a onetime appropriation and
is available until June 30, 2024.

(b) $600,000 in fiscal year 2023 is for the
commissioner of administration to contract
with the Board of Regents of the University
of Minnesota for a grant to the Institute on the
Environment to conduct research examining
how projections of future weather trends may
evacrate conditions such as drought, elevated temperatures, and flooding that:

(1) can be integrated into the design and
evaluation of buildings constructed by the state
of Minnesota and local units of government
so as to:

(i) reduce energy costs by deploying
cost-effective energy efficiency measures,
innovative construction materials and
techniques, and renewable energy sources;
and

(ii) prevent and minimize damage to buildings
caused by extreme weather conditions,
including but not limited to increased
frequency of intense precipitation events and
tornadoes, flooding, and elevated
temperatures; and

(2) may weaken the ability of natural systems
to mitigate those conditions to the point where
human intervention in the form of building or
redesigning the scale and operation of
infrastructure is required to address those
conditions in order to:

(i) maintain and increase the amount and
quality of food and wood production;

(ii) reduce fire risk on forested land;

(iii) maintain and enhance water quality; and
(iv) maintain and enhance natural habitats.

The contract must provide that, no later than February 1, 2025, the director of the Institute on the Environment, or the director's designee, submit a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over environment policy and capital investment summarizing the findings and recommendations of the research, including any recommendations for policy changes or other legislation. This is a onetime appropriation and is available until June 30, 2024.

Section 10. **UNIVERSITY OF MINNESOTA**

$1,000,000 in fiscal year 2023 is to the Board of Regents of the University of Minnesota for a program in the University of Minnesota Extension Service that will enhance the capacity of the state's agricultural sector, land and resource managers, and communities to plan for and adapt to weather extremes like droughts and floods. This appropriation shall be used to support existing extension service staff members and to hire additional staff members for a program with broad geographic reach throughout the state. The program shall:

1. identify, develop, implement, and evaluate educational programs that increase the capacity of Minnesota's agricultural sector, land and resource managers, and communities to adapt and be prepared for projected physical changes in temperature, precipitation, and other weather parameters that affect crops, lands, horticulture, pests, and wildlife in ways that present challenges to the state's agricultural sector and the communities that depend on it; and

2. communicate and interpret the latest research on critical weather trends and the
science behind them to further prepare
extension service staff throughout the state to
cultivate the agricultural sector, land and
resource managers, and community members
at the local level regarding technical
information on water resource management,
agriculture and forestry, engineering and
infrastructure design, and emergency
management that is necessary for the
development of strategies to mitigate the
effects of extreme weather change. This is a
one-time appropriation and is available until
June 30, 2025.

ARTICLE 18

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. APPROPRIATIONS.

(a) 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 "2022" and "2023" used in this article mean that the appropriations listed under
them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

(b) If an appropriation in this article is enacted more than once in the 2022 regular or
special legislative session, the appropriation must be given effect only once.

APPROPRIATIONS

Available for the Year

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending June 30</td>
<td>$42,221,000</td>
<td></td>
</tr>
</tbody>
</table>

Sec. 2. DEPARTMENT OF COMMERCE

Granite Falls hydroelectric generating facility. Notwithstanding Minnesota
Statutes, section 116C.779, subdivision 1, paragraph (j), $2,290,000 is appropriated in fiscal
year 2023 from the renewable development account established under Minnesota Statutes,
section 116C.779, subdivision 1, to the commissioner of commerce for a grant to the city
of Granite Falls for repair and overage costs related to the city’s existing hydroelectric
Subd. 4. Community energy transition grants. $3,500,000 in fiscal year 2023 is appropriated from the renewable development account to the commissioner of employment and economic development. This appropriation is available only for grants to eligible communities located within the service territory of the public utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2029.

Subd. 5. National Sports Center solar array. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $3,500,000 in fiscal year 2023 is appropriated from the renewable development account to the Minnesota Amateur Sports Commission to install solar arrays. This appropriation may be used to install solar arrays on an ice rink and a maintenance facility at the National Sports Center in Blaine. This is a onetime appropriation.

(a) $5,000,000 in fiscal year 2023 is to operate the grants for renewable integration and demonstration program under Minnesota Statutes, section 216C.47, to award grants to businesses to develop decarbonization technologies for commercialization.

(b) $4,000,000 in fiscal year 2023 is to implement a program that awards grants to upgrade electrical panels in single-family and multifamily residences under Minnesota Statutes, section 216C.45. This is a onetime appropriation and is available until June 30, 2025.

(c) $3,000,000 in fiscal year 2023 is for deposit in a contingency fund for disbursement to the owner of a solar energy generating system installed on land on the former Ford Motor Company in St. Paul known as Area C. Disbursement under this paragraph must occur only if the Pollution Control Agency requires actions to be taken to remediate contaminated land at the site that requires the solar energy generating system to be removed while remediation takes place, as provided in
Minnesota Statutes, section 116C.7793. This is a onetime appropriation.

(d) $6,500,000 in fiscal year 2023 is for a grant to the Independent School District No. 11, Anoka-Hennepin, to construct a geothermal energy system at the Stoneberg Early Childhood Center that uses the constant temperature of the earth, in conjunction with a heat pump, new HVAC system, and new boilers, to provide space heating and cooling to the building. This is a onetime appropriation and is available until December 31, 2025.

(e) The base for fiscal year 2024 is $531,000 to implement an energy benchmarking program under which building owners report certain types of buildings' annual energy use under Minnesota Statutes, section 216C.331. The base in fiscal year 2025 and thereafter is $431,000.

(f) $500,000 in fiscal year 2023 is to install a network of electric vehicle charging stations in public parking facilities located in county government centers. This is a onetime appropriation and is available until June 30, 2025. This appropriation may be expended only in county government centers located within the electric service area of the public utility subject to Minnesota Statutes, section 116C.779.

(h) $4,000,000 in fiscal year 2023 is for a financial incentive for the installation of energy storage systems under Minnesota Statutes, section 216C.378.

(i) $4,000,000 in fiscal year 2023 is for the solar on public buildings grant program described under Minnesota Statutes, section 216C.377. The appropriation must be used to provide grants to public buildings located within the electric service area of the electric utility subject to Minnesota Statutes, section
Sec. 25. Laws 2020, chapter 118, section 5, subdivision 1, is amended to read:

Subdivision 1. Community energy transition grants. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2021 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for deposit in the community energy transition account established in Minnesota Statutes, section 116J.55, subdivision 3. This is a onetime appropriation and is available until June 30, 2025.

(b) If another bill is enacted during the 2020 regular legislative session that appropriates money from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, for the same general purpose as provided under Minnesota Statutes, section 116J.55, the appropriation under this subdivision cancels to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

Sec. 3. METROPOLITAN COUNCIL
$3,000,000 in fiscal year 2023 is for the Metropolitan Council to purchase buses that operate solely on electric propulsion provided by electric motors and rechargeable on-board batteries. This is a one-time appropriation and is available until June 30, 2025.

ARTICLE 19

ENERGY CONSERVATION

Section 1. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision to read:

Subd. 1a. State supplementary weatherization grants account.

(a) A state supplementary weatherization grants account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit appropriations and transfers to the account. Earnings, such as 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 expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of subdivision 5.

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

Sec. 2. Minnesota Statutes 2020, section 216C.264, subdivision 5, is amended to read:

Subd. 5. Grant allocation.

(a) The commissioner must distribute supplementary state grants in a manner consistent with the goal of producing the maximum number of weatherized units. Supplementary state grants are provided primarily for the payment of may be used for the following purposes:

(1) to address physical deficiencies in a residence that increase heat loss, including deficiencies that prohibit the residence from being eligible to receive federal weatherization assistance;

(2) to install preweatherization measures, as defined in section 216B.2402, subdivision 20, established by the commissioner under section 216B.241, subdivision 7, paragraph (g);

(3) to increase the number of weatherized residences;

(4) to conduct outreach activities to make income-eligible households aware of the weatherization services available to income-eligible households, to assist applicants to fill out applications for weatherization assistance, and to provide translation services where necessary;
(5) to enable projects in multifamily buildings to proceed even if projects cannot comply with the federal requirement that projects must be completed within the same federal fiscal year in which the project begins;

(6) to address shortages of workers trained to provide weatherization services, including expanding training opportunities in existing and new training programs;

(7) to support the operation of the weatherization training program under section 216C.2641;

(8) to pay additional labor costs for the federal weatherization program; and

(9) as an incentive for the increased production of weatherized units.

(b) Criteria for the allocation of state grants to local agencies include existing local agency production levels, emergency needs, and the potential for maintaining or increasing acceptable levels of production in the area.

(c) An eligible local agency may receive advance funding for 90 days’ production, but thereafter must receive grants solely on the basis of program criteria.

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

Sec. 3. [216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.

Subd. 1. Establishment. The commissioner of commerce must establish a weatherization training grant program to award grants to train workers for careers in the weatherization industry.

Subd. 2. Grants. (a) The commissioner must award grants through a competitive grant process.

(b) An eligible entity under paragraph (c) seeking a grant under this section must submit a written application to the commissioner, using a form developed by the commissioner.

(c) Grants may be awarded under this section only to:

(1) a nonprofit organization exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(2) a labor organization, as defined in section 179.01, subdivision 6; or

(3) a job training center or educational institution that the commissioner of commerce determines has the ability to train workers for weatherization careers.

(d) Grant funds must be used to pay costs associated with training workers for careers in the weatherization industry, including related supplies, materials, instruction, and infrastructure.

(e) When awarding grants under this section, the commissioner must give priority to applications that provide the highest quality training to prepare trainees for weatherization
employment opportunities that meet technical standards and certifications developed by the
Building Performance Institute, Inc. or the Standard Work Specifications developed by the
United States Department of Energy for the federal Weatherization Assistance Program.

Subd. 3. Reports. By January 15, 2024, and each January 15 thereafter, the commissioner
must submit a report to the chairs and ranking minority members of the senate and house
of representatives committees with jurisdiction over energy policy that details the use of
grant funds under this section, including data on the number of trainees trained and the
career progress of trainees supported by prior grants.

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

Sec. 4. [216C.331] ENERGY BENCHMARKING.

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

(b) "Benchmark" means to electronically input into a benchmarking tool the total energy
use data and other descriptive information about a building that is required by a benchmarking
tool.

(c) "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.

(d) "Benchmarking tool" means the United States Environmental Protection Agency's
Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(e) "Covered property" means a building whose total floor area is equal to or greater
than 50,000 square feet. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property classified as mining or manufacturing under the North American Industrial
Classification System (NAICS); or
(3) other property types that do not meet the purposes of this section, as determined by
the commissioner.

(4) "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.

(g) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

(h) "Energy intensity" means the total annual energy consumed in a building divided by
the building's total floor area.

(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) "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.

(l) "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.

(m) "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.

Subd. 2. Establishment. A building energy benchmarking program is established in the
department. The purpose of the program is to:

(1) make a building's owners, tenants, and potential tenants aware of (i) the building's
energy consumption levels and patterns, and (ii) how the building's energy use compares
with that of similar buildings nationwide; and
(2) enhance the likelihood that owners adopt energy conservation measures in the owners’ buildings as a way to reduce energy use, operating costs, and greenhouse gas emissions.

Subd. 3. Classification of covered properties. For the purposes of this section, a covered property is classified as follows:

<table>
<thead>
<tr>
<th>Class</th>
<th>Total Floor Area (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>150,000 or more</td>
</tr>
<tr>
<td>2</td>
<td>100,000 to 149,999</td>
</tr>
<tr>
<td>3</td>
<td>75,000 to 99,999</td>
</tr>
<tr>
<td>4</td>
<td>50,000 to 74,999</td>
</tr>
</tbody>
</table>

Subd. 4. Benchmarking requirement. (a) In conformity with the schedule in subdivision 6, an owner must annually benchmark all covered property owned as of December 31 during the previous calendar year. Energy use data must be compiled by:

(1) obtaining the data from the utility providing the energy; or
(2) reading a master meter.

(b) Before entering information in a benchmarking tool, an owner must run all automated data quality assurance functions available within the benchmarking tool and must correct all missing or incorrect data identified.

(c) An owner who becomes aware that any information entered into a benchmarking tool is inaccurate or incomplete must amend the information in the benchmarking tool within 30 days of the date the owner learned of the inaccuracy.

Subd. 5. Exemption. (a) The commissioner may exempt an owner from the requirements of subdivision 4 for a covered property if the owner provides evidence satisfying the commissioner that the covered property:

(1) is presently experiencing financial distress;
(2) has been less than 50 percent occupied during the previous calendar year;
(3) does not have a certificate of occupancy or temporary certificate of occupancy for the full previous calendar year;
(4) was issued a demolition permit during the previous calendar year that remains current;
(5) received no energy services for at least 30 days during the previous calendar year; or
(6) is participating in a benchmarking program operated by a city or other political subdivision that the commissioner determines is equivalent to the benchmarking program established in this section.

(b) An exemption granted under this subdivision applies only to a single calendar year. An owner must reapply to the commissioner each year an extension is sought.

(c) Within 30 days of the date an owner makes a request under this paragraph, each tenant of a covered property subject to this section must provide the owner with any information regarding energy use of the tenant's rental unit that the property owner cannot otherwise obtain and that is needed by the owner to comply with this section. The tenant must provide the information required under this paragraph in a format approved by the commissioner.

Subd. 6. Benchmarking schedule. An owner must annually benchmark each covered property for the previous calendar year according to the following schedule:

(1) all Class 1 properties by June 1, 2023, and by every June 1 thereafter;
(2) all Class 2 properties by June 1, 2024, and by every June 1 thereafter;
(3) all Class 3 properties by June 1, 2025, and by every June 1 thereafter; and
(4) all Class 4 properties by June 1, 2026, and by every June 1 thereafter.

Subd. 7. Energy audit. (a) The commissioner must notify in writing an owner of a building whose energy performance score is 25 or lower or whose calculated energy intensity is among the highest 25 percent compared to similar building types within the building's class, as determined by the commissioner, that, except as provided in paragraph (c), the owner is required to contract for an energy audit of the building no later than one year after the notice is issued, unless the commissioner extends the deadline.

(b) The commissioner must award a grant to an owner who completes an energy audit after receiving notice under this subdivision. The grant amount must be the lower of $2,000 or 50 percent of the cost of the audit. An owner must not receive more than one grant under this subdivision.

(c) If a building owner that receives notice under this subdivision submits evidence to the commissioner's satisfaction that an energy audit of the building that is the subject of the notice was conducted within the previous five years, the owner is exempt from the requirement to conduct an energy audit.

Subd. 8. Data collection and management. (a) The commissioner must:

(1) collect benchmarking information generated by a benchmarking tool and other related information for each covered property;
(2) provide technical assistance to owners entering data into a benchmarking tool; and
207.11            (3) collaborate with utilities regarding the provision of energy use information to owners
207.12            and tenants to enable owners to comply with this section.
207.13            (b) A utility must comply with a request from the commissioner to provide to the
207.14            commissioner or to an owner energy use information that is needed to effectively operate
207.15            the energy benchmarking program.
207.16            (c) The commissioner must:
207.17            (1) rank benchmarked covered properties in each property class from highest to lowest
207.18            performance score, or, if a performance score is unavailable for a covered property, from
207.19            lowest to highest energy use intensity;
207.20            (2) divide covered properties in each property class into four quartiles based on the
207.21            applicable measure in clause (1);
207.22            (3) assign four stars to each covered property in the quartile of each property class with
207.23            the highest performance scores or lowest energy use intensities, as applicable;
207.24            (4) assign three stars to each covered property in the quartile of each property class with
207.25            the second highest performance scores or second lowest energy use intensities, as applicable;
207.26            (5) assign two stars to each covered property in the quartile of each property class with
207.27            the third highest performance scores or third lowest energy use intensities, as applicable;
207.28            (6) assign one star to each covered property in the quartile of each property class with
207.29            the lowest performance scores or highest energy use intensities, as applicable; and
207.30            (7) serve notice in writing to each owner identifying the number of stars assigned the
207.31            commissioner to each of the owner's covered properties.
208.1            Subd. 9. Data disclosure to public. (a) The commissioner must post on the department's
208.2            website and update annually the following information for the previous calendar year:
208.3            (1) annual summary statistics on energy use for all covered properties in Minnesota;
208.4            (2) annual summary statistics on energy use for all covered properties, aggregated by
208.5            (i) covered property class, as defined in subdivision 3, (ii) city, and (iii) county;
208.6            (3) the percentage of covered properties in each building class listed in subdivision 3
208.7            that are in compliance with the benchmarking requirements under subdivisions 4 to 6; and
208.8            (4) for each covered property, at a minimum, the total energy use, energy use per square
208.9            foot of total floor area, annual greenhouse gas emissions, and an energy performance score
208.10           if available.
208.11           (b) The commissioner must post the information required under this subdivision for each
208.12           class of covered property, beginning one year after the date the initial benchmarking
208.13           submission is made by the owner under the schedule in subdivision 6.
Subd. 10. Building performance disclosure to potential tenants. An owner must, on any application provided to a potential tenant seeking to rent a unit in a covered property, include the following language in a 12-point or larger font on the first page of the application: "This building has received a [insert number of stars assigned to the building by the commissioner under subdivision 8, paragraph (c)] star rating of the building's energy efficiency from the Minnesota Department of Commerce, where four stars represents the most energy efficient buildings and one star represents the least energy efficient buildings."

Subd. 11. Notifications. (a) By March 1 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year of the requirement to benchmark by June 1 of that year.

(b) By July 15 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year that failed to benchmark that the owner has 30 days to comply with the benchmarking requirement.

Subd. 12. Program implementation. The commissioner may contract with an independent third party to implement any or all of the duties the commissioner is required to perform under subdivisions 2 to 10.

Subd. 13. Enforcement. If the commissioner determines that an owner has failed to benchmark in a timely, complete, and accurate fashion as required under this section, the commissioner may impose on the owner a civil fine of up to $1,000. Each day that the owner fails to benchmark to the satisfaction of the commissioner for each covered property owned by the owner may be deemed a separate offense and the commissioner may impose a separate civil penalty.

Subd. 14. Rules. The commissioner is authorized to adopt rules under chapter 14 to implement this section.

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

Sec. 5. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. Adoption of code. (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application
of scientific principles, approved tests, and professional judgment. To the extent possible,
the code must be adopted in terms of desired results instead of the means of achieving those
results, avoiding wherever possible the incorporation of specifications of particular methods
or materials. To that end the code must encourage the use of new methods and new materials.

Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to
similar buildings without significant modifications including provisions for use of building
systems as specified in the industrial/modular program specified in section 326B.194.

Additional plan review fees associated with similar plans must be based on costs
commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years
thereafter, the commissioner shall review the new model building codes and adopt the model
codes as amended for use in Minnesota, within two years of the published edition date. The
commissioner may adopt amendments to the building codes prior to the adoption of the
new building codes to advance construction methods, technology, or materials, or, where
necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model
residential energy code and the new model commercial energy code in accordance with
federal law for which the United States Department of Energy has issued an affirmative
determination in compliance with United States Code, title 42, section 6833. A municipality
may adopt the most recently published new model commercial energy code ASHRAE 90.1
until a more energy efficient code is adopted by the commissioner. A municipality may not
amend or otherwise change any provisions of the most recent ASHRAE 90.1 standard, except
that a municipality is required to adopt amendments to the previous version of
ASHRAE 90.1 in the current commercial energy code adopted by the commissioner. The
commissioner may adopt amendments prior to adoption of the new energy codes, as amended
for use in Minnesota, to advance construction methods, technology, or materials, or, where
necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
or use of a building. The commissioner of commerce may include energy code support
measures in the technical guidance developed under section 216B.241, subdivision 1d.

ARTICLE 20

COMMISSION PROCEEDINGS

Section 1. Minnesota Statutes 2020, section 216B.17, subdivision 1, is amended to read:

Subdivision 1. Investigation. On the commission's own motion or upon a complaint
made against any public utility, by the governing body of any political subdivision, by
another public utility, by the department, or by any 50 consumers of a particular utility,
or by a complaint under section 216B.172 that any of the rates, tolls, tariffs, charges, or
schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting
or relating to the production, transmission, delivery, or furnishing of natural gas or electricity
or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly
discriminatory, or that any service is inadequate or cannot be obtained, the commission
shall proceed, with notice, to make such investigation as it may deem necessary. The
commission may dismiss any complaint without a hearing if in its opinion a hearing is not
in the public interest.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to any complaint filed with the commission on or after that date.

Sec. 2. [216B.172] CONSUMER DISPUTES.

Subdivision 1. Definitions.
(a) For the purposes of this section, the following terms have
the meanings given.
(b) "Appeal" means a request filed with the commission by a complainant to review and
make a final decision regarding the resolution of the complainant's complaint by the consumer
affairs office.
(c) "Complainant" means an individual residential customer of a public utility who has
filed a complaint with the consumer affairs office.
(d) "Complaint" means an allegation submitted to the consumer affairs office by a
complainant that a public utility's action or practice regarding billing or terms and conditions
of service:
(1) violates a statute, rule, tariff, service contract, or other provision of law;
(2) is unreasonable; or
(3) has harmed or, if not addressed, will harm a complainant.
Complaint does not include an objection to or a request to modify a natural gas or electricity
rate contained in a tariff that has been approved by the commission. A complaint under this
section is an informal complaint under Minnesota Rules, chapter 7829.
(e) "Consumer affairs office" means the staff unit of the commission that is organized
to receive and respond to complaints.
(f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100, subpart 8.
(g) "Public assistance" has the meaning given in section 550.37, subdivision 14.
(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. Complaint resolution procedure. A complainant must first attempt to resolve
a dispute with a public utility by filing a complaint with the consumer affairs office. The
consumer affairs office must (1) notify the complainant of the resolution of the complaint,
(2) provide written notice of the complainant's right to appeal the resolution to the
commission, and (3) provide steps the complainant may take to appeal the resolution. Upon
request, the consumer affairs office must provide to the complainant a written notice
containing the substance of and basis for the resolution.

Subd. 3. Appeal; final commission decision. (a) If a complainant is not satisfied with
the resolution of a complaint by the consumer affairs office, the complainant may file an
appeal with the commission requesting the commission to make a final decision on the
complaint. The commission's response to an appeal filed under this subdivision must comply
with the notice requirements under section 216B.17, subdivisions 2 to 5.

(b) Upon the commission's receipt of an appeal filed under paragraph (a), the chair of
the commission or a subcommittee delegated under section 216A.03, subdivision 8, to
review the resolution of the complaint must decide whether the complaint should be:

(1) dismissed because there is no reasonable basis on which to proceed;
(2) resolved through an informal commission proceeding; or
(3) referred to the Office of Administrative Hearings for a contested case proceeding
under chapter 14.

A decision made under this paragraph must be provided in writing to the complainant and
the public utility.

(c) If the commission decides that the complaint should be resolved through an informal
commission proceeding or referred to the Office of Administrative Hearings for a contested
case proceeding, the executive secretary must issue a procedural schedule and any notices
or orders required to initiate a contested case proceeding under chapter 14.

(d) The commission's dismissal of an appeal request or a decision rendered after
conducting an informal proceeding is a final decision constituting an order or determination
of the commission.

Subd. 4. Judicial review. Notwithstanding section 216B.27, a complainant may seek
judicial review in district court of an adverse final decision under subdivision 3, paragraph
(b), clause (1) or (2). Judicial review of the commission's decision in a contested case referred
under subdivision 3, paragraph (b), clause (3), is governed by chapter 14.

Subd. 5. Right to service during pendency of dispute. A public utility must continue
or promptly restore service to a complainant during the pendency of an administrative or
judicial procedure pursued by a complainant under this section, provided that the
complainant:

(1) agrees to enter into a payment agreement under section 216B.098, subdivision 3;
(2) posts the full disputed payment in escrow;
Sec. 8. [216B.491] DEFINITIONS.

Subdivision 1. Scope. For the purposes of sections 216B.491 to 216B.499, the terms defined in this subdivision have the meanings given.

Subd. 2. Ancillary agreement. "Ancillary agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with extraordinary event bonds that is designed to promote the credit quality and marketability of extraordinary event bonds or to mitigate the risk of an increase in interest rates.

Subd. 3. Assignee. "Assignee" means any person to which an interest in extraordinary event property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. Bondholder. "Bondholder" means any holder or owner of extraordinary event bonds.

Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from unforeseen circumstances and of sufficient magnitude, as determined by the commission:

1. to impose significant costs on customers; and
2. for which the issuance of extraordinary event bonds in response to the event meets the conditions of section 216B.492, subdivision 2, as determined by the commission.

(b) Extraordinary event includes but is not limited to a storm event or other natural disaster, an act of God, war, terrorism, sabotage or vandalism, a cybersecurity attack, or a temporary significant increase in the wholesale price of natural gas.

Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide natural gas service following one or more extraordinary events, including but not limited to activities related to mobilization, staging, construction, reconstruction, replacement, or repair of natural gas transmission, distribution, storage, or general facilities.

Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by a utility or an assignee under a financing order.

Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a nonbypassable charge that:

1. is imposed on all customer bills by a utility that is the subject of a financing order or the utility's successors or assigns;
2. is separate from the utility's base rates; and
3. provides a source of revenue solely to repay, finance, or refinance extraordinary event costs.

Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

(1) means all incremental costs of extraordinary event activities that are approved by the commission in a financing order issued under section 216B.492 as being:

(i) necessary to enable the utility to restore or maintain natural gas service to customers after the utility experiences an extraordinary event; and

(ii) prudent and reasonable;
includes costs to repurchase equity or retire any indebtedness relating to extraordinary event activities;
(3) shall be net of applicable insurance proceeds, tax benefits, and any other amounts intended to reimburse the utility for extraordinary event activities, including government grants or aid of any kind;
(4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by a government agency or court under a federal or state environmental statute, rule, or regulation; and
(5) must be adjusted to reflect:
(i) the difference, as determined by the commission, between extraordinary event costs that the utility expects to incur and actual, reasonable, and prudent costs incurred; or
(ii) a more fair or reasonable allocation of extraordinary event costs to customers over time, as expressed in a commission order.

Subd. 11. Extraordinary event property. "Extraordinary event property" means:
(1) all rights and interests of a utility or the utility's successor or assignee under a financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments to extraordinary event charges authorized under a financing order issued by the commission; and
(2) all revenue, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in clause (1), regardless of whether any are commingled with other revenue, collections, rights to payment, payments, money, or proceeds.

Subd. 12. Extraordinary event revenue. "Extraordinary event revenue" means revenue, receipts, collections, payments, money, claims, or other proceeds arising from extraordinary event property.

Subd. 13. Financing costs. "Financing costs" means:
(1) principal, interest, and redemption premiums that are payable on extraordinary event bonds;
(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;
(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial adviser fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology
programming costs, and any other demonstrable costs necessary to otherwise ensure and
11.4 guarantee the timely payment of the bonds or other amounts or charges payable in connection
11.5 with the bonds;
11.6 (4) taxes and license fees imposed on the revenue generated from collecting an
11.7 extraordinary event charge;
11.8 (5) state and local taxes, including franchise, sales and use, and other taxes or similar
11.9 charges, including but not limited to regulatory assessment fees, whether paid, payable, or
11.10 accrued; and
11.11 (6) costs incurred by the commission to hire and compensate additional temporary staff
11.12 needed to perform the commission's responsibilities under this section and, in accordance
11.13 with section 216B.494, to engage specialized counsel and expert consultants experienced
11.14 in securitized utility ratepayer-backed bond financing similar to extraordinary event bonds.
11.15
11.16 Subd. 14. Financing order. "Financing order" means an order issued by the commission
11.17 under section 216B.492 that authorizes an applicant to:
11.18 (1) issue extraordinary event bonds in one or more series;
11.19 (2) impose, charge, and collect extraordinary event charges; and
11.20 (3) create extraordinary event property.
11.21 Subd. 15. Financing party. "Financing party" means a holder of extraordinary event
11.22 bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other
11.23 person acting for the benefit of extraordinary event bondholders.
11.24 Subd. 16. Natural gas facility. "Natural gas facility" means natural gas pipelines,
11.25 including distribution lines, underground storage areas, liquefied natural gas facilities,
11.26 propane storage tanks, and other facilities the commission determines are used and useful
11.27 to provide natural gas service to retail and transportation customers in Minnesota.
11.28 Subd. 17. Nonbypassable. "Nonbypassable" means that the payment of an extraordinary
11.29 event charge required to repay bonds and related costs may not be avoided by any retail
11.30 customer located within a utility service area.
11.31 Subd. 18. Pretax costs. "Pretax costs" means costs incurred by a utility and approved
11.32 by the commission, including but not limited to:
11.33 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed
11.34 by a storm event;
11.35 (2) costs to decommission and restore the site of a natural gas facility damaged or
11.36 destroyed by an extraordinary event;
(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and
(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.
Subd. 19. Storm event. "Storm event" means a tornado, derecho, ice or snow storm, flood, earthquake, or other significant weather or natural disaster that causes substantial damage to a utility's infrastructure.
Subd. 20. Successor. "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.
Subd. 21. Utility. "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas service to Minnesota customers. Utility includes the utility's successors or assignees.

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

Sec. 5. [216B.492] FINANCING ORDER.
Subdivision 1. Application. (a) A utility may file an application with the commission for the issuance of a financing order to enable the utility to recover extraordinary event costs through the issuance of extraordinary event bonds under this section.
(b) The application must include the following information, as applicable:
(1) a description of each natural gas facility to be repaired or replaced;
(2) the undepreciated value remaining in the natural gas facility whose repair or replacement is proposed to be financed through the issuance of bonds under sections 218.491 to 218.499, and the method used to calculate the amount;
(3) the estimated amount of costs imposed on customers resulting from an extraordinary event that involves no physical damage to natural gas facilities;
(4) the estimated savings or estimated mitigation of rate impacts to utility customers if the financing order is issued as requested in the application, calculated by comparing the costs to customers that are expected to result from implementing the financing order and the estimated costs associated with implementing traditional utility financing mechanisms with respect to the same undepreciated balance, expressed in net present value terms;
(2) a description of (i) the nonbypassable extraordinary event charge utility customers would be required to pay in order to fully recover financing costs, and (ii) the method and assumptions used to calculate the amount;
(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and
(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.
Subd. 19. Storm event. "Storm event" means a tornado, derecho, ice or snow storm, flood, earthquake, or other significant weather or natural disaster that causes substantial damage to a utility's infrastructure.
Subd. 20. Successor. "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.
Subd. 21. Utility. "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas service to Minnesota customers. Utility includes the utility's successors or assignees.

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

Sec. 6. [216B.493] COSTS. A utility's successors or assignees are entitled to recover extraordinary event costs as follows:
(a) extraordinary event costs, as defined in section 216B.02, subdivision 4, that provide natural gas service to Minnesota customers. Utility includes the utility's successors or assignees;
(6) a proposed methodology to allocate the revenue requirement for the extraordinary
   event charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary
   to correct any overcollection or undercollection of extraordinary event charges, in order to
   complete payment of scheduled principal and interest on extraordinary event bonds and
   other financing costs in a timely fashion;

(8) a memorandum with supporting exhibits, from a securities firm that is experienced
   in the marketing of bonds and that is approved by the commissioner of management and
   budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher
   rating or equivalent rating criteria of at least one nationally recognized securities rating
   organization for issuances similar to the proposed extraordinary event bonds;

(9) an estimate of the timing of the issuance and the term of the extraordinary event
   bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance
   does not exceed 30 years;

(10) identification of plans to sell, assign, transfer, or convey, other than as a security,
    interest in extraordinary event property, including identification of an assignee, and
    demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
    by the utility;

(11) identification of ancillary agreements that may be necessary or appropriate;

(12) one or more alternative financing scenarios in addition to the preferred scenario
    contained in the application;

(13) the extent of damage to the utility's infrastructure caused by an extraordinary event
    and the estimated costs to repair or replace the damaged infrastructure;

(14) a schedule of the proposed repairs to and replacement of damaged infrastructure;

(15) a description of the steps taken to provide customers interim natural gas service
    while the damaged infrastructure is being repaired or replaced; and

(16) a description of the impacts on the utility's current workforce resulting from
    implementing an infrastructure repair or replacement plan following an extraordinary event.

Subd. 2. Findings. After providing notice and holding a public hearing on an application
filed under subdivision 1, the commission may issue a financing order if the commission
finds that:

(1) the extraordinary event costs described in the application are reasonable;

(2) the proposed issuance of extraordinary event bonds and the imposition and collection
    of extraordinary event charges:
(i) are just and reasonable;
(ii) are consistent with the public interest;
(iii) constitute a prudent and reasonable mechanism to finance the extraordinary event costs; and
(iv) provide tangible and quantifiable benefits to customers that exceed the benefits that would have been achieved absent the issuance of extraordinary event bonds, and:

(i) the proposed structuring, marketing, and pricing of the extraordinary event bonds;
(ii) significantly lower overall costs to customers or significantly mitigate rate impacts to customers relative to traditional methods of financing; and
(ii) achieve significant customer savings or significant mitigation of rate impacts to customers, as determined by the commission in a financing order, consistent with market conditions at the time of sale and the terms of the financing order;

Subd. 3. Contents. (a) A financing order issued under this section must:

(1) determine the maximum amount of extraordinary event costs that may be financed from proceeds of extraordinary event bonds issued pursuant to the financing order;
(2) describe the proposed customer billing mechanism for extraordinary event charges and include a finding that the mechanism is just and reasonable;
(3) describe the financing costs that may be recovered through extraordinary event charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the extraordinary event bonds;
(4) describe the extraordinary event property that is created and that may be used to pay, and secure the payment of, the extraordinary event bonds and financing costs authorized in the financing order;
(5) authorize the utility to finance extraordinary event costs through the issuance of one or more series of extraordinary event bonds. A utility is not required to secure a separate financing order for each issuance of extraordinary event bonds or for each scheduled phase of the replacement of natural gas facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expedientive periodic adjustments to the extraordinary event charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of extraordinary event bonds, financing costs, and other required amounts and charges payable in connection with extraordinary event bonds;

(i) are just and reasonable;
(ii) are consistent with the public interest;
(iii) constitute a prudent and reasonable mechanism to finance the extraordinary event costs; and
(iv) provide tangible and quantifiable benefits to customers that exceed the benefits that would have been achieved absent the issuance of extraordinary event bonds, and:

(i) the proposed structuring, marketing, and pricing of the extraordinary event bonds;
(ii) significantly lower overall costs to customers or significantly mitigate rate impacts to customers relative to traditional methods of financing; and
(ii) achieve significant customer savings or significant mitigation of rate impacts to customers, as determined by the commission in a financing order, consistent with market conditions at the time of sale and the terms of the financing order;

Subd. 3. Contents. (a) A financing order issued under this section must:

(1) determine the maximum amount of extraordinary event costs that may be financed from proceeds of extraordinary event bonds issued pursuant to the financing order;
(2) describe the proposed customer billing mechanism for extraordinary event charges and include a finding that the mechanism is just and reasonable;
(3) describe the financing costs that may be recovered through extraordinary event charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the extraordinary event bonds;
(4) describe the extraordinary event property that is created and that may be used to pay, and secure the payment of, the extraordinary event bonds and financing costs authorized in the financing order;
(5) authorize the utility to finance extraordinary event costs through the issuance of one or more series of extraordinary event bonds. A utility is not required to secure a separate financing order for each issuance of extraordinary event bonds or for each scheduled phase of the replacement of natural gas facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expedientive periodic adjustments to the extraordinary event charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of extraordinary event bonds, financing costs, and other required amounts and charges payable in connection with extraordinary event bonds;
specify the degree of flexibility afforded to the utility in establishing the terms and
conditions of the extraordinary event bonds, including but not limited to repayment schedules,
expected interest rates, and other financing costs;
specify that the extraordinary event bonds must be issued as soon as feasible following
issuance of the financing order;
require the utility, at the same time as extraordinary event charges are initially
collected and independent of the schedule to close and decommission any natural gas facility
replaced as the result of an extraordinary event, to remove the natural gas facility from the
utility's rate base and commensurately reduce the utility’s base rates;
specify a future ratemaking process to reconcile any difference between the projected
pretax costs included in the amount financed by extraordinary event bonds and the final
actual pretax costs incurred by the utility to retire or replace the natural gas facility;
specify information regarding bond issuance and repayments, financing costs,
energy transaction charges, extraordinary event property, and related matters that the natural
gas utility is required to provide to the commission on a schedule determined by the
commission;
allow and may require the creation of a utility’s extraordinary event property to be
conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary
property to an assignee and the pledge of the extraordinary event property to security
the extraordinary event bonds;
ensure that the structuring, marketing, and pricing of extraordinary event bonds
result in reasonable securitization bond charges and significant customer savings or rate
impact mitigation, consistent with market conditions and the terms of the financing order; and
specify that a utility financing the replacement of one or more natural gas facilities
after the natural gas facilities subject to the finance order are removed from the utility’s rate
base is prohibited from:
operating the natural gas facilities; or
selling the natural gas facilities to another entity to be operated as natural gas facilities,
A financing order issued under this section may:
include conditions different from those requested in the application that the
commission determines are necessary to:
promote the public interest; and
maximize the financial benefits or minimize the financial risks of the transaction to
customers and to directly impacted Minnesota workers and communities; and
(2) specify the selection of one or more underwriters of the extraordinary event bonds.

Subd. 4. Duration; irrevocability; subsequent order. (a) A financing order remains in effect until the extraordinary event bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the utility to which the financing order applies or any affiliate, successor, or assignee of the utility to which the financing order applies.

(c) Subject to judicial review under section 216B.52, a financing order is irrevocable and is not reviewable by a future commission. The commission may not reduce, impair, postpone, or terminate extraordinary event charges approved in a financing order, or impair extraordinary event property or the collection or recovery of extraordinary event revenue.

(d) Notwithstanding paragraph (c), the commission may, on the commission's own motion or at the request of a utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary event bonds issued under the original financing order if:

(1) the commission makes all of the findings specified in subdivision 2 with respect to the subsequent financing order; and

(2) the modification contained in the subsequent financing order does not in any way impair the covenants and terms of the extraordinary event bonds being refinanced, retired, or refunded.

Subd. 5. Effect on commission jurisdiction. (a) Except as provided in paragraph (b), the commission, in exercising the powers and carrying out the duties under this section, is prohibited from:

(1) considering extraordinary event bonds issued under this section to be debt of the utility other than for income tax purposes, unless it is necessary to consider the extraordinary event bonds to be debt in order to achieve consistency with prevailing utility debt rating methodologies;

(2) considering the extraordinary event charges paid under the financing order to be revenue of the utility;

(3) considering the extraordinary event or financing costs specified in the financing order to be the regulated costs or assets of the utility; or

(4) determining that any prudent action taken by a utility that is consistent with the financing order is unjust or unreasonable.

(b) Nothing in this subdivision:
(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover extraordinary event charges;

(2) prevents or precludes the commission from (i) investigating a utility's compliance with the terms and conditions of a financing order, and (ii) requiring compliance with the financing order; or

(3) prevents or precludes the commission from imposing regulatory sanctions against a utility for failure to comply with the terms and conditions of a financing order or the requirements of this section.

(c) The commission is prohibited from refusing to allow a utility to recover any costs associated with the replacement of natural gas facilities solely because the utility has elected to finance the natural gas facility replacement through a financing mechanism other than extraordinary event bonds.

SEC. 10. [216B.493] POSTORDER COMMISSION DUTIES.

Subdivision 1. Financing cost review. Within 120 days after the date extraordinary event bonds are issued, a utility subject to a financing order must file with the commission the actual initial and ongoing financing costs, the final structure and pricing of the extraordinary event bonds, and the actual extraordinary event charge. The commission must review the prudence of the natural gas utility's actions to determine whether the actual financing costs were the lowest that could reasonably be achieved given the terms of the financing order and market conditions prevailing at the time of the bond's issuance.

Subd. 2. Enforcement. If the commission determines that a utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may:

(1) contract with outside consultants and counsel experienced in securitized utility customer-backed bond financing similar to extraordinary event bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the extraordinary event charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

SEC. 11. [216B.494] USE OF OUTSIDE EXPERTS.

(a) In carrying out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized utility customer-backed bond financing similar to extraordinary event bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the extraordinary event charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.
(b) A utility presented with a written request from the commission for reimbursement of the commission's expenses incurred under paragraph (a), accompanied by a detailed account of those expenses, must remit full payment of the expenses to the commission within 30 days of receiving the request.

(c) If a utility's application for a financing order is denied or withdrawn for any reason and extraordinary event bonds are not issued, the commission's costs to retain expert consultants under this section must be paid by the applicant utility and are deemed to be prudent deferred expenses eligible for recovery in the utility's future rates.

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

Sec. 12. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.

(a) A utility that obtains a financing order and causes extraordinary event bonds to be issued must:

(i) include on each customer's monthly natural gas bill:

(ii) the amount and rate of the extraordinary event charge as a separate line item titled "extraordinary event charge"; and

(iii) if extraordinary event property has been transferred to an assignee, a statement that the assignee is the owner of the rights to extraordinary event charges and that the utility or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

(2) file annually with the commission:

(i) a calculation of the impact of financing the retirement or replacement of natural gas facilities on customer rates, itemized by customer class; and

(ii) evidence demonstrating that extraordinary event revenues are applied solely to the repayment of extraordinary event bonds and other financing costs.

(b) Extraordinary event charges are nonbypassable and must be paid by all existing and future customers receiving service from the utility or the utility's successors or assignees under commission-approved rate schedules or special contracts.

(c) A utility's failure to comply with this section does not invalidate, impair, or affect any financing order, extraordinary event property, extraordinary event charge, or extraordinary event bonds, but does subject the utility to penalties under applicable commission rules.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 9. [216B.496] EXTRAORDINARY EVENT PROPERTY.

Subdivision 1. General. (a) Extraordinary event property is an existing present property right or interest in a property right, even though the imposition and collection of extraordinary event charges depend on the utility collecting extraordinary event charges and on future revenues or proceeds arising from the extraordinary event property. The property right or interest exists regardless of whether the revenues or proceeds arising from the extraordinary event property have been billed, have accrued, or have been collected.

(b) Extraordinary event property exists until all extraordinary event bonds issued under a financing order are paid in full and all financing costs and other costs of the extraordinary event bonds have been recovered in full.

(c) All or any portion of extraordinary event property described in a financing order issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the utility and is created for the limited purpose of acquiring, owning, or administering extraordinary event property or issuing extraordinary event bonds authorized by the financing order. All or any portion of extraordinary event property may be pledged to secure extraordinary event bonds issued under a financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by a utility or an affiliate of extraordinary event property is a transaction in the ordinary course of business.

(d) If a utility defaults on any required payment of charges arising from extraordinary event property described in a financing order, a court, upon petition by an interested party and without limiting any other remedies available to the petitioner, must order the sequestration and payment of the revenues arising from the extraordinary event property to the financing parties.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary event property specified in a financing order issued to a utility, in the revenue and collections arising from the property, is not subject to setoff, counterclaim, surcharge, or defense by the utility or any other person, or in connection with the reorganization, bankruptcy, or other insolvency of the utility or any other entity.

(f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other insolvency proceeding; merger or acquisition; sale; other business combination; transfer by operation of law; utility restructuring; or otherwise, must perform and satisfy all obligations and has the same duties and rights under a financing order as the utility to which the financing order applies. A successor to a utility must perform the duties and exercise the rights in the same manner and to the same extent as the utility, including collecting and paying to any person entitled to receive revenues, collections, payments, or proceeds of extraordinary event property.
Subd. 2. Security interests in extraordinary event property. (a) The creation, perfection, and enforcement of any security interest in extraordinary event property to secure the repayment of the principal and interest on extraordinary event bonds, amounts payable under any ancillary agreement, and other financing costs are governed solely by this section.

(b) A security interest in extraordinary event property is created, valid, and binding when:

(1) the financing order that describes the extraordinary event property is issued;

(2) a security agreement is executed and delivered; and

(3) value is received for the extraordinary event property.

(c) Once a security interest in extraordinary event property is created, the security interest attaches without any physical delivery of collateral or any other act. The lien of the security interest is valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien, upon the filing of a financing statement with the secretary of state.

(d) The description or indication of extraordinary event property in a transfer or security agreement and a financing statement is sufficient only if the description or indication refers to this section and the financing order creating the extraordinary event property.

(e) A security interest in extraordinary event property is a continuously perfected security interest and has priority over any other lien, created by operation of law or otherwise, which may subsequently attach to the extraordinary event property unless the holder of the security interest has agreed otherwise in writing.

(f) The priority of a security interest in extraordinary event property is not affected by the commingling of extraordinary event property or extraordinary event revenue with other money. An assignee, bondholder, or financing party has a perfected security interest in the amount of all extraordinary event property or extraordinary event revenue that is pledged to pay extraordinary event bonds, even if the extraordinary event property or extraordinary event revenue is deposited in a cash or deposit account of the utility in which the extraordinary event revenue is commingled with other money. Any other security interest that applies to the other money does not apply to the extraordinary event revenue.

(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of extraordinary event property.

(h) A valid and enforceable security interest in extraordinary event property is perfected only when the security interest has attached and when a financing order has been filed with the secretary of state in accordance with procedures established by the secretary of state.
The financing order must name the pledgor of the extraordinary event property as debtor and identify the property.

(b) A transfer of an interest in extraordinary event property must be filed with the true sale, and the corresponding characterization of the property interest of the assignee, is effective.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee, is not affected or impaired by:

1. commingling of extraordinary event revenue with other money;
2. the retention by the seller of:
   i. a partial or residual interest, including an equity interest, in the extraordinary event property, whether direct or indirect, or whether subordinate or otherwise;
   ii. the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of extraordinary event revenue;
3. any recourse that the purchaser may have against the seller;
4. any indemnification rights, obligations, or repurchase rights made or provided by the seller;
5. an obligation of the seller to collect extraordinary event revenues on behalf of an assignee;
6. an obligation of the seller to collect extraordinary event revenues on behalf of an assignee;
7. the documents evidencing the transfer of the extraordinary event property are executed and delivered to the assignee; and
8. value is received.

(b) A transfer of an interest in extraordinary event property must be filed with the secretary of state against all third persons and perfected under sections 336.3-301 to 336.3-312, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the extraordinary event property previously perfected under this subdivision or subdivision 2.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee, is not affected or impaired by:

1. commingling of extraordinary event revenue with other money;
2. the retention by the seller of:
   i. a partial or residual interest, including an equity interest, in the extraordinary event property, whether direct or indirect, or whether subordinate or otherwise;
   ii. the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of extraordinary event revenue;
3. any recourse that the purchaser may have against the seller;
4. any indemnification rights, obligations, or repurchase rights made or provided by the seller;
5. an obligation of the seller to collect extraordinary event revenues on behalf of an assignee;
(6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;

(7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or

(8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

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

Sec. 14. [216B.497] EXTRAORDINARY EVENT BONDS.

(a) Banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries may legally invest any money within the individual's or entity's control in extraordinary event bonds.

(b) Extraordinary event bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of extraordinary event bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on extraordinary event bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the extraordinary event bonds.

(c) The state pledges to and agrees with holders of extraordinary event bonds, any assignee, and any financing parties that the state will not:

(1) take or permit any action that impairs the value of extraordinary event property; or

(2) reduce, alter, or impair extraordinary event charges that are imposed, collected, and remitted for the benefit of holders of extraordinary event bonds, any assignee, and any financing parties until any principal, interest, and redemption premium payable on extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full.

(d) A person who issues extraordinary event bonds may include the pledge specified in paragraph (c) in the extraordinary event bonds, ancillary agreements, and documentation related to the issuance and marketing of the extraordinary event bonds.

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

Sec. 15. [216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. [216B.499] EFFECT ON OTHER LAWS.
(a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law regarding the attachment, assignment, perfection, effect of perfection, or priority of any security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499 govern.
(b) Nothing in this section precludes a utility for which the commission has initially issued a financing order from applying to the commission for:
(1) a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d), or
(2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding series of extraordinary event bonds.

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

Sec. 17. Minnesota Statutes 2020, section 216B.50, subdivision 1, is amended to read:
Subdivision 1. Commission approval required. No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of $1,000,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

This section does not apply to the purchase of property to replace or add to the plant of the public utility by construction.

This section is effective the day following final enactment.
commission to intervene in a commission proceeding concerning one or more public utilities;

and

(3) files a request for compensation under this section.

(c) "Party" means a person who files comments or appears in a commission proceeding, other than public hearings, concerning one or more public utilities.

(d) "Proceeding" means an undertaking of the commission in which the commission seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

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

Subd. 2. Participants; eligibility. The following participants are eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated or organized in Minnesota;

(iii) governed under chapter 317A or section 322C.1101; and

(iv) determined by the commission under subdivision 3, paragraph (c), to suffer financial hardship if not compensated for the nonprofit organization's participation in the applicable proceeding;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. Compensation; conditions. (a) The commission may order a public utility to compensate all or part of a participant's reasonable costs to participate in a proceeding before the commission if the commission finds:

(1) that the participant has materially assisted the commission's deliberation; and

(2) if the participant is a nonprofit organization, that the participant would suffer financial hardship if the nonprofit organization's participation in the proceeding was not compensated.

(b) When determining whether a participant has materially assisted the commission's deliberation, the commission must find that:
(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;
(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;
(3) the participant's position promoted a public purpose or policy;
(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been part of the record;
(5) the participant was active in any stakeholder process included in the proceeding; and
(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) When determining whether a nonprofit participant has demonstrated that a lack of compensation would present financial hardship, the commission must find that the nonprofit participant:

(1) incorporated or organized within three years of the date the applicable proceeding began;
(2) has payroll expenses below $750,000; or
(3) has secured less than $100,000 in current year funding dedicated to participation in commission proceedings, not including any participant compensation awarded under this section.

(d) When reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. Compensation; amount.
(a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation per proceeding under this section must not exceed $75,000.

(b) A single participant must not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.
(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

1. $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;
2. $275,000, for a public utility with at least $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;
3. $375,000, for a public utility with at least $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and
4. $1,250,000, for a public utility with $2,000,000,000 or more annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than $150,000 in total compensation during the previous two years.

Subd. 5. Compensation; process.

(a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

1. the name and address of the participant or nonprofit organization the participant is representing;
2. evidence of the organization's nonprofit, tax-exempt status, if applicable;
3. the name and docket number of the proceeding for which compensation is requested;
4. for a nonprofit participant, evidence supporting the nonprofit's eligibility for compensation under the financial hardship test under subdivision 3, paragraph (c);
5. amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, itemized by docket;
6. an itemization of the participant's costs, including (i) hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs; (ii) participant revenues dedicated for the proceeding; and (iii) the total compensation request; and
(7) A narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant must comply with reasonable requests for information by the commission and other parties or participants. A participant must reply to information requests within ten calendar days of the date the request is received, unless doing so would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) A party objecting to a request for compensation must, within 30 days after service of the request for compensation, file a response and an affidavit of service with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) The requesting participant may file a reply with the commission within 15 days after the date a response is filed under paragraph (d). A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the date the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 120 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (f) for up to 30 days upon the request of a participant or on the commission's own initiative.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. Compensation; orders. (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the full compensation to the participant and file proof of payment with the commission within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission must apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.
Subd. 7. Report. By July 1, 2025, the commission must report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy on the operation of this section, including but not limited to:

(1) the amount of compensation paid each year by each utility;
(2) each recipient of compensation, the commission dockets in which compensation was awarded, and the compensation amounts; and
(3) the impact resulting from the commission's adoption of positions advocated by compensated participants.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any proceeding in which the commission has not issued a final order as of that date.

Subd. 11. Department of Commerce to provide technical expertise and other assistance.

(a) The commissioner of the Department of Commerce shall consult with other state agencies and provide technical expertise and other assistance to the commission or to individual members of the commission for activities and proceedings under this chapter and chapters 216F and 216G. This assistance shall include the sharing of power plant siting and routing staff and other resources as necessary. The commissioner shall periodically report to the commission concerning the Department of Commerce's costs of providing assistance. The report shall conform to the schedule and include the required contents specified by the commission. The commission shall include the costs of the assistance in assessments for activities and proceedings under those sections and reimburse the special revenue fund for those costs. If either the commissioner or the commission deems it necessary, the department and the commission shall enter into an interagency agreement establishing terms and conditions for the provision of assistance and sharing of resources under this subdivision.

(b) Notwithstanding the requirements of section 216B.33, the commissioner may take any action required or requested by the commission related to the environmental review requirements under chapter 216F or 216F immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certificate.

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

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 11, is amended to read:

Subd. 11. Department of Commerce to provide technical expertise and other assistance.

(a) The commissioner of the Department of Commerce shall consult with other state agencies and provide technical expertise and other assistance to the commission or to individual members of the commission for activities and proceedings under this chapter and chapters 216F and 216G. This assistance shall include the sharing of power plant siting and routing staff and other resources as necessary. The commissioner shall periodically report to the commission concerning the Department of Commerce's costs of providing assistance. The report shall conform to the schedule and include the required contents specified by the commission. The commission shall include the costs of the assistance in assessments for activities and proceedings under those sections and reimburse the special revenue fund for those costs. If either the commissioner or the commission deems it necessary, the department and the commission shall enter into an interagency agreement establishing terms and conditions for the provision of assistance and sharing of resources under this subdivision.

(b) Notwithstanding the requirements of section 216B.33, the commissioner may take any action required or requested by the commission related to the environmental review requirements under chapter 216F or 216F immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certificate.

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

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. Applicable projects. The requirements and procedures in this section apply to the following projects:

(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 of between 100 and 200 kilovolts;
(4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in length in Minnesota;
(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;
(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;
(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and
(8) large electric power generating plants that are powered by solar energy.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a high-voltage transmission line in excess of 200 kilovolts whose owner has filed an application for a route permit with the Public Utilities Commission on or after that date.

Sec. 17. REPEALER.
Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

ARTICLE 21

ENERGY STORAGE

Section 1. Minnesota Statutes 2020, section 216B.1611, is amended by adding a subdivision to read:

Subd. 5. Energy storage; capacity; treatment. This subdivision applies to a public utility, as defined in section 216B.02, subdivision 4. For the purpose of interconnecting a distributed generation facility that operates in conjunction with an energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f), the system capacity must be calculated as the alternating current capacity of the distributed generation facility alone, provided that the energy storage system is connected to the distributed generating facility:

(1) by direct current; or
(2) by alternating current and is configured to limit the maximum export of electricity beyond the common point of coupling with the utility to an amount no greater than the capacity of the distributed generation facility.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 2. [216B.1616] VALUE OF ON-SITE ENERGY STORAGE.

No later than September 15, 2022, the commission must initiate a docket designed to determine fair compensation paid to customer-owners of on-site energy storage systems, as defined in section 216B.2422, subdivision 1, paragraph (f), for voluntarily discharging stored energy and capacity during periods of peak electricity demand or at other times as dispatched or requested by a public utility, as defined in section 216B.02, subdivision 4.

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

Sec. 3. Minnesota Statutes 2020, section 216B.2422, subdivision 7, is amended to read:

Subd. 7. Energy storage systems assessment. (a) Each public utility required to file a resource plan under subdivision 2 must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to:

(1) meeting identified generation and capacity needs; and

(2) evaluating ancillary services.

(b) The assessment must:

(1) employ appropriate modeling methods to enable the analysis required in paragraph (a); and

(2) address how energy storage systems may contribute to achieving the goals under subdivision 4, clause (1).

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

Sec. 4. Minnesota Statutes 2020, section 216B.2425, subdivision 8, is amended to read:

Subd. 8. Distribution study for distributed generation. Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades, including the deployment of energy storage systems, as defined in section 216B.2422, subdivision 1, paragraph (f), to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

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

Sec. 5. [216C.378] STORAGE REWARDS INCENTIVE PROGRAM.

(a) The electric utility subject to section 116C.779 must develop and operate a program to provide a lump-sum grant to customers to reduce the cost of purchasing and installing an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The utility subject to this section must file a plan with the commissioner to operate the program no later than October 1, 2022. The utility may not operate the program until the
program is approved by the commissioner. Any change to an operating program must be
approved by the commissioner.

(b) To be eligible to receive a grant under this section, an energy storage system must:

(1) have a capacity no greater than 50 kilowatt hours; and
(2) be located within the electric service area of the utility subject to this section.

(c) An owner of an energy storage system is eligible to receive a grant under this section if:

(1) a solar energy generating system is operating at the same site as the proposed energy
storage system; or
(2) the owner has filed an application with the utility subject to this section to interconnect
a solar energy generating system at the same site as the proposed energy storage system.

(d) The commissioner must annually review and may adjust the amount of grants awarded
under this section, but must not increase the amount over that awarded in previous years
unless the commissioner demonstrates in writing that an upward adjustment is warranted
by market conditions.

(e) A customer who receives a grant under this section is eligible to receive financial
assistance under programs operated by the state or the utility for the solar energy generating
system operating in conjunction with the energy storage system.

(f) For the purposes of this section, "solar energy generating system" has the meaning
given in section 216E.01, subdivision 9a.

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

ARTICLE 22

RENEWABLE ENERGY

Section 1. Minnesota Statutes 2020, section 16B.32, subdivision 1, is amended to read:

Subdivision 1. Alternative energy sources. Plans prepared by the commissioner for a
new building or for a renovation of 50 percent or more of an existing building or its energy
systems must include designs which use active and passive solar energy systems, earth
sheltered construction, and other alternative energy sources where feasible. (a) If
incorporating cost-effective energy efficiency measures into the design, materials, and
operations of a building or major building renovation subject to section 16B.325 is not
sufficient to meet Sustainable Building 2030 energy performance standards required under
section 216B.241, subdivision 9, cost-effective renewable energy sources or solar thermal
energy systems, or both, must be deployed to achieve the standards.

(b) The commissioners of administration and commerce must review compliance of
building designs and plans subject to this section with Sustainable Building 2030 performance
standards developed under section 216B.241, subdivision 9, and must make recommendations to the legislature as necessary to ensure that the performance standards are met.

(c) For the purposes of this section:

(1) "energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f);

(2) "renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), and includes hydrogen generated from wind, solar, or hydroelectric; and

(3) "solar thermal energy systems" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (c).

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

Sec. 2. Minnesota Statutes 2020, section 16B.32, subdivision 1a, is amended to read:

Subd. 1a. Onsite energy generation from renewable sources. A state agency that prepares a predesign for a new building must consider meeting at least two percent of the energy needs of the building from renewable sources located on the building site. For purposes of this subdivision, "renewable sources" are limited to wind and the sun. The predesign must include an explicit cost and price analysis of complying with the two-percent requirement compared with the present and future costs of energy supplied by a public utility from a location away from the building site and the present and future costs of controlling carbon emissions. If the analysis concludes that the building should not meet at least two percent of its energy needs from renewable sources located on the building site, the analysis must provide explicit reasons why not. The building may not receive further state appropriations for design or construction unless at least two percent of its energy needs are designed to be met from renewable sources, unless the commissioner finds that the reasons given by the agency for not meeting the two-percent requirement were supported by evidence in the record. The total aggregate nameplate capacity of all renewable energy sources utilized to meet Sustainable Building 2030 standards in a state-owned building or facility, including any subscription to a community solar garden under section 216B.1641, must not exceed 120 percent of the state-owned building's or facility's average annual electric energy consumption.

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

Sec. 3. Minnesota Statutes 2021 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.
(b) The program is funded by money withheld from transfer to the renewable development program operated by the utility and not for any other program or purpose.

(e) 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. $10,000,000 in 2023; and
4. $10,000,000 in 2024; and
5. $10,000,000 in 2025.

(e) 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.

(f) Any unspent amount remaining on January 1, 2023, must be transferred to the renewable development account.

(g) 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.

(h) 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.

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

(a) $5,000,000 in fiscal year 2023 is to be withheld by the public utility subject to Minnesota Statutes, section 116C.779, from deposit in the renewable development account, as provided in Minnesota Statutes, section 116C.7792, for a financial incentive to install solar energy generating systems under Minnesota Statutes, section 116C.7792. The amount to be withheld for this purpose in fiscal year 2024 is $5,000,000 and in fiscal year 2025 is $10,000,000.

Sec. 4. [116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.

Subdivision 1. Definitions.

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

(b) "Agency" means the Pollution Control Agency.

(c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

(d) "Corrective action determination" means a decision by the agency regarding actions to be taken to remediate contaminated soil and groundwater at Area C.

(e) "Owner" means the owner of a solar energy generating system planned to be deployed at Area C.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

Subd. 2. Account established. The Area C contingency account is established as a separate account in the special revenue fund in the state treasury. Transfers and appropriations to the account, and any earnings or dividends accruing to assets in the account, must be credited to the account. The commissioner must serve as fiscal agent and must manage the account.

Subd. 3. Distribution of funds; conditions. Money from the account may be distributed by the commissioner to the owner of a solar energy generating system planned to be deployed on Area C under the following conditions:

1. The agency issues a corrective action determination after the owner has begun to design or construct the project, and the nature of the corrective action determination requires the project to be redesigned or construction to be interrupted or altered; or
the agency issues a corrective action determination whose work plan requires temporary cessation or partial or complete removal of the solar energy generating system after the solar energy generating system has become operational.

Subd. 4. Distribution of funds; process. (a) The owner may file a request for distribution of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing must describe (1) the nature of the impact of the agency's work plan that results in economic losses to the owner, and (2) a reasonable estimate of the amount of the economic losses.

(b) The owner must provide the commissioner with information the commissioner determines to be necessary to assist in reviewing the filing required under this subdivision.

(c) The commissioner must review the owner's filing within 60 days of submission and must approve a request the commissioner determines is reasonable.

Subd. 5. Expenditures. Money distributed by the commissioner to the owner under this section may be used by the owner only to pay for:

1. removal, storage, and transportation costs incurred for equipment removed, and any costs to reinstall equipment;
2. costs of redesign or new equipment made necessary by the activities under the agency's work plan;
3. lost revenues resulting from the inability of the solar energy generating system to generate sufficient electricity to fulfill the terms of the power purchase agreement between the owner and the purchaser of electricity generated by the solar energy generating system;
4. other damages incurred under the power purchase agreement resulting from the cessation of operations made necessary by the activities of the agency's work plan; and
5. the cost of energy required to replace the energy that would have been generated by the solar energy generating system and purchased under the power purchase agreement.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 5. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Subscribed energy" means electricity generated by the community solar garden that is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. Solar garden; project requirements. (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than one megawatt. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility and, unless the facility has a minimum setback of 100 feet from the nearest residential property, must be located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the most recent three-year average of the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under
section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

Subd. 3. Solar garden plan; requirements; nonutility status. (a) The commission may approve, disapprove, or modify a community solar garden plan. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted.

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to, on commercially reasonable terms, (i) transfer the subscription to other new or current subscribers, or (ii) cancel the subscription; and

(12) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.
Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

For the purposes of this section, the following terms have the meanings given:

(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility, and

(2) "subscription" means a contract between a subscriber and the owner of a solar garden.

An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

(1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

(2) if the owner made an initial payment under an interconnection agreement before January 1, 2021, and the effective date of this act, before commercial operation begins.

The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

If a solar garden is approved by the utility as a community access project:
(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process; (2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and (3) all renewable energy credits generated by the community access project belong to subscribers unless the owner of the solar garden: (i) contracts to: (A) sell the credits to a third party; or (B) sell or transfer the credits to the utility; and (ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription. (b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden (1) is no longer subject to the provisions of this subdivision and subdivision 6, and (2) must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project. (c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the designation as a community access project reinstated under subdivision 4. Subd. 6. Community access project; reporting. The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility: (1) a description of the process by which subscribers can provide input to solar garden policy and decision making; (2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and (3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate: (i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources: (A) the federal Low-Income Home Energy Assistance Program;
247.20 (B) federal Section 8 housing assistance;
247.21 (C) medical assistance;
247.22 (D) the federal Supplemental Nutrition Assistance Program; or
247.23 (E) the federal National School Lunch Program;
247.24 (ii) characterization of the census tract where the subscriber resides as low- or
247.25 moderate-income by the Federal Financial Institutions Examination Council; or
247.26 (iii) other methods approved by the commission.
247.27 Subd. 7. Commission order.
247.28 Within 180 days of the effective date of this section, the
247.29 commission must issue an order addressing the requirements of this section.
248.1 Sec. 6. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:
248.2 Subd. 8. Exemptions. (a) This section does not apply to:
248.3 (1) cogeneration or small power production facilities as defined in the Federal Power
248.4 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
248.5 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
248.6 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
248.7 any case where the commission has determined after being advised by the attorney general
248.8 that its application has been preempted by federal law;
248.9 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve
248.10 the demand of a single customer at a single location, unless the applicant opts to request
248.11 that the commission determine need under this section or section 216B.2425;
248.12 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand
248.13 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
248.14 request that the commission determine need under this section or section 216B.2425;
248.15 (4) a high-voltage transmission line of one mile or less required to connect a new or
248.16 upgraded substation to an existing, new, or upgraded high-voltage transmission line;
248.17 (5) conversion of the fuel source of an existing electric generating plant to using natural
248.18 gas;
248.19 (6) the modification of an existing electric generating plant to increase efficiency, as
248.20 long as the capacity of the plant is not increased more than ten percent or more than 100
248.21 megawatts, whichever is greater;
248.22 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision
248.23 2, or a solar electric generation facility, energy generating system, as defined in section
248.24 subdivision 9a, if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility:
248.25
(ii) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or
248.29 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422, or
249.1 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating system that is a large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:
249.6 (i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or
249.8 (ii) will result in the facility 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.
249.12 (b) For the purpose of this subdivision, "repowering project" means:
249.13 (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,
249.15 (2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or
249.18 (3) increasing the nameplate capacity of a large wind energy conversion system.
249.19 EFFECTIVE DATE. This section is effective the day following final enactment and applies to a large wind energy conversion system or a solar energy generating system whose owner has filed an application for a certificate of need with the Public Utilities Commission on or after that date.
249.23 Sec. 7. Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1, is amended to read:
249.25 Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376, the following terms have the meanings given them.
Sec. 18. Minnesota Statutes 2021 Supplement, section 216C.376, subdivision 5, is amended to read:

Subd. 5. Program funding. (a) In 2022, the public utility subject to section 116C.779 must withhold $8,000,000 from the transfer made under section 116C.779, subdivision 1, paragraph (e), to pay for assistance provided by the program under this section. In 2024, the amount that must be withheld is $8,000,000. The money withheld under this paragraph must be used to pay for financial assistance awarded under this section and the costs to administer this section. Any money that remains unexpended on June 30, 2027, five years after the money is withheld cancels to the renewable development account.

(b) The renewable energy credits associated with the electricity generated by a solar energy system installed under this section are the property of the public utility that is subject to this section for the life of the system, regardless of the duration of the financial assistance provided by the public utility under this section.

Sec. 8. [216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.

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

(b) "Developer" means an entity that applies for a grant on behalf of a public building under this section to install a solar energy generating system on the public building.

(c) "Local unit of government" means a county, statutory or home rule charter city, town, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375 or 216C.376.
(d) "Municipal electric utility" means a utility that provides electric service to retail customers in Minnesota and is governed by a city council or a local utilities commission.

(e) "Public building" means a building owned and operated by a local unit of government.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

(g) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides electric service, or a municipal electric utility.

Subd. 2. Establishment; purpose. A solar on public buildings grant program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy generating systems on public buildings.

Subd. 3. Establishment of account. A solar on public buildings grant program account is established in the special revenue fund. Money received from the general fund and the renewable development account established in section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Earnings remaining in the account at the end of a fiscal year do not cancel to the general fund or renewable development account but remain in the account until expended. The commissioner must manage the account.

Subd. 4. Expenditures. Money in the account must be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

Subd. 5. Eligible applicants. Only a local unit of government or a municipal electric utility may apply for or be awarded a grant under this section.

Subd. 6. Eligible system. (a) A grant may be awarded under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to a public building that consumes the electricity generated by the solar energy generating system, on property within the service territory of the utility currently providing electric service to the public building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the average annual electricity consumption of the public building, measured over the most recent three calendar years, at which the solar energy generating system is installed.

(b) A public building that receives a rebate or other financial incentive under section 216B.241 for a solar energy system is eligible for a grant under this section for the same solar energy generating system.
Before filing an application for a grant under this section, a local unit of government or public building that is served by a municipal electric utility must inform the municipal electric utility of the local unit of government's or public building's intention to do so. A municipal electric utility may, under an agreement with a local unit of government, own and operate a solar energy generating system awarded a grant under this section on behalf of and for the benefit of the local unit of government.

Subd. 7. Application process. (a) The commissioner must issue a request for proposals to utilities, local units of government, and developers who may wish to apply for a grant under this section on behalf of a public building. (b) A utility or developer must submit an application to the commissioner on behalf of a public building on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

1. the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

2. the current energy demand of the public building on which the solar energy generating system is to be installed, information regarding any distributed energy resource that currently provides electricity to the public building, and the size of the public building's subscription to a community solar garden, if applicable;

3. information sufficient to estimate the energy and monetary savings that are projected to result from installation of the solar energy generating system over the system's useful life;

4. the total cost to purchase and install the solar energy system and the solar energy system's lifecycle cost, including removal and disposal at the end of the system's life; and

5. a copy of the proposed contract agreement between the local unit of government and the public utility or developer that includes provisions addressing the responsibility to maintain, remove, and dispose of the solar energy system.

(c) The commissioner must administer an open application process under this section at least twice annually. (d) The commissioner must develop administrative procedures governing the application and grant award process under this section.

Subd. 8. Energy conservation review. At the commissioner's request, a local unit of government awarded a grant under this section must provide the commissioner with information regarding energy conservation measures implemented at the public building at which the solar energy generating system is to be installed. The commissioner may make recommendations to the local unit of government regarding cost-effective conservation measures the local unit of government can implement and may provide technical assistance and direct the local unit of government to available financial assistance programs.
Subd. 9. Technical assistance. The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 10. Grant payments. A grant awarded under this section must be used only to pay the necessary and reasonable costs associated with purchasing and installing a solar energy system.

Subd. 11. Installation. Contractors and subcontractors installing a solar energy generating system funded by a grant awarded under this section must comply with sections 177.41 to 177.43 with respect to the installation.

Subd. 12. Reporting. Beginning January 15, 2023, and each year thereafter until January 15, 2026, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding (1) grants and amounts awarded to local units of government under this section during the previous year, and (2) any remaining balance available in the account established under this section.

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

Sec. 9. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. 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, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high-voltage transmission line.

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

Sec. 10. Minnesota Statutes 2020, section 216E.03, subdivision 5, is amended to read:

Subd. 5. Environmental review. (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric power generating plant or high-voltage transmission line for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site, other than a site for a solar energy generating system, or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes.

(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 commissioner 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 as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.
Sec. 24. [465.485] BAN ON ENERGY HOOKUPS; PROHIBITION.

A political subdivision is prohibited from adopting an ordinance, resolution, code, policy, or permit requirement that prohibits or has the effect of preventing a utility from (1) connecting or reconnecting a solar energy system, wind energy system, geothermal system, hydroelectric system, biomass-derived fuels, green hydrogen, electric vehicle charging equipment, energy storage systems, natural gas, or propane to any building, or (2) supplying a solar energy system, wind energy system, geothermal system, hydroelectric system, biomass-derived fuels, green hydrogen, electric vehicle charging equipment, energy storage systems, natural gas, or propane to any building or utility customer.

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

Sec. 11. [500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.

Subd. 1. Definitions.
(a) The definitions in this subdivision apply to this section.
(b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document.
(c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of:
(1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and
(2) a residential community that is not a common interest community.
(d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. General rule. A private entity must not prohibit or refuse to permit installation, maintenance, or use of a roof-mounted solar energy system by the owner of a single-family dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, except as provided in this section.

Subd. 3. Applicability. This section applies to single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible to maintain, repair, replace, and insure the entire building.

Subd. 4. Allowable conditions. (a) This section does not prohibit a private entity from requiring that:
(1) a licensed contractor install a solar energy system;
(2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof;

(3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system;

(4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or

(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary to repair, maintain, or replace common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on the installation, maintenance, or use of solar energy systems, provided that those restrictions do not decrease the projected generation of energy by a solar energy system by more than 20 percent or increase the solar energy system's cost by more than (1) 20 percent for a solar water heater, or (2) $2,000 for a solar photovoltaic system, compared with the generation of energy and the cost of labor and materials certified by the designer or installer of the solar energy system as originally proposed without the restrictions. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation or an equivalent certification agency. A solar energy system for producing electricity must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including but not limited to Underwriters Laboratories and, where applicable, Public Utilities Commission rules regarding safety and reliability.

(e) If approval by a private entity is required to install or use a solar energy system, the application for approval (1) must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and (2) must not be willfully avoided or delayed.

(f) An application for approval must be made in writing and must contain certification that the applicant meets any conditions required by a private entity under this subdivision.

An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity shall approve or deny an application in writing. If an application is not denied in writing within 60 days from the date the application is received, the application is deemed approved unless the delay is the result of a reasonable request for additional
information. If a private entity receives an incomplete application that the private entity
determines prevents a decision to approve or disapprove the application, a new 60-day limit
begins only if the private entity sends written notice to the applicant, within 15 business
days of the date the incomplete application is received, informing the applicant what
additional information is required.

Sec. 12. PHOTOVOLTAIC DEMAND CREDIT RIDER.
By October 1, 2022, an investor-owned utility that has not already done so must submit
to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all
demand-metered customers with solar photovoltaic systems greater than 40 kilowatts
alternating current for the demand charge overbilling that occurs. The utility may submit
to the commission multiple options to calculate reimbursement for demand charge overbilling.
At least one submission must use a capacity value stack methodology. The commission is
prohibited from approving a photovoltaic demand credit rider unless the rider allows
stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The
commission must approve the photovoltaic demand credit rider by June 30, 2023.

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

Sec. 13. REPEALER.
Minnesota Statutes 2020, sections 16B.323, subdivisions 1 and 2; and 16B.326, are
repealed.

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

ARTICLE 23
ELECTRIC VEHICLES

Section 1. Minnesota Statutes 2021 Supplement, section 16C.135, subdivision 3, is amended
to read:

Subd. 3. Vehicle purchases. (a) Consistent with section 16C.137, subdivision 1, when
purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner
or the agency shall purchase a motor vehicle that is capable of being powered by cleaner
fuels, or a motor vehicle powered by electricity, or by a combination of electricity and liquid
fuel, if the total life cycle cost of ownership is less than or comparable to that of other
vehicles and if the vehicle is capable of the motor vehicle in conformity with the following
vehicle preference hierarchy, with clause (1) representing the top of the hierarchy:

(1) an electric vehicle;
(2) a hybrid electric vehicle;
(3) a vehicle capable of being powered by cleaner fuels; and
(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner or agency may only reject a vehicle type that is higher on the vehicle preference hierarchy if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased;

(2) the total life-cycle cost of ownership of a vehicle type that is higher on the vehicle preference hierarchy is more than ten percent higher than the next lower vehicle type or the vehicle preference hierarchy.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. Goals and actions. Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles purchased, excluding emergency and law enforcement vehicles:

(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;

(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles;

(iii) are powered solely by electricity;

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 160.08, subdivision 7, is amended to read:

Subd. 7. No commercial establishment within right-of-way; exceptions. No commercial establishment, including but not limited to automotive service stations, for serving motor vehicle users shall be constructed or located within the right-of-way of, or on publicly owned or publicly leased land acquired or used for or in connection with, a controlled-access highway, except that:
258.7 (1) structures may be built within safety rest and travel information center areas;
258.8 (2) space within state-owned buildings in those areas may be leased for the purpose of
258.9 providing information to travelers through advertising as provided in section 160.276;
258.10 (3) advertising signs may be erected within the right-of-way of interstate or
258.11 controlled-access trunk highways by franchise agreements under section 160.80;
258.12 (4) vending machines may be placed in rest areas, travel information centers, or weigh
258.13 stations constructed or located within trunk highway rights-of-way; and
258.14 (5) acknowledgment signs may be erected under sections 160.272 and 160.2735; and
258.15 (6) electric vehicle charging stations may be installed, operated, and maintained in safety
258.16 rest areas.

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

Sec. 4. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to
read:

Subd. 2a. Dealer training; electric vehicles. (a) A new motor vehicle dealer licensed
under this chapter that operates under an agreement or franchise from a manufacturer and
sells electric vehicles must maintain at least one employee who is certified as having
completed a training course offered by a Minnesota motor vehicle dealership association
that addresses at least the following elements:

(1) fundamentals of electric vehicles;
(2) electric vehicle charging options and costs;
(3) publicly available electric vehicle incentives;
(4) projected maintenance and fueling costs for electric vehicles;
(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
vehicles;
(6) the impacts of Minnesota's cold climate on electric vehicle operation; and
(7) best practices to sell electric vehicles.

(b) For the purposes of this section, "electric vehicle" has the meaning given in section
169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

**EFFECTIVE DATE.** This section is effective January 1, 2023.
Sec. 5. [216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

(c) "Electric vehicle" means any device or contrivance that transports persons or property and is capable of being powered by an electric motor drawing current from recharageable storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes but is not limited to:

(1) an electric vehicle, as defined in section 169.011, subdivision 26a;
(2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;
(3) an off-road vehicle, as defined in section 84.797, subdivision 7;
(4) a motorboat, as defined in section 86B.005, subdivision 9; or
(5) an aircraft, as defined in section 360.013, subdivision 37.

(d) "Electric vehicle charging station" means a physical location deploying equipment that:

(1) transfers electricity to an electric vehicle battery;
(2) dispenses hydrogen into an electric vehicle powered by a fuel cell;
(3) exchanges electric vehicle batteries; or
(4) provides other equipment used to charge or fuel electric vehicles.

(e) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated machinery, equipment, and infrastructure necessary for a public utility to supply electricity or hydrogen to an electric vehicle charging station and to support electric vehicle operation.

(f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(g) "Government entity" means the state, a state agency, or a political subdivision, as defined in section 13.02, subdivision 11.

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

Subd. 2. Transportation electrification plan; contents. (a) By June 1, 2023, and at least every three years thereafter, a public utility must file a transportation electrification plan with the commission that is designed to (1) maximize the overall benefits of electric...
vehicles and other electrified transportation while minimizing overall costs, and (2) promote
the:
(i) purchase of electric vehicles by the public utility’s customers; and
(ii) deployment of electric vehicle infrastructure in the public utility’s service territory.
(b) A transportation electrification plan may include but is not limited to the following
elements:
(1) programs to educate and increase the awareness and benefits of electric vehicles and
electric vehicle charging equipment among individuals, electric vehicle dealers, single-family
and multifamily housing developers and property management companies, building owners
and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential
users of electric vehicles;
(2) utility investments and incentives the utility provides and offers to support
transportation electrification across all customer classes, including but not limited to
investments and incentives to facilitate:
(i) the deployment of electric vehicles for personal and commercial use; customer- and
utility-owned electric vehicle charging stations; electric vehicle infrastructure to support
light-duty, medium-duty, and heavy-duty vehicle electrification; and other electric utility
infrastructure;
(ii) widespread access to publicly available electric vehicle charging stations; and
(iii) the electrification of public transit and vehicle fleets owned or operated by a
government entity;
(3) research and demonstration projects to increase access to electricity as a transportation
fuel, minimize the system costs of electric transportation, and inform future transportation
electrification plans;
(4) rate structures or programs that encourage electric vehicle charging that optimizes
electric grid operation, including time-varying rates and charging optimization programs;
(5) programs to increase access to the benefits of electricity as a transportation fuel for
low- or moderate-income customers and communities and in neighborhoods most affected
by transportation-related air emissions; and
(6) proposals to expedite commission consideration of program adjustments requested
during the term of an approved transportation electrification plan.
(c) If funding is limited, a public utility must give priority under this section to
investments in communities whose governing body has enacted a resolution or goal
supporting electric vehicle adoption. A public utility must cooperate with local communities
to identify suitable locations, consistent with a community’s local development plans, where electric vehicle infrastructure may be strategically deployed.

Subd. 3. Transportation electrification plan; review and implementation. The commission may approve, modify, or reject a transportation electrification plan. When reviewing a transportation electrification plan, the commission must consider whether the programs, investments, and expenditures as a whole are reasonably expected to:

1. improve the operation of the electric grid;
2. increase access to the use of electricity as a transportation fuel for all customers, including those in low- or moderate-income communities, rural communities, and communities most affected by emissions from the transportation sector;
3. increase access to publicly available electric vehicle charging and destination charging for all types of electric vehicles;
4. support the electrification of medium-duty and heavy-duty vehicles and associated charging infrastructure;
5. reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;
6. stimulate private capital investment and the creation of skilled jobs;
7. educate the public about the benefits of electric vehicles and related infrastructure; and
8. be transparent and incorporate reasonable public reporting of program activities, consistent with existing technology and data capabilities, to inform program design and commission policy with respect to electric vehicles.

Subd. 4. Cost recovery. (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement a transportation electrification plan approved under subdivision 3:

1. a rider or other tariff mechanism to automatically adjust charges annually;
2. performance-based incentives;
3. placing the investment, including rebates, in the public utility’s rate base and allowing the public utility to earn a rate of return on the investment at:
   (i) the public utility’s average weighted cost of capital, including the rate of return on equity, approved by the commission in the public utility’s most recent general rate case; or
   (ii) another rate determined by the commission; or
any other recovery mechanism that the commission determines is fair, reasonable, and supports the objectives of this section.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 6. [216B.1617] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.

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

(b) "Battery exchange station" means a physical location where equipment is deployed that enables a used electric vehicle battery to be exchanged for a fully charged battery.

(c) "Electric school bus" means an electric vehicle that is a school bus.

(d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(e) "Electric vehicle charging station" means a physical location deploying equipment that provides electricity to charge a battery in an electric vehicle.

(f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and includes any infrastructure necessary to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(g) "Poor air quality" means: (1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for total suspended particulates, particulate matter less than ten microns wide (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen dioxide; or (2) levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.

Subd. 2. Program. (a) A public utility may file with the commission a program to promote deployment of electric school buses.

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

1. a school district may purchase one or more electric school buses;

2. the school district may provide a rebate to the school district for the incremental cost the school district incurs to purchase one or more electric school buses when compared with fossil-fuel-powered school buses.
(3) at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required to charge electric school buses;

(4) for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

(i) accepts any and all liability for operating the electric school bus;

(ii) accepts responsibility to maintain and repair the electric school bus; and

(iii) must allow the public utility an option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

(5) in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. Program review and implementation. The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of the date the proposal is received. The commission's approval, modification, or rejection must be based on the proposal's likelihood to, through prudent and reasonable utility investments:

(1) accelerate deployment of electric school buses in the public utility's service territory, particularly in areas with poor air quality; and

(2) reduce emissions of greenhouse gases and particulates compared to fossil-fuel-powered school buses.

Subd. 4. Cost recovery. (a) Any prudent and reasonable investment made by a public utility on electric vehicle infrastructure installed on a school district's real property may be placed in the public utility's rate base and earn a rate of return, as determined by the commission;

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism to automatically adjust annual charges for prudent and reasonable investments made by a public utility to implement and administer a program approved by the commission under subdivision 3.

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

Sec. 7. [216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

Subdivision 1. Establishment. A grant program is established in the Department of Commerce to award grants to dealers to offset the costs to obtain the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.
Subd. 2. Application. An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. Eligible expenditures. Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs incurred to administer this section.

Subd. 5. Limitation. A grant awarded under this section to a single dealer must not exceed $40,000.

EFFECTIVE DATE. This section is effective the day following final enactment. Sec. 8. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6a. Electric vehicle capable space. "Electric vehicle capable space" means a designated automobile parking space that has electrical infrastructure, including but not limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution space, necessary to install an electric vehicle charging station.

Sec. 9. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6b. Electric vehicle charging station. "Electric vehicle charging station" means a designated automobile parking space that has a dedicated connection for charging an electric vehicle.

Sec. 10. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6c. Electric vehicle ready space. "Electric vehicle ready space" means a designated automobile parking space that has a branch circuit capable of supporting the installation of an electric vehicle charging station.
Sec. 11. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 10a. Parking facilities. "Parking facilities" includes parking lots, garages, ramps, or decks.

Sec. 12. Minnesota Statutes 2020, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. Electric vehicle charging. The code shall require a minimum number of electric vehicle-ready spaces, electric vehicle capable spaces, and electric vehicle charging stations either within or adjacent to new commercial and multifamily structures that provide on-site parking facilities. Residential structures with fewer than four dwelling units are exempt from this subdivision.

Sec. 13. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN STATE AND REGIONAL PARKS.

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

(b) "DC fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle’s battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC fast charger to recharge the electric vehicle’s batteries.

Subd. 2. Program. The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency, administration, and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

1. the optimal number and location of charging stations installed in a given state park;

2. alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and
(3) any other issues deemed relevant by the commissioners.

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

**Sec. 14. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.**

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

(b) "DC fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle’s battery.

(c) "Electric vehicle” has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC fast charger to recharge the electric vehicle’s batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in public parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

1. the optimal number and location of charging stations installed at each county government center;

2. alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures;

3. software used to allow payment for electricity consumed at the charging stations; and

4. any other issues deemed relevant by the commissioner.

Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership of electric vehicle charging stations receiving funding under this section and installed at the county government center.

(b) A county may enter into agreements to (1) wholly or partially own, operate, or maintain an electric vehicle charging system receiving funding under this section and
267.30 installed at the county government center, or (2) receive reports on the electric vehicle
267.31 charging system operations.
267.1 (c) A county must authorize and approve the installation and location of an electric
267.2 vehicle charging station at a county government center under this section.
267.3 EFFECTIVE DATE. This section is effective the day following final enactment.
268. ARTICLE 24
268.5 RENEWABLE ECONOMIC DEVELOPMENT
268.6 Section 1. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:
268.7 Subdivision 1. Renewable development account. (a) The renewable development
268.8 account is established as a separate account in the special revenue fund in the state treasury.
268.9 Appropriations and transfers to the account shall be credited to the account. Earnings, such
268.10 as interest, dividends, and any other earnings arising from assets of the account, shall be
268.11 credited to the account. Funds remaining in the account at the end of a fiscal year are not
268.12 canceled to the general fund but remain in the account until expended. The account shall
268.13 be administered by the commissioner of management and budget as provided under this
268.14 section.
268.15 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
268.16 plant must transfer all funds in the renewable development account previously established
268.17 under this subdivision and managed by the public utility to the renewable development
268.18 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
268.19 that have not yet been expended and unencumbered funds required to be paid in calendar
268.20 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
268.21 to transfer under this paragraph.
268.22 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
268.23 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
268.24 plant must transfer to the renewable development account $500,000 each year for each dry
268.25 cask containing spent fuel that is located at the Prairie Island power plant for each year the
268.26 plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by
268.27 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
268.28 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
268.29 part of a year.
268.30 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
268.31 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
268.32 plant must transfer to the renewable development account $350,000 each year for each dry
268.33 cask containing spent fuel that is located at the Monticello nuclear power plant for each
268.34 year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered
268.35 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.

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, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.
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).

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.

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.

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.

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.

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.

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.

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

A construction project funded from an appropriation made under this section must comply with sections 177.41 to 177.43.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to appropriations made on or after that date.

Sec. 3. Minnesota Statutes 2020, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. Definitions. For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 2. Minnesota Statutes 2020, section 116J.55, subdivision 5, is amended to read:

Subd. 5. Grant awards; limitations. (a) The commissioner must award grants under this section to eligible communities through a competitive grant process.

(b) A grant awarded to an eligible community under this section must not exceed $500,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

(c) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 3. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

Subd. 13. Economic and community development. The commission may allow a public utility to recover from ratepayers the reasonable expenses incurred (1) for economic and community development, and (2) to employ local workers, as defined in section 216B.2422, subdivision 1, to construct and maintain generation facilities that supply power to the utility's customers.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 4. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. Cost recovery. The expenses incurred by the utility over the duration of the approved contract or useful life of the investment and expenditures made pursuant to section 116C.779 shall be, and the expenses incurred to employ local workers to construct and maintain generation facilities that supply power to the utility's customers are recoverable from the ratepayers of the utility, to the extent the expenses or expenditures are not offset by utility revenues attributable to the contracts, investments, or expenditures, and (2) if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

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

Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. Local benefits. The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented to maximize benefits to Minnesota citizens and local workers, as defined in section 216B.2422, subdivision 1; balancing factors such as local ownership of or participation in energy production, local job impacts, as defined in section 216B.2422, subdivision 1; development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities; the costs of energy generation to satisfy the renewable standards, and the reliability of electric service to Minnesotans.

Sec. 6. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;
(4) hydro;
(5) trees or other vegetation;
(6) landfill gas; or
(7) predominantly organic components of wastewater effluent, sludge, or related
by-products from publicly owned treatment works, but not including incineration of
wastewater sludge.
(d) "Resource plan" means a set of resource options that a utility could use to meet the
service needs of its customers over a forecast period, including an explanation of the supply
and demand circumstances under which, and the extent to which, each resource option
would be used to meet those service needs. These resource options include using,
refurbishing, and constructing utility plant and equipment, buying power generated by other
technologies, and implementing customer energy conservation.
(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
resource of 30 megawatts or greater.
(f) "Energy storage system" means a commercially available technology that:
(1) uses mechanical, chemical, or thermal processes to:
(i) store energy, including energy generated from renewable resources and energy that
would otherwise be wasted, and deliver the stored energy for use at a later time; or
(ii) store thermal energy for direct use for heating or cooling at a later time in a manner
that reduces the demand for electricity at the later time;
(2) is composed of stationary equipment;
(3) if being used for electric grid benefits, is operationally visible and capable of being
controlled by the distribution or transmission entity managing it, to enable and optimize the
safe and reliable operation of the electric system; and
(4) achieves any of the following:
(i) reduces peak or electrical demand;
(ii) defers the need or substitutes for an investment in electric generation, transmission,
or distribution assets;
(iii) improves the reliable operation of the electrical transmission or distribution systems,
while ensuring transmission or distribution needs are not created; or
(iv) lowers customer costs by storing energy when the cost of generating or purchasing
it is low and delivering it to customers when the costs are high.
(g) "Local job impacts" means the impacts of a certificate of need, a power purchase agreement, or commission approval of a new or refurbished energy facility on the availability of construction employment opportunities to local workers.

(h) "Local workers" means workers who (1) are employed to construct and maintain energy infrastructure; and (2) are Minnesota residents, are residents of the utility’s service territory, or permanently reside within 150 miles of a proposed new or refurbished energy facility.

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

Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. Preference for local job creation. As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility’s energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility’s customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring generation facilities, including workers previously employed at the retiring facilities.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to an integrated resource plan filed with the commission on or after that date.

Sec. 8. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. Bidding; exemption from certificate of need proceeding. (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 and consider local job impacts when evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.
Sec. 9. Minnesota Statutes 2020, section 216C.435, subdivision 8, is amended to read:

Sec. 8. Qualifying commercial real property. "Qualifying commercial real property" means a multifamily residential dwelling, a commercial or industrial building, or farmland that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, or agronomic assessment, can benefit from the installation of cost-effective energy improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Sec. 20. Minnesota Statutes 2020, section 216C.436, is amended by adding a subdivision to read:

Subd. 1b. Definition. For the purposes of this section, "land and water improvements" means:

(1) any improvement to qualifying farmland, as defined in section 273.13, subdivision 23, that is permanent in nature, results in improved agricultural productivity or resiliency, and reduces environmental impact; or

(2) water conservation measures, which includes permanently affixed equipment, appliances, or improvements that reduce a property's water consumption or that enable the property to manage water more efficiently.

Sec. 21. Minnesota Statutes 2020, section 216C.436, subdivision 2, is amended to read:

Program requirements. A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;
require an energy audit or renewable energy system feasibility study to be conducted on the qualifying commercial real property and reviewed by the implementing entity prior to approval of the financing;

require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

not prohibit the financing of all cost-effective energy improvements or land and water improvements not otherwise prohibited by this section;

require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

provide financing only to those who demonstrate an ability to repay;

require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

require that all cost-effective energy 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 improvements for that property;

require disclosures to borrowers by the implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;

provide financing only to those who demonstrate an ability to repay;

provide financing only to those who demonstrate an ability to repay;

provide financing only to those who demonstrate an ability to repay;

require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

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;

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; and

require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

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.

require an energy audit or renewable energy system feasibility 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;

require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

not prohibit the financing of all cost-effective energy improvements or land and water improvements not otherwise prohibited by this section;

require that all cost-effective energy 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 improvements for that property;

provide financing only to those who demonstrate an ability to repay;

require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

require that all cost-effective energy 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 improvements for that property;

require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

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;

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; and

require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

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. 12. [216C.441] MINNESOTA INNOVATION FINANCE AUTHORITY.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given:
(h) "Advisory task force" means the Minnesota Innovation Finance Authority advisory task force.

g) "Authority" means the Minnesota Innovation Finance Authority.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (k), clauses (1) to (4).

(g) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans made by private lenders. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

(f) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(h) "Greenhouse gas emissions" has the meaning given to "statewide greenhouse gas emissions" in section 216H.01, subdivision 2.

(i) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the private lender.

(j) "Microgrid system" means an electrical grid that (1) serves a discrete geographical area from distributed energy resources, and (2) can operate independently from the central electric grid on a temporary basis.

(k) "Qualified project" means a project, technology, product, service, or measure predominantly focused on clean energy, electrification, or energy or climate resilience as follows:

(1) a project, technology, product, service, or measure that:

(i) results in the reduction of energy use while providing the same level of service or output obtained before the project, technology, product, service, function, or measure was applied;

(ii) shifts the use of electricity by retail customers in response to changes in the price of electricity that vary over time or provides other incentives designed to shift electricity demand from times when market prices are high or when system reliability is jeopardized; or

(iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions produced before the project is implemented, excluding projects that generate power from the combustion of fossil fuels;
(2) the development, construction, deployment, alteration, or repair of any:

(i) project, technology, product, service, or measure that generates electric power from renewable energy; or

(ii) distributed generation system, energy storage system, smart grid technology, microgrid system, fuel cell system, or combined heat and power system;

(3) the installation, construction, or use of end-use electric technology that replaces existing fossil-fuel-based technology;

(4) a project, technology, product, service, or measure that supports the development and deployment of electric vehicle charging stations and associated infrastructure;

(5) a project that reduces net greenhouse gas emissions or improves climate resiliency, including but not limited to reforestation, afforestation, forestry management, and regenerative agriculture;

(6) the construction or enhancement of infrastructure that is planned, designed, and operated in a manner that anticipates, prepares for, and adapts to current and projected changing climate conditions so that the infrastructure withstands, responds to, and more readily recovers from disruptions caused by the current and projected changing climate conditions; and

(7) the development, construction, deployment, alteration, or repair of any project, technology, product, service, or measure that: (i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or (ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

(l) "Regenerative agriculture" means farming methods that reduce agriculture's contribution to climate change by increasing the soil's ability to absorb atmospheric carbon and convert the atmospheric carbon to soil carbon.

(m) "Renewable energy" has the meaning given in section 216B.2422 and includes fuel cells generated from renewable energy.

(n) "Smart grid" means a digital technology that (1) allows for two-way communication between a utility and the utility's customers, and (2) enables the utility to control power flow and load in real time.

Subd. 2. Establishment; purpose. (a) By September 1, 2022, the department must establish and convene a Minnesota Innovation Finance Authority Advisory Task Force.

(b) By February 1, 2023, the Minnesota Innovation Finance Authority Advisisory Task Force convened by the department must establish the Minnesota innovation finance authority as a nonprofit corporation, including the development of the nonprofit board under chapter...
281.1 317A, and must seek designation as a charitable tax-exempt organization under section
281.2 501(c)(3) of the Internal Revenue Code of 1986, as amended. The advisory task force must
281.3 engage independent legal counsel with relevant experience in nonprofit corporate law to
281.4 help establish the nonprofit corporation. The nonprofit corporation must be governed by a
281.5 board of directors.
281.6 (c) The authority must establish bylaws, subject to the prior approval by the
281.7 commissioner.
281.8 (d) The initial board of directors must include at least a majority of the members of the
281.9 advisory task force established under subdivision 5.
281.10 (e) When incorporated, the authority must serve as an independent, nonprofit corporation
281.11 for public benefit whose purpose is to (1) promote investments in qualified clean energy,
281.12 efficiency, electrification, and other climate-mitigation-related projects, and (2) accelerate
281.13 the deployment of qualified projects by reducing the up-front and total cost of adoption.
281.14 The authority may achieve the purposes under this paragraph by leveraging public sources
281.15 and additional private sources of capital through the strategic deployment of public money
281.16 in the form of loans, credit enhancements, and other financing mechanisms, along with
281.17 strategies that stimulate demand.
281.18 (f) The authority must:
281.19 (1) identify underserved markets for qualified projects in Minnesota, develop programs
281.20 to overcome market impediments, and provide access to financing to serve the projects and
281.21 underserved markets;
281.22 (2) except in cases of projects within identified disadvantaged communities, as determined
281.23 by the commissioner, that may limit an investment, strategically prioritize money to leverage
281.24 private investment in qualified projects, achieving a high ratio of private to public money
281.25 invested through funding mechanisms that support, enhance, and complement private
281.26 investment;
281.27 (3) coordinate with existing government- and utility-based programs to ensure (i) the
281.28 most effective use of the authority’s resources, (ii) that financing terms and conditions
281.29 offered are well-suited to qualified projects, (iii) coordination of communication with respect
281.30 to all financing options under this section and other state and utility programs, and (iv) the
281.31 authority’s activities add to and complement the efforts of state and utility partners;
281.32 (4) serve as an informational resource for contractors interested in installing qualified
281.33 projects by forming partnerships with and educating contractors regarding the authority’s
281.34 financing programs and coordinating multiple contractors on projects that install multiple
281.35 qualifying technologies;
281.36 (5) develop innovative and inclusive marketing strategies to stimulate project owner
281.37 interest in targeted underserved markets;
(6) serve as a financial resource to reduce the up-front and total costs to borrowers;

(7) prioritize projects that maximize greenhouse gas emission reductions or address disparities in access to clean energy projects for underserved communities;

(8) ensure that workers employed by contractors and subcontractors performing construction work on projects over $100,000, financed all or in part by the authority, are paid wages not less than the prevailing wage on similar construction projects in the applicable locality;

(9) develop rules, policies, and procedures specifying borrower eligibility and other terms and conditions for financial support offered by the fund that must be met before financing support is provided for any qualified clean energy project;

(10) develop and administer (i) policies to collect reasonable fees for authority services, and (ii) risk management activities that are sufficient to support ongoing authority activities;

(11) subject to review by the department, develop and adopt a work plan to accomplish all of the activities required of the authority and update the work plan on an annual basis;

(12) develop consumer protection standards governing the authority's investments to ensure the authority and partners provide financial support in a responsible and transparent manner that is in the financial interest of participating project owners and serves the defined underserved markets and disadvantaged communities; or

(13) establish and maintain an online and mobile-access portal that provides access to all authority programs and financial products, including rates, terms, and conditions of all financing support programs, unless disclosure of the information constitutes a trade secret or confidential commercial or financial information.

Subd. 3. Additional department responsibilities. In addition to the responsibilities listed in this chapter, the department must:

(1) review consumer protection standards established by the authority; and

(2) provide standard state oversight to money appropriated under this section.

Subd. 4. Additional authorized activities. The authority is authorized to:

(1) engage in any activities of a Minnesota nonprofit corporation operating under chapter 317A;

(2) develop and employ financing methods to support qualified projects, including:

(i) credit enhancement mechanisms that reduce financial risk for private lenders by providing assurance that a limited portion of a loan is assumed by the fund via a loan loss reserve, loan guarantee, or other mechanism;
(ii) co-investment, where the fund invests directly in a clean energy project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with a private financier's investment; and

(iii) serving as an aggregator of many small and geographically dispersed qualified projects, where the authority may provide direct lending, investment, or other financial support in order to diversify risk; and

(3) seek to qualify as a community development financial institution under United States Code, title 12, section 4702, in which case the authority must be treated as a qualified community development entity for the purposes of sections 45D and 1400(m) of the Internal Revenue Code.

Subd. 5. Advisory task force; membership.

(a) The Minnesota Innovation Finance Authority Advisory Task Force is established and consists of 15 members as follows:

(1) the commissioner of commerce or the commissioner's designee, who serves as chair of the advisory task force;

(2) the commissioner of employment and economic development or the commissioner's designee;

(3) the commissioner of the Pollution Control Agency or the commissioner's designee;

(4) the commissioner of agriculture or the commissioner's designee;

(5) two additional members appointed by the governor;

(6) two additional members appointed by the speaker of the house;

(7) two additional members appointed by the president of the senate; and

(8) five members that have extensive life or work experience within economically disadvantaged communities that the authority aims to serve, appointed by the governor and the commissioners identified in clauses (1) to (4).

(b) The members appointed to the advisory task force under paragraph (a), clauses (6) and (7), must have expertise in matters relating to energy conservation, clean energy, economic development, banking, law, finance, or other matters relevant to the work of the advisory task force.

(c) When appointing a member to the advisory task force, consideration must be given to whether the advisory task force members collectively reflect the geographical and ethnic diversity of Minnesota.

(d) Members of the advisory task force must abide by the conflict of interest provisions in section 43A.38.
In order to ensure participation, the commissioner may provide a nominal grant to any advisory task force member that demonstrates financial need in order to participate.

Subd. 6. Report; audit. Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities for the previous fiscal year to the governor and the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

1. the amount of authority capital invested, itemized by project type;
2. the amount of private capital leveraged as a result of authority investments, itemized by project type;
3. the number of qualified projects supported, itemized by project type and location within Minnesota;
4. the estimated number of jobs created and tax revenue generated as a result of the authority's activities;
5. the number of clean energy projects financed in low- and moderate-income households; and
6. the authority's financial statements.

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

Sec. 13. [216C.46] ENERGY ALLEY START-UP FUND.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.
(b) "Decarbonization technology" means a technology whose implementation results in a reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.
(c) "Emerging energy technology" means carbon-reducing energy technologies, systems, or practices that are not yet at the commercialization stage.
(d) "Qualified equity business" means a minority-, women-, or veteran-owned business, as the terms are defined in section 116J.8737.
(e) "Qualified greater Minnesota business" means a business that is certified by the commissioner as a qualified small business and as a qualified greater Minnesota business under section 116J.8737, subdivision 2.

Subd. 2. Establishment; purpose. An energy alley start-up fund account is established in the Department of Commerce to provide loans and grants to qualified businesses to:
(1) promote the start-up, expansion, and attraction of emerging energy technologies and businesses within Minnesota; and
(2) stimulate other innovative decarbonization technology projects that are capable of being developed at a large scale.

Subd. 3. Account established. An energy alley start-up fund account is established in the special revenue fund in the state treasury. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Nonstate money obtained by the commissioner for the purposes of this section must be credited to the account. The commissioner must manage the account. Money in the account is appropriated to the commissioner for the purposes of this section and must be expended only as provided in this section.

Subd. 4. Nonstate contributions; influence prohibited. (a) The commissioner must ensure any nonstate money deposited in the account, and the sources of nonstate money, have no influence over (1) awarding grants or loans, or (2) other activities conducted under this section.
(b) The commissioner may retain no more than three percent annually of money credited to the account for the department’s administrative expenses.

Subd. 5. Allocation of funds. Money in the account must be allocated as follows:
(1) at least 50 percent to qualified greater Minnesota businesses or qualified equity businesses;
(2) up to 65 percent to establish a low-interest loan fund and loan loss reserve;
(3) at least 35 percent to provide grants under this section.

Subd. 6. Loans. (a) Loan recipients must repay loan amounts awarded under this section by the end of the loan term. Loan repayment amounts must be credited to the account. The department may use up to ten percent of the low-interest land funds or 6.5 percent of total money available, whichever is greater, under this section to: (1) establish a loan loss reserve in order to leverage additional investments; (2) ensure funding for emerging, innovative energy products; and (3) ensure accessibility by small businesses.
(b) No loans may be awarded under this section after June 30, 2025.

Subd. 7. Application process. (a) An application for a grant or loan under this section must be made to the commissioner on a form developed by the commissioner.
(b) An application made under this section must be evaluated by the investment committee established under subdivision 10.
(c) The commissioner must develop administrative procedures necessary to implement this section.
Subd. 8. Grant awards; limitations. (a) The commissioner must award grants under this section to eligible applicants through a competitive process.

(b) An eligible entity must be (1) located in Minnesota, or (2) able to demonstrate how the grant directly and significantly benefits Minnesotans in a manner that meets criteria established by the commissioner.

Subd. 9. Technical advisory committee; membership. (a) The commissioner must establish and appoint members to the technical advisory committee to assist in the development of criteria governing the award of grants under this section. The technical advisory committee must have expertise in energy research and development, energy conservation, clean energy technology development, economic development, or energy project financing.

(b) The commissioner must appoint members to the technical advisory committee who collectively reflect the geographic and ethnic diversity of Minnesota.

(c) Members of the technical advisory committee must comply with the conflicts of interest provisions under section 43A.38.

Subd. 10. Investment committee; duties; membership. (a) The commissioner, in consultation with the commissioner of employment and economic development, must establish and appoint members to an investment committee to review and recommend applications for grant and loan awards under this section.

(b) The investment committee must consist of seven members with expertise and experience in investments and finance. The commissioner or the commissioner's designee, and the commissioner of employment and economic development or the commissioner of employment and economic development's designee, must serve as members of the investment committee. The commissioner or the commissioner's designee serves as chair of the investment committee.

(c) The commissioner must appoint members of the investment committee who collectively reflect the geographic and ethnic diversity of Minnesota.

(d) Members of the investment committee must comply with the conflicts of interest provisions under section 43A.38. Entities represented by members of the investment committee are ineligible to receive grants under this section.

Subd. 11. Annual report; audit. On or before February 15, 2024, and by February 15 each year thereafter, the commissioner must report on the activities of the fund for the preceding calendar year to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy finance and policy and economic development finance. The report must include but is not limited to information specifying:

(1) the number of applications for funding received;
(2) the number of applications selected for grants and loans;
(3) the total amount of grants and loans issued in the previous year and to date, itemized
by project type; and
(4) a complete operating and financial statement covering the fund's operations for the
preceding year.

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

Sec. 14. [216C.47] GRANTS FOR RENEWABLE INTEGRATION AND
DEMONSTRATION.
Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
the meanings given:
(b) "Grid modernization" means:
(1) enhancing electric grid service quality and reliability;
(2) improving the security of the electric grid and critical infrastructure against
cyberthreats and physical threats; and
(3) increasing energy conservation opportunities by facilitating communication between
the utility and the utility's customers through the use of two-way meters, control technologies,
energy storage and microgrids, technologies that enable demand flexibility, and other
innovative technologies.
(c) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1,
paragraph (c).

Subd. 2. Establishment; purpose. A grants for renewable integration and demonstration
program is established in the department. The purpose of the program is to provide grants
for projects to:
(1) stimulate research, deployment, and grid integration of renewable electric energy
technologies;
(2) encourage grid modernization, including but not limited to projects that implement
electricity storage, generation control, load control, and smart meter technology; and
(3) stimulate other innovative energy projects that (i) reduce demand, and (ii) increase
system efficiency and flexibility to benefit customers of the utility that owns nuclear
generating units in Minnesota.

Subd. 3. Program account. A grants for renewable integration and demonstration
program account is established as a separate account in the special revenue fund in the state
treasury.
Subd. 4. Expenditures. Money in the account may be used only:

(1) for grant awards made under this section;
(2) for costs to procure technical evaluation services; and
(3) to pay reasonable costs incurred by the department to administer this section.

Subd. 5. Eligibility. The commissioner must determine whether a project is eligible for a grant under this section. When evaluating a project for approval, the commissioner must consider:

(1) diversity, equity, and inclusion;
(2) greenhouse gas emissions;
(3) resiliency value;
(4) grid security;
(5) jobs and economic development; and
(6) other potential benefits to Minnesota citizens and businesses, ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in Minnesota, the Prairie Island Indian community, or Prairie Island Indian community members.

Subd. 6. Reporting. (a) A project that receives money from a grant approved under this section 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 Minnesota and the public utility's ratepayers.

(b) Final reports, any project status reports, and grants for renewable integration and demonstration program balances must be posted on a public website designated by the commissioner.

(c) 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.

(d) By February 15 each year, the commissioner must report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy regarding: (1) grants issued under this section during the previous calendar year; and (2) any remaining balance available under this section.

Subd. 7. Gifts; grants; donations. The program may accept gifts and grants on behalf of the state that constitute donations to the state. Money received under this subdivision is appropriated to the commissioner of commerce to support the program under this section.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

Subd. 7. Considerations in designating sites and routes.
(a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

1. Evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

2. Environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

3. Evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

4. Evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

5. Analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

6. Evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

7. Evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

8. Evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

9. Evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

10. Evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction
of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; and

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

(13) evaluation of the benefits of the proposed facility with respect to protecting and enhancing environmental quality, and to the reliability of state and regional energy supplies;

(14) evaluation of the proposed facility’s impact on socioeconomic factors; and

(15) evaluation of the proposed facility's employment and economic impacts in the vicinity of the facility site and throughout the state, including the quantity and quality of construction and permanent jobs and the jobs' compensation levels. 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 factors under this clause.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

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

Sec. 16. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

(a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission may require the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications.
commission shall publish a notice of its decision in the State Register within 30 days of
issuance of the permit.

(c) No site permit may be issued under this chapter for a large electric power generating
plant, including the modification of a site permit for a repowering project, as defined in
section 216B.243, subdivision 8, paragraph (b), unless the applicant certifies to the
commission in writing that all employees who perform construction work on the large
electric power generating plant, including the employees of contractors and subcontractors,
are paid no less than the prevailing wage, as defined in section 177.42.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to a site permit, or the modification of a site permit for a repowering project, whose
application is filed with the commission on or after that date.

Sec. 17. Minnesota Statutes 2020, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public
Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the
commission for a site permit in accordance with this chapter and any rules adopted by the
commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for
an LWECS within 180 days after acceptance of a complete application by the commission.
The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend,
or revoke a permit.

(e) No site permit may be issued for an LWECS with a combined nameplate capacity
of 25,000 kilowatts or more under this chapter, including the modification of a site permit
for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b),
unless the applicant certifies in writing to the commission that all employees who perform
construction work on the LWECS, including the employees of contractors and subcontractors,
are paid no less than the prevailing wage, as defined in section 177.42.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to a site permit, or the modification of a site permit for a repowering project, whose
application is filed with the commission on or after that date.
ARTICLE 25

GREENHOUSE GAS EMISSIONS

Section 1. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. Environmental costs. (a) The commission shall, to the extent practicable, using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission must (1) adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates, released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate; and (2) update the parameters as necessary to conform with updates released by the federal Interagency Working Group on the Social Cost of Greenhouse Gases, or the working group's successors, that are above the February 2021 interim valuations.

(b) When evaluating and selecting resource options in all proceedings before the commission, including but not limited to proceedings regarding power purchase agreements, resource plans, and certificates of need, a utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings, under this subdivision to quantify and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for in-state or imported electricity generation, including extraction, processing, transport, and combustion.

(c) When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to dockets initiated at the Public Utilities Commission on or after that date.
state greenhouse gas emission-reduction goals established under section 216H.02, subdivision 28.20

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

28.21

Sec. 2. BUY CLEAN TASK FORCE.

(a) No later than June 30, 2022, the commissioners of administration and transportation must establish an environmental standards procurement task force to examine issues surrounding the implementation of a program requiring vendors of certain construction materials purchased by the state to:

(1) submit environmental product declarations that assess the lifecycle environmental impacts of the construction materials to state officials as part of the procurement process; and

(2) meet standards established by the commissioner of administration that limit greenhouse gas emissions impacts of the construction materials;

(b) The task force must examine, at a minimum, the following issues:

(1) which construction materials should be subject to the program requirements;

(2) what factors should be considered in establishing greenhouse gas emissions standards;

(3) a schedule to develop standards for specific materials and incorporate the standards into the purchasing process;

(4) the development and use of financial incentives to reward vendors for developing products whose greenhouse gas emissions are below the standards;

(5) the provision of grants to defer a vendor's cost to obtain environmental product declarations;

(6) how the issues in clauses (1) to (5) are addressed by existing programs in other states and countries; and

(7) any other issues the task force deems relevant.

(c) The advisory committee must include two members of the house of representatives appointed by the speaker of the house of representatives and two members of the senate appointed by the senate majority leader. The commissioners of administration and transportation must appoint additional members of the advisory committee, who must include but may not be limited to representatives of:

(1) the Departments of Administration and Transportation;

(2) the Center for Sustainable Building Research at the University of Minnesota;
(3) manufacturers of eligible materials;
(4) suppliers of eligible materials;
(5) building and transportation construction firms;
(6) organized labor in the construction trades;
(7) organized labor representing materials manufacturing workers; and
(8) environmental advocacy organizations.

(d) The Department of Administration must provide meeting space and serve as staff to
the advisory committee.

(e) The commissioner of administration, or the commissioner's designee, shall serve as
chair of the advisory committee. The advisory committee must meet at least four times
annually and must convene additional meetings at the call of the chair.

(f) The commissioner of administration must summarize the findings and
recommendations of the task force in a report submitted to the chairs and ranking minority
members of the senate and house of representatives committees with primary jurisdiction
over state government, transportation, and energy no later than January 1, 2023.

(g) The advisory committee is subject to section 15.059, subdivision 6.

(h) For the purposes of this section, "environmental product declaration" means a
supply-chain-specific type III environmental product declaration that:

1. contains a lifecycle assessment of the environmental impacts of manufacturing a
specific product by a specific firm, including the impacts of extracting and producing the
raw materials and components that compose the product;
2. is verified and registered by a third party; and
3. meets the ISO 14025 standard developed and maintained by the International
Organization for Standardization (ISO).

EFFECTIVE DATE. This section is effective the day following final enactment.
(3) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that trap heat in the atmosphere; and
(4) "political subdivision" means a county, home rule charter or statutory city, town, or school district.

Subd. 2. Establishment. The commissioner must establish a local climate action grant program in the Pollution Control Agency. The purpose of the program is to provide grants to encourage political subdivisions to address climate change by developing and implementing plans of action or creating new organizations and institutions to devise policies and programs that:

(1) seek to mitigate the impacts of climate change on the political subdivision; or
(2) reduce the political subdivision's contributions to the causes of climate change.

Subd. 3. Application. (a) Application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop procedures to (1) solicit and review applications, and (2) award grants under this section.

(b) Eligible applicants for a grant under this section must be located in or conduct the preponderance of the applicant's work in the locality where the grant activities are to take place. Eligible applicants include political subdivisions, organizations that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code, and educational institutions.

Subd. 4. Awarding grants. When awarding grants under this section, the commissioner must give preference to proposals that seek to involve a broad array of community residents, organizations, and institutions in the political subdivision's efforts to address climate change.

Subd. 5. Grant amounts. (a) A grant awarded under this section must not exceed $50,000.

(b) A grant awarded under this section for activities taking place at a county-wide level or in a city or town with a population that exceeds 20,000 must be matched 100 percent with local funding.

(c) A grant awarded under this section for activities taking place in a city or town with a population that is less than 20,000 or in a school district must be matched a minimum of five percent with local funding or equivalent in-kind services.

Subd. 6. Eligible expenditures. Appropriations made to support the activities of this section may be used only to:

(1) provide grants under this section; and
(2) reimburse the reasonable expenses incurred by the Pollution Control Agency to administer the grant program.
Section 1. Minnesota Statutes 2020, 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.

(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.

(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.

Section 2. Minnesota Statutes 2020, 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.

(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.

(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.
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).

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).

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.

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.

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.

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).

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).

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.
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.

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 process.

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, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

The cost of acquiring the services of the independent third-party expert described in paragraph (l) and any other costs incurred in administering the advisory group and its 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 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 process.

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, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.
actions as required by this section, not to exceed $150,000, shall be paid from funds withheld by the public utility under paragraph (c).

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(n) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted to the legislature commission. The commission may approve proposed expenditures, modify 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, accept proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (o).

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(o) 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:

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(p) 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.

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(q) The advisory group, public utility 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.

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(r) 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.

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(s) 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 the public utility's ratepayers of each project.
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.

6.6 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.

6.10 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.

6.13 Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

8.12 Sec. 5. Minnesota Statutes 2020, section 216B.096, subdivision 11, is amended to read:

Subd. 11. Reporting. Annually on November 1, a utility must electronically file with the commission a report, in a format specified by the commission, specifying the number of utility heating service customers whose service is disconnected or remains disconnected for nonpayment as of September 15 and October 1 and October 15. If customers remain disconnected on October 15, a utility must file a report each week between November 1 and the end of the cold weather period specifying:

1. the number of utility heating service customers that are or remain disconnected from service for nonpayment; and

2. the number of utility heating service customers that are reconnected to service each week.

The data reported under this subdivision are presumed to be accurate upon submission and must be made available through the commission's electronic filing system.

9.4 Sec. 7. Minnesota Statutes 2020, section 216B.243, subdivision 3b, is amended to read:

Subd. 3b. Nuclear power plant; new construction prohibited; relicensing. Additional storage of spent nuclear fuel. (a) The commission may not issue a certificate of need for the construction of a new nuclear-powered electric generating plant.
Any certificate of need for additional storage of spent nuclear fuel for a facility seeking a license extension shall address the impacts of continued operations over the period for which approval is sought.

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

Sec. 2. [216C.391] MINNESOTA STATE COMPETITIVENESS FUND.

Subdivision 1. Establishment; purpose. (a) A state competitiveness fund account is created in the special revenue fund of the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, such as 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 expended. The commissioner must manage the account.

(b) The money in the account must be used to:

1. meet requirements to match federal funds awarded to the state by the United States Department of Energy or another federal entity;

2. increase Minnesota's ability to successfully compete for federal funds;

3. assist eligible entities to access available federal funds; or

4. pay the reasonable costs incurred by the department to:

   i. pursue and administer energy-related federal funds; and

   ii. assist eligible grantees in the pursuit and management of energy-related federal funds;

(c) State matching grants may be awarded to eligible entities, as defined by the federal fund source, with priority given in the following order:

1. federal formula funds directed to the state that require a match;

2. federal formula or competitive funds in which a state match allows disadvantaged communities, utilities, or businesses to be competitive in the pursuit of funding; and

3. all other competitive or formula grant opportunities in which matching state funds enhance or enable federal dollars to be leveraged;

(d) By August 1, 2022, the department must establish and convene a Minnesota State Competitiveness Fund Advisory Task Force.

(e) By October 1, 2022, the advisory task force must develop administrative procedures governing the determination of state grants so that the grant money is prioritized, to the extent practicable, in an equitable manner.
Subd. 2. Advisory task force; membership.

(a) The Minnesota State Competitiveness Fund Advisory Task Force is established and consists of 13 members as follows:

(1) the commissioner of commerce or the commissioner's designee, who serves as a nonvoting chair of the advisory task force;

(2) the chair of the house of representatives committee having jurisdiction over energy finance and policy or the chair's designee;

(3) the chair of the senate committee having jurisdiction over energy finance and policy or the chair's designee;

(4) the chair of the Public Utilities Commission or the chair's designee, as a nonvoting member; and

(5) nine members determined by the commissioner and chairs that represent the following interests and entities:

(i) two members representing Minnesota utilities;

(ii) one member representing labor;

(iii) two members representing energy justice, rural, low-income, or historically disadvantaged communities;

(iv) one member representing clean energy businesses;

(v) one member representing manufacturing;

(vi) one member representing higher education; and

(vii) one member with policy or implementation expertise on workforce development for displaced energy workers or persons from low-income or environmental justice communities.

(b) A voting member serving on the Minnesota State Competitiveness Fund Advisory Task Force and the voting member's respective organization are ineligible from receiving state matching funds authorized under this section. A nominal stipend may be provided from grant funds to participating members who would otherwise be unable to attend.

Subd. 3. Report; audit.

Beginning February 15, 2024, and each year thereafter until February 15, 2035, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding:

(1) grants and amounts awarded under this section during the previous year; and (2) the remaining balance available under this section and any additional funding opportunities that require additional funding beyond the remaining balance.
Sec. 3. [16C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANTS; PILOT PROGRAM.

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

(b) "Contractor" means a person licensed under section 326B.33 to perform work required under this section, or the licensed person's employer.

c) "Electric panel" means a panel, including any subpanels, that consists of a main circuit breaker that regulates several other circuit breakers to prevent overloading and distributes electricity throughout a building.

d) "Income eligible" means:

1) a single-family residence whose residents received assistance from the federal Low-Income Home Energy Assistance Program during the most recent program year or who the commissioner determines are eligible to receive assistance under the federal Low-Income Home Energy Assistance Program; or

2) a multifamily building in which at least 66 percent of the units are occupied by households whose income is 60 percent or less of the state median individual or household income, as applicable.

e) "Multifamily building" means a building that contains two or more units.

f) "Phase I" means the phase of the program established in this section that begins when the first grant application is received by the department and ends the later of one year after the date the first grant application is received or when 40 percent of funds appropriated to the program have been expended.

g) "Phase II" means the phase of the program established in this section that begins when Phase I terminates and ends when the appropriation made under article 1, section 2, subdivision 2, paragraph (d), is exhausted.

(h) "Single-family residence" means a building that contains one unit or a manufactured home, as defined in section 327.31, subdivision 6.

(i) "Unit" means a residential living space occupied by an individual or a household.

(j) "Upgrade" means:

1) for a single-family residence:

(i) the installation of equipment or devices required to bring an electrical panel to a total rating of not less than 200 amperes; and

(ii) the repair or replacement of the wiring attached to the equipment or devices in item (i) to ensure safe operation; or
Subd. 2. Program establishment. A residential electric panel upgrade grant program is established as a pilot program in the department to provide financial assistance to owners of single-family residences and multifamily buildings to upgrade a residence's electric panel.

Subd. 3. 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 how eligibility is determined, applications are reviewed, and grants are awarded. The commissioner is the fiscal agent for the grant program and is responsible for reviewing applications and awarding grants under this section. The commissioner may contract with a third party to conduct some or all of the pilot program's operations.

Subd. 4. Eligibility. (a) In Phase I, an owner of a single-family residence that is income-eligible is eligible to receive a grant under this section.

Subd. 5. Grant awards. (a) A grant may be awarded under this section to:

1. an owner of a single-family residence or multifamily building;
2. a contractor performing an upgrade, provided that the contractor submits to the commissioner written consent from the owner of the single-family residence or multifamily building receiving the upgrade to receive a grant on behalf of the owner; or
3. a third party, provided that the third party submits to the commissioner written consent from the owner of the single-family residence or multifamily building receiving the upgrade to receive a grant on behalf of the owner.

(b) At the discretion of the commissioner, a grant may be awarded for a single-family home or multifamily building that is not income eligible under this section to reimburse the cost of an upgrade that has previously been installed.
Subd. 6. Grant amount. (a) A grant issued under this section must be used only to pay the full equipment and installation costs of an upgrade made by an owner, subject to the limits established in this subdivision.

(b) The maximum grant amount under this section that may be awarded per single-family residence that is:

(1) income eligible is $10,000; and

(2) not income eligible is $1,000.

(c) The grant amount under this section that may be awarded per multifamily building that is:

(1) income eligible is the sum of (i) $9,500, plus (ii) $500 multiplied by the number of units containing a separate electric panel that received an upgrade in the multifamily building, not to exceed $50,000 per multifamily building; and

(2) not income eligible is the sum of (i) $1,000, plus (ii) $500 multiplied by the number of units containing a separate electric panel that received an upgrade in the multifamily building, not to exceed $10,000 per multifamily building.

Subd. 7. Limitation. No more than one grant may be awarded to an owner under this section for work conducted at the same single-family residence or multifamily building.

Subd. 8. Outreach. The department must publicize the availability of grants under this section to, at a minimum:

(1) income-eligible households;

(2) community action agencies and other public and private nonprofit organizations that provide weatherization and other energy services to income-eligible households; and

(3) multifamily property owners and property managers.

Subd. 9. Report. (a) No later than 120 days after the date each of Phases I and II of the pilot program ends, the department must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over climate and energy policy.

(b) The report must summarize program outcomes and must report separately, at a minimum:

(1) the number of units in multifamily buildings and the number of single-family residences whose owners received grants;

(2) the median income of the households in multifamily buildings and in single-family residences whose owners received grants; and
Sec. 4. [216C.51] UTILITY DIVERSITY REPORTING.

Subdivision 1. Policy. It is the policy of the state of Minnesota to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Certification" means official recognition by a governmental unit that a business is a preferred vendor as a result of the characteristics of the business owner or owners or the location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. Annual report. (a) Beginning March 15, 2023, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. Report elements. Each utility required to report under this section must include the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;
Sec. 23. Minnesota Statutes 2020, section 237.55, is amended to read:

237.55 ANNUAL REPORT ON TELECOMMUNICATIONS ACCESS.

The commissioner of commerce must prepare a report for presentation to the Public Utilities Commission by January 31 of each year. Each report must review the accessibility of telecommunications services to persons who have communication disabilities, describe services provided, account for annual revenues and expenditures for each aspect of the fund to date, and include predicted program future operation.

Sec. 27. ADVANCED NUCLEAR STUDY.

Subdivision 1. Study required. (a) The commissioner of commerce must conduct a study evaluating the potential costs, benefits, and impacts of advanced nuclear technology reactor power generation in Minnesota.

(b) At a minimum, the study must address the potential costs, benefits, and impacts of advanced nuclear technology reactor power generation on:

Sec. 5. Minnesota Statutes 2020, section 216E.03, subdivision 1, is amended to read:

Subdivision 1. Site permit. No person may construct a large electric power generating plant without a site permit from the commission. A large electric generating plant may be constructed only on a site approved by the commission. 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 to the transmission system and whose need is certified under section 216B.243.

EFFECTIVE DATE. This section is effective the day following final enactment.
(1) Minnesota's greenhouse gas emissions reduction goals under the Next Generation Energy Act, Laws 2007, chapter 136;
(2) system costs for ratepayers;
(3) system reliability;
(4) the environment;
(5) local jobs; and
(6) local economic development.

(c) The study must also evaluate:

(1) current Minnesota statutes and administrative rules that would require modifications in order to enable the construction and operation of advanced nuclear reactors; and
(2) the economic feasibility of replacing coal-fired boilers with advanced nuclear reactors, while accounting for the avoided costs that result from the closure of coal-fired plants.

Subd. 2. Report. The commissioner of commerce must submit the results of the study under subdivision 1 to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy no later than January 31, 2023.

Sec. 28. DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED PLANT.

As a part of the next resource plan filing under Minnesota Statutes, section 216B.2422, subdivision 2, but no later than December 31, 2025, the public utility that owns an electric generation facility that is powered by coal, scheduled for retirement in 2028, and located within the St. Croix National Scenic Riverway must provide, to the extent known, the public utility's plan and detailed timeline to decommission and demolish the electric generation facility and remediate pollution at the electric generation facility site. The public utility must also provide a copy of the plan and timeline to the governing body of the municipality where the electric generation facility is located on the same date the plan and timeline are submitted to the Public Utilities Commission. If a resource plan is not filed or required before December 31, 2025, the plan and timeline must be submitted to the Public Utilities Commission and the municipality as a separate filing by December 31, 2025.

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

Sec. 29. TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.

(a) The Department of Commerce may provide technical support and subject matter expertise to assist and help facilitate any efforts taken by the 11 federally recognized Indian tribes in Minnesota to establish a tribal advocacy council on energy.
(b) When providing support to a tribal advocacy council on energy, the Department of Commerce may assist the council:

1. assess and evaluate common tribal energy issues, including (i) identifying and prioritizing energy issues, (ii) facilitating idea sharing between the tribes to generate solutions to energy issues, and (iii) assisting decision making with respect to resolving energy issues;

2. develop new statewide energy policies or proposed legislation, including (i) organizing stakeholder meetings, (ii) gathering input and other relevant information, (iii) assisting with policy proposal development, evaluation, and decision making, and (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

3. make efforts to raise awareness and provide educational opportunities with respect to tribal energy issues by (i) identifying information resources, (ii) gathering feedback on issues and topics the council identifies as areas of interest, and (iii) identifying topics for educational forums and helping facilitate the forum process; and

4. identify, evaluate, and disseminate successful energy-related practices, and develop mechanisms or opportunities to implement the successful practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian tribes in Minnesota to establish a tribal advocacy council on energy, nor does it require or obligate any one of the 11 federally recognized Indian tribes in Minnesota to participate in or implement a decision or support an effort made by an established tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a tribal advocacy council on energy under this section may be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.
(d) identify, evaluate, disseminate, and implement successful energy-related practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce’s expertise and assistance is requested.

Sec. 31. REPEALER.

Sec. 31. REPEALER.

Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9, and Laws 2021, First Special Session chapter 4, article 2, section 3, subdivision 3, are repealed.