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Section 1.  [16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL ANALYSIS.

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

(b) "Carbon steel" means steel in which the main alloying element is carbon and whose properties are chiefly dependent on the percentage of carbon present.

(c) "Commissioner" means the commissioner of administration.

(d) "Electric arc furnace" means a furnace that produces molten alloy metal and heats the charge materials with electric arcs from carbon electrodes.

(e) "Eligible material" means:

(1) carbon steel rebar;
(2) structural steel;
(3) concrete; or
(4) asphalt paving mixtures.

(f) "Eligible project" means:
(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space;
(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value; or
(3) new construction or reconstruction of two or more lane-miles of a trunk highway.

(g) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:
(1) contains a material production life cycle 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 by a third party; and
(3) meets the ISO 14025 standard developed and maintained by the International Organization for Standardization (ISO).

(h) "Global warming potential" has the meaning given in section 216H.10, subdivision 6.

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

(j) "Integrated steel production" means the production of iron and subsequently steel primarily from iron ore or iron ore pellets.

(k) "Material production life cycle" means an analysis that includes the environmental impacts of all stages of a specific product's production, from mining and processing the product's raw materials to the process of manufacturing the product.

(l) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(m) "Secondary steel production" means the production of steel from primarily ferrous scrap and other metallic inputs that are melted and refined in an electric arc furnace.

(n) "State building" means a building owned by the state of Minnesota or a Minnesota state agency.
"Structural steel" means steel that is used in structural applications in accordance with industry standard definitions.

Specific data for the production processes of the materials and components composing a product that contribute at least 80 percent of the product's material production life cycle global warming potential, as defined in ISO standard 21930.

Subd. 2. Standard; maximum global warming potential. (a) The commissioner shall, after reviewing the recommendations from the Environmental Standards Procurement Task Force made under subdivision 5, paragraph (c), establish and publish a maximum acceptable global warming potential for each eligible material used in an eligible project, in accordance with the following schedule:

- (1) for concrete used in buildings, no later than January 15, 2026, and
- (2) for carbon steel rebar and structural steel and, after conferring with the commissioner of transportation, for asphalt paving mixtures and concrete pavement, no later than January 15, 2028.

(b) The commissioner shall, after considering nationally or internationally recognized databases of environmental product declarations for an eligible material, establish the maximum acceptable global warming potential for the eligible material.

(c) The commissioner may set different maximum global warming potentials for different specific products and subproduct categories that are examples of the same eligible material based on distinctions between eligible material production and manufacturing processes, such as integrated versus secondary steel production.

(d) The commissioner must establish maximum global warming potentials that are consistent with criteria in an environmental product declaration.

(e) Not later than three years after establishing the maximum global warming potential for an eligible material under paragraph (a) and not longer than every three years thereafter, the commissioner, after conferring with the commissioner of transportation with respect to asphalt paving mixtures and concrete pavement, shall review the maximum acceptable global warming potential for each eligible material and for specific eligible material products, the commissioner may adjust any of the values downward to reflect industry improvements if, based on the process described in paragraph (b), the commissioner determines the industry average has declined.

Subd. 3. Procurement process. The Department of Administration and the Department of Transportation shall, after reviewing the recommendations of the Environmental Standards Procurement Task Force made under subdivision 5, paragraph (c), establish processes for incorporating the maximum allowable global warming potential of eligible materials into bidding processes by the effective dates listed in subdivision 2.
Administration and the Department of Transportation shall also incorporate a preference for materials mined, made, or assembled in Minnesota into the bidding processes.

Subd. 4. Pilot program. (a) No later than July 1, 2024, the Department of Administration must establish a pilot program that seeks to obtain from vendors an estimate of the material production lifecycle greenhouse gas emissions of products selected by the departments from among those procured. The pilot program must encourage, but may not require, a vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components composing the selected product:

1. the quantity of the product purchased by the department;
2. a current environmental product declaration for the product;
3. the name and location of the product's manufacturer;
4. a copy of the vendor's Supplier Code of Conduct, if any;
5. the names and locations of the product's actual production facilities; and
6. an assessment of employee working conditions at the product's production facilities.

(b) The Department of Administration must construct or provide access to a publicly accessible database, which shall be posted on the department's website and contain the data reported to the department under this subdivision.

Subd. 5. Environmental Standards Procurement Task Force. (a) No later than October 1, 2023, 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 material production lifecycle environmental impacts of the 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 materials.

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

1. which construction materials should be subject to the program requirements and which construction materials should be considered to be added, including lumber, mass timber, aluminum, glass, and insulation;
2. what factors should be considered in establishing greenhouse gas emissions standards, such as integrated versus secondary steel production;
3. the quantity of the product purchased by the department;
4. a current environmental product declaration for the product;
5. the name and location of the product's manufacturer;
6. a copy of the vendor's Supplier Code of Conduct, if any;
7. the names and locations of the product's actual production facilities; and
8. an assessment of employee working conditions at the product's production facilities.

(b) The Department of Administration must construct or provide access to a publicly accessible database, which shall be posted on the department's website and contain the data reported to the department under this subdivision.

Subd. 6. Pilot program. (a) No later than October 1, 2023, the commissioners of administration and transportation must establish a pilot program that seeks to obtain from vendors an estimate of the material production lifecycle greenhouse gas emissions of products selected by the departments from among those procured. The pilot program must encourage, but may not require, a vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components composing the selected product:

1. the quantity of the product purchased by the department;
2. a current environmental product declaration for the product;
3. the name and location of the product's manufacturer;
4. a copy of the vendor's Supplier Code of Conduct, if any;
5. the names and locations of the product's actual production facilities; and
6. an assessment of employee working conditions at the product's production facilities.

(b) The Department of Administration must construct or provide access to a publicly accessible database, which shall be posted on the department's website and contain the data reported to the department under this subdivision.

Subd. 7. Environmental Standards Procurement Task Force. (a) No later than October 1, 2023, 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 material production lifecycle environmental impacts of the 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 materials.

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

1. which construction materials should be subject to the program requirements and which construction materials should be considered to be added, including lumber, mass timber, aluminum, glass, and insulation;
2. what factors should be considered in establishing greenhouse gas emissions standards, such as integrated versus secondary steel production;
(3) a schedule for the development of standards for specific materials and for
incorporating the standards into the purchasing process, including distinctions between
eligible material production and manufacturing processes;
(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 to ensure that lowering environmental product declaration values does not
negatively impact the durability or longevity of construction materials or built structures;
(7) how to create and manage a database for environmental product declaration data that
is consistent with data governance procedures of the state and is compatible for data sharing
with other states and federal agencies;
(8) how to account for differences among geographical regions with respect to the
availability of covered materials, fuel, and other necessary resources, and the quantity of
covered materials that the department uses or plans to use;
(9) coordinating with the federal Buy Clean Task Force established under Executive
Order 14057 and representatives of the United States Departments of Commerce, Energy,
Housing and Urban Development, and Transportation, Environmental Protection Agency,
General Services Administration; White House Office of Management and Budget; and the
White House Domestic Climate Policy Council;
(10) how the issues in clauses (1) to (9) are addressed by existing programs in other
states and countries; and
(11) any other issues the task force deems relevant.
(c) The task force shall make recommendations to the commissioners of administration
and transportation regarding:
(1) how to implement requirements that maximum global warming impacts for eligible
materials be integrated into the bidding process for eligible projects;
(2) incentive structures that can be included in bidding processes to encourage the use
of materials whose global warming potential is below the maximum established under
subdivision 2;
(3) how a successful bidder for a contract notifies the commissioner of the specific
environmental product declaration for a material used on a project;
(4) a process for waiving the requirements to procure materials below the maximum
global warming potential resulting from product supply problems, geographic
impracticability, or financial hardship;
(5) a system for awarding grants to manufacturers of eligible materials located in Minnesota to offset the cost of obtaining environmental product declarations or otherwise collect environmental product declaration data from manufacturers based in Minnesota;

(6) whether to use an industry average or a different method to set the maximum allowable global warming potential, or whether that average could be used for some materials but not others;

(7) how to create and manage a database for environmental product declaration data that is consistent with data governance procedures of the departments and is compatible for data sharing with other states and federal agencies;

(8) how to account for differences among geographical regions with respect to the availability of covered materials, fuel and other necessary resources, and the quantity of covered materials that the department uses or plans to use; and

(9) any other items task force deems necessary in order to implement this section.

(d) Members of the task force must include but are not limited to representatives of:

(1) the Departments of Administration and Transportation;

(2) the Center for Sustainable Building Research at the University of Minnesota;

(3) the Aggregate and Ready Mix Association of Minnesota;

(4) the Concrete Paving Association of Minnesota;

(5) the Minnesota Asphalt Pavement Association;

(6) the Minnesota Board of Engineering;

(7) the Minnesota iron mining industry;

(8) building and transportation construction firms;

(9) the American Institute of Steel Construction;

(10) suppliers of eligible materials;

(11) organized labor in the construction trades;

(12) organized labor in the manufacturing or industrial sectors;

(13) environmental advocacy organizations; and

(14) environmental justice organizations.

(e) The Department of Administration must provide meeting space and serve as staff to the task force.
(f) The commissioner of administration or the commissioner's designee shall serve as chair of the task force. The task force must meet at least four times annually and may convene additional meetings at the call of the chair.

(g) The commissioner of administration shall 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 December 1, 2025, and annually thereafter for as long as the task force continues its operations.

(h) The task force expires on January 1, 2029.

Subd. 6. Environmental product declarations; grant program.

A grant program is established in the Department of Administration to award grants to manufacturers to assist in obtaining environmental product declarations. The commissioner of administration shall develop procedures for processing grant applications and making grant awards. Grant applicants must submit an application to the commissioner on a form prescribed by the commissioner.

The commissioner shall act as fiscal agent for the grant program and is responsible for receiving and reviewing grant applications and awarding grants under this subdivision.

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

Sec. 2. Minnesota Statutes 2022, section 16B.325, subdivision 2, is amended to read:

16B.325 SUSTAINABLE BUILDING GUIDELINES.

Subdivision 1. Development of sustainable building guidelines. The Department of Administration and the Department of Commerce, with the assistance of other agencies, shall develop sustainable building design guidelines for all new state buildings by January 15, 2003, and for all major renovations of state buildings by February 1, 2009. The primary objective of these guidelines is to ensure that all new state buildings and major renovations of state buildings initially exceed the state energy code, as established in Minnesota Rules, chapter 76, by at least 30 percent.

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

(b) "Capital project" or "project" means the acquisition or betterment of buildings or other fixed assets and other improvements of a capital nature.
(c) "CSBR" means the Center for Sustainable Building Research at the University of Minnesota.

(d) "Guidelines" means the sustainable building design guidelines developed under this section.

(e) "Major renovation" means a project that:

1. has a renovated area that is at least 10,000 square feet; or
2. includes, at a minimum, the replacement of the mechanical, ventilation, or cooling system of a building or a section of a building.

(f) "New building" means a newly constructed structure and additions to existing buildings that meet both of the following criteria:

1. the addition is heated, whether or not the addition’s source of energy is from an adjacent building or district heating system; and
2. the addition is cooled, whether or not the addition’s source of energy is from an adjacent building or district cooling system.

(g) "State agency" means a state agency that is appropriated money from the bond proceeds fund or general fund for a project that is subject to the guidelines under this section.

163.2 Subd. 2. Lowest possible cost; energy conservation. The guidelines must:

1. focus on achieving the lowest possible lifetime cost for new buildings and major renovations, and allow for changes in the guidelines that encourage continual energy conservation improvements in new buildings and major renovations; and
2. allow for changes in the guidelines revising that encourage continual energy conservation improvements in new buildings and major renovations. The guidelines shall define "major renovations" for purposes of this section. The definition may not allow "major renovations" to encompass less than 10,000 square feet or to encompass less than the replacement of the mechanical, ventilation, or cooling system of the building or a section of the building. The design guidelines shall define sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements; specify ways to reduce material costs; and must consider the long-term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner than natural gas.
163.18 (7) consider the long-term operating costs of the building, including the use of renewable
163.19 energy sources and distributed electric energy generation that uses a renewable source or
163.20 natural gas or a fuel that is as clean or cleaner than natural gas.

Subd. 2a. Guidelines; purpose. (a) The primary objectives of the guidelines are to:
Subd. 2b. Development of guidelines; applicability. (a) In developing the guidelines,
the departments shall use an open process, including providing the opportunity for public
comment. The guidelines established under this section are mandatory for all new buildings
receiving funding from the bond proceeds fund after January 1, 2004, and for all major
renovations receiving funding from the bond proceeds fund after January 1, 2009. The
guidelines are also mandatory for all new buildings and major renovations receiving funding
from the general fund after January 1, 2023.
(b) The guidelines do not apply to projects that have:
Subd. 4. Guideline revisions. The commissioners of administration and commerce shall review the guidelines periodically and as soon as practicable revise the guidelines to incorporate performance standards developed under section 216B.241, subdivision 9.

Subd. 4a. Guidelines; annual review. On or before February 1, 2024, and each year thereafter, the commissioner of administration must review and amend the guidelines to better meet the goals under subdivision 6. The review must be conducted with the commissioner of commerce and in consultation with other stakeholders.

Subd. 5. Guideline administration and oversight. (a) The commissioner of administration, in consultation with the commissioner of commerce, shall contract with CSBR to administer the guidelines. At a minimum, CSBR must:

1. offer training on an annual basis to state agencies, project team members, and other entities involved in designing projects subject to the guidelines on how projects may meet the guideline requirements;
2. develop procedures for compliance with the guidelines, in accordance with the criteria under subdivision 7;
3. periodically conduct postconstruction performance evaluations on projects to evaluate the effectiveness of the guidelines in meeting the goals under subdivision 6;
4. determine whether project designs comply with the guidelines;
5. administer a tracking system for all projects subject to the guidelines;
6. develop measurable goals for the guidelines based in accordance with subdivision 6; and
7. offer technical assistance to state agencies, project team members, and other entities with responsibility for managing and designing projects subject to the guidelines;
8. provide a report on or before December 1 annually to the commissioner of administration on the following:
   (i) the current status of all projects subject to the guidelines and the projects' compliance with the guidelines; and
   (ii) an analysis of the effects of the guidelines on the goals under subdivision 6; and
   (iii) perform any other duties required by the commissioner of administration to administer the guidelines;
(b) State agencies, project team members, and other entities that are responsible for managing or designing projects subject to the guidelines must provide any compliance data requested by CSBR that CSBR deems necessary to fulfill the duties described under this subdivision.

c) The commissioner of administration is responsible for ensuring that the oversight duties under this subdivision are fulfilled.

Subd. 6. Measurable goals. CSBR, in collaboration with the commissioner of administration and the commissioner of commerce, must develop measurable goals for the guidelines based on the objectives and considerations described in subdivision 2a. The commissioner of administration must provide final approval of the goals under this subdivision.

Subd. 7. Procedures. (a) The commissioner of administration must develop procedures to administer the guidelines. The commissioner of administration may delegate guideline administration responsibilities to state agencies. The procedures under this subdivision must specify the administrative activities for which state agencies are responsible.

(b) The procedures must include:

1. criteria to identify whether a project is subject to the guidelines;
2. information on project team member roles and guideline administration requirements for each role;
3. a process to notify projects subject to the guidelines of the guideline requirements;
4. a guideline-related data submission process coordinated by the commissioner of administration;
5. activities and a timeline to monitor project compliance with the guidelines; and
6. record-keeping requirements and related retention schedules for materials related to guideline compliance.

Subd. 8. Guidelines waivers. (a) The commissioner of administration, in consultation with the commissioner of commerce and other stakeholders, must develop a process to review and approve waivers to the guidelines.

(b) A waiver under this subdivision is only permitted due to technological limitations or when the project's intended use conflicts with the guidelines.

(c) A waiver request for a project owned by a state agency must be reviewed and approved by the commissioner of administration. If the waiver request is for a project owned by the Department of Administration, the waiver request must be approved by the commissioner of management and budget.
Subd. 9. Report. The commissioner of administration must report to the legislature by February 1 of each year. The report must include:

1. information on the current status of all projects subject to the guidelines and the projects' compliance with the guidelines;
2. an analysis of the effects of the guidelines on the measurable goals under subdivision 6; and
3. any other information the commissioner of administration deems relevant.

EFFECTIVE DATE. This section is effective July 1, 2023.

Subd. 9. Electric vehicle charging. A person that charges a privately owned electric vehicle at a charging station located within the Capitol Area, as defined in section 15B.02, must pay an electric service fee established by the commissioner.

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

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 the motor vehicle according to the following vehicle preference order:

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 may only reject a vehicle that is higher on the vehicle preference order 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 preferred vehicle type is more than ten percent higher than the next vehicle type on the vehicle preference order.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 5. Minnesota Statutes 2022, 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, are purchased in conformity with the vehicle preference order established in section 16C.135, subdivision 3;

(ii) 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;

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

(ii) 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.

Section 1. Minnesota Statutes 2022, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. Renewable development account. (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury.

Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

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

Sec. 3. Minnesota Statutes 2022, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. Renewable development account.

Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

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

Section 1. Minnesota Statutes 2022, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. Renewable development account. (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury.

Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.
(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing.

Each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. Each year, the amount the public utility must transfer to the renewable development account under this paragraph must be reduced by the amount of any per-cask payment made by the public utility to the Prairie Island Indian Community under section 216B.1645, subdivision 4.

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing.

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

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

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

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

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

(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 efficiency, and flexibility.

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

(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 efficiency, and flexibility.
storage and microgrids, technologies to enable demand response, and other innovative

technologies.

(1) 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.

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

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

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

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

(1) 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.

(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.

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 enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45. Other benefits to the state and the public utility's ratepayers.

Sec. 7. Minnesota Statutes 2022, section 116C.7792, is amended to read:

(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 production incentive for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise.
energy system installed before June 1, 2018, is eligible to receive a production incentive
under this section for any additional solar energy systems constructed at the same customer
location, provided that the aggregate capacity of all systems at the customer location does
not exceed 40 kilowatts.
(b) The program is funded by money withheld from transfer to the renewable development
account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must
be placed in a separate account for the purpose of the solar energy production incentive
program operated by the utility and not for any other program or purpose.
(c) Funds allocated to the solar energy production incentive program in 2019 and 2020
remain available to the solar energy production incentive program.
(d) The following amounts are allocated to the solar energy production incentive program:
(1) $10,000,000 in 2021;
(2) $10,000,000 in 2022; and
(3) $5,000,000 in 2023; and
(4) $5,000,000 in 2024; and
(5) $5,000,000 in 2025.
(e) Notwithstanding the Department of Commerce's November 14, 2018, decision in
Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production
incentive program, of the amounts allocated under paragraph (d), clauses (3), (4), and (5),
$5,000,000 in each year must be reserved for solar energy systems owned and constructed
by persons with limited financial resources.
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.
Any unspent amount remaining on January 1, 2025, 2026, 2027, 2028, must be transferred to
the renewable development account.
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.
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.

Of the amounts allocated under paragraph (d), clauses (3) and (4), half in each year
must be reserved for solar energy systems owned and constructed by persons with limited
financial resources.
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.

Sec. 2. [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 Minnesota Pollution Control Agency.

(c) "Commissioner" means the commissioner of commerce.

(d) "Corrective action determination" means a decision by the agency regarding actions (i) the project to be redesigned, or (ii) construction to be interrupted or altered; or

(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.

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 planned to be deployed at Area C under the following conditions:

(a) for the owner under this section. 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.

Sec. 8. [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 Minnesota Pollution Control Agency.

(c) "Commissioner" means the commissioner of commerce.

(d) "Corrective action determination" means a decision by the agency regarding actions (i) the project to be redesigned, or (ii) construction to be interrupted or altered; or

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

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

Subd. 2. Account established. (a) 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 shall serve as fiscal agent and shall manage the account.

(b) Money in the account is appropriated to the commissioner to make payments to an owner under this section.

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

(i) 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 (i) the project to be redesigned, or (ii) construction to be interrupted or altered; or

(ii) 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 (i) the project to be redesigned, or (ii) construction to be interrupted or altered; or

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 shall serve as fiscal agent and shall manage the account.

(b) Money in the account is appropriated to the commissioner to make payments to an owner under this section.
(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 (1) describe the nature of the impact of the work plan that results in economic losses to the owner, and (2) include a reasonable estimate of the amount of those losses.

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

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

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 removal of the solar energy generating system or any associated infrastructure, and any costs to reinstall equipment;

(2) costs of redesign or new equipment or infrastructure made necessary by the activities of 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 was to be generated by the solar energy generating system and purchased under the power purchase agreement.

Subd. 4. Report. Beginning July 1, 2026; and every three years thereafter, the agency shall submit a written report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over environment and energy assessing the likelihood of the agency approving a corrective action determination to remediate Area 388.25 C.

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

in this section have the meanings given unless the language or context clearly indicates that a different meaning is intended.

"ANSI" means American National Standards Institute.

"ASHRAE" means American Society of Heating Refrigeration Air Conditioning Engineers.

"Certified TAB technician" means a technician certified to perform testing, adjusting, and balancing of HVAC systems by the Associated Air Balance Council, National Environmental Balancing Bureau, or the Testing, Adjusting and Balancing Bureau.

"HVAC" means heating, ventilation, and air conditioning.

"Licensed professional engineer" means a professional engineer licensed under sections 326.02 to 326.15 who holds an active license, is in good standing, and is not subject to any disciplinary or other actions with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design.


"Program" means the air ventilation program.

"Program administrator" means the commissioner of commerce or the commissioner's representative.

"Qualified adjusting personnel" means one of the following:

- a certified TAB technician; or
- a skilled and trained workforce under the supervision of a certified TAB technician.

"Qualified testing personnel" means one of the following:

- a certified TAB technician; or
- a skilled and trained workforce under the supervision of a certified TAB technician.
Subd. 12. Registered apprenticeship program. "Registered apprenticeship program" means an apprenticeship program that is registered under chapter 178 or Code of Federal Regulations, title 29, part 29.

Subd. 13. Skilled and trained workforce. "Skilled and trained workforce" means a workforce in which at least 80 percent of the construction workers are either graduates of a registered apprenticeship program for the applicable occupation or are registered as apprentices in a registered apprenticeship program for the applicable occupation.

Subd. 14. TAB. "TAB" means testing, adjusting, and balancing of an HVAC system.

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

Sec. 3. [123B.663] AIR VENTILATION PILOT PROGRAM GRANTS AND GUIDELINES.

Subdivision 1. Grant program. The Department of Commerce shall establish and administer the air ventilation program to award grants to school boards to reimburse the school boards for the following activities:

(1) completion of a heating, ventilation, and air conditioning assessment report;

(2) subsequent testing, adjusting balancing work performed as a result of assessment;

and

(3) ventilation equipment upgrades, replacements, or other measures recommended by the assessment to improve health, safety, and HVAC system efficiency.

Subd. 2. Grant awards. (a) The program administrator shall award a grant if the school board meets the following requirements:

(1) completes a heating, ventilation, and air conditioning assessment report by qualified testing personnel or qualified adjusting personnel. The report must be verified by a licensed professional engineer and include costs of adjustments or repairs necessary to meet minimum ventilation and filtration requirements and determine whether any cost-effective energy efficiency upgrades or replacements are warranted or recommended;

(2) all work required after conducting the assessment must be performed by a skilled and trained workforce;

and

(3) upon completion of the work for which a school board is seeking reimbursement, the school board must conduct an HVAC verification report that includes the name and address of the school facility and individual or contractor preparing and certifying the report and a description of the assessment, maintenance, adjustment, repair, upgrade, and replacement activities and outcomes, and

(4) verification that the school board has complied with all requirements. Verification must include documentation that either MERV 13 filters have been installed or verification that the maximum MERV-rated filter that the system is able to effectively handle has been

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

Sec. 11. [123B.663] AIR VENTILATION PILOT PROGRAM GRANTS AND GUIDELINES.

Subdivision 1. Grant program. The Department of Commerce shall establish and administer the air ventilation program to award grants to school boards to reimburse the school boards for the following activities:

(1) completion of a heating, ventilation, and air conditioning assessment report;

(2) subsequent testing, adjusting balancing work performed as a result of assessment;

and

(3) ventilation equipment upgrades, replacements, or other measures recommended by the assessment to improve health, safety, and HVAC system efficiency.

Subd. 2. Grant awards. (a) The program administrator shall award a grant if the school board meets the following requirements:

(1) completes a heating, ventilation, and air conditioning assessment report by qualified testing personnel or qualified adjusting personnel. The report must be verified by a licensed professional engineer and include costs of adjustments or repairs necessary to meet minimum ventilation and filtration requirements and determine whether any cost-effective energy efficiency upgrades or replacements are warranted or recommended;

(2) all work required after conducting the assessment must be performed by a skilled and trained workforce;

and

(3) upon completion of the work for which a school board is seeking reimbursement, the school board must conduct an HVAC verification report that includes the name and address of the school facility and individual or contractor preparing and certifying the report and a description of the assessment, maintenance, adjustment, repair, upgrade, and replacement activities and outcomes, and

(4) verification that the school board has complied with all requirements. Verification must include documentation that either MERV 13 filters have been installed or verification that the maximum MERV-rated filter that the system is able to effectively handle has been
installed; documentation of the MERV rating; the verified ventilation rates for occupied areas of the school and whether those rates meet the requirements set forth in ANSI/ASHRAE Standard 62.1-2019, with an accompanying explanation for any ventilation rates that do not meet applicable requirements documenting why the current system is unable to meet requirements; the verified exhaust for occupied areas and whether those rates meet the requirements set forth in the system design intent; documentation of system deficiencies; recommendations for additional maintenance, replacement, or upgrades to improve energy efficiency, safety, or performance; documentation of initial operating verifications; adjustments, and final operating verifications; documentation of any adjustments or repairs performed; verification of installation of carbon dioxide monitors, including the make and model of monitors; and verification that all work has been performed by qualified personnel, including the contractor's name, certified TAB technician name and certification number, and verification that all construction work has been performed by a skilled and trained workforce.

Subd. 3. Program guidelines and rules. (a) The program administrator shall:

(1) adopt guidelines for the air ventilation program no later than March 1, 2024;

(2) establish the timing of grant funding; and

(3) ensure the air ventilation program is operating and may receive applications for grants no later than November 1, 2023, and begin to approve applications no later than January 1, 2024, subject to the availability of funds.

(b) The technical and reporting requirements of the air ventilation program may be amended by the program administrator as necessary to reflect current COVID-19 guidance or other applicable guidance, to achieve the intent of the air ventilation program, and to ensure consistency with other related requirements and codes.

(c) The program administrator may use no more than five percent of the program funds for administering the program, including providing technical support to program participants.

(d) The program administrator may establish rules for the air ventilation program.
Sec. 12. Minnesota Statutes 2022, 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;

(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, 2024.
Sec. 13. 
Minnesota Statutes 2022, section 216B.16, subdivision 10, is amended to read:  

Subd. 10. **Intervenor compensation.** (a) A nonprofit organization or an individual granted formal intervenor status by the commission is eligible to receive compensation:  

(b) The commission may order a utility to compensate all or part of an eligible intervenor's reasonable costs of participation in a general rate case that comes before the commission when the commission finds that the intervenor has materially assisted the commission's deliberation and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed $50,000 for a single intervenor in any proceeding.

For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding;

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, among other factors, whether:

1. The intervenor represented an interest that would not otherwise have been adequately represented;
2. The evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;
3. The intervenor's position promoted a public purpose or policy;
4. The evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and
5. The administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

1. Whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and
2. The ratio between the costs of intervention and the intervenor's unrestricted funds;

(e) An intervenor 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 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.
(f) The compensation request must include:

1. the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;
2. proof of the organization's nonprofit, tax-exempt status;
3. the name and docket number of the proceeding for which compensation is requested;
4. a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;
5. the organization's balance sheet for the preceding year and a current monthly balance sheet;
6. an itemization of intervenor costs and the total compensation request; and
7. a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

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

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor and file with the commission proof of payment, 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 its order on intervenor compensation.
Section 1. Minnesota Statutes 2022, section 216B.164, is amended by adding a subdivision to read:

Sec. 16. Minnesota Statutes 2022, section 216B.1641, is amended to read:

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.

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

9) "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 providing electric service at retail to customers in Minnesota 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 organization that contracts to sell the output from the community solar garden to the public or to a qualified buyer.

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

S2542-1

480.32 This subdivision is effective only after section 216B.631 expires.

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

Senate Language UEH2310-2

Sec. 14. Minnesota Statutes 2022, section 216B.164, is amended by adding a subdivision to read:

Subd. 12. Customer's access to electricity usage data. A utility must provide a customer's electricity usage data to the customer within ten days of the date the utility receives a request from the customer that is accompanied by evidence that the energy usage data is relevant to the interconnection of a qualifying facility on behalf of the customer. For the purposes of this subdivision, "electricity usage data" includes but is not limited to: (1) the total amount of electricity used by a customer monthly; (2) usage by time period if the customer operates under a tariff where costs vary by time of use; and (3) usage data that is used to calculate a customer's demand charge.

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

Senate Language UEH2310-2

Sec. 7. Minnesota Statutes 2022, section 216B.1641, is amended to read: 216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Landlord" has the meaning given in section 504B.001, subdivision 7.

e) "Residential tenant" has the meaning given in section 504B.001, subdivision 12.

g) "Subscriber" means a retail customer who subscribes 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

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

Senate Language UEH2310-2

Sec. 8. Minnesota Statutes 2022, section 216B.164, is amended by adding a subdivision to read:

Subd. 2. Solar garden; project requirements. (a) The public utility subject to section 116C.779 providing electric service at retail to customers in Minnesota 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
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.
Subd. 3. Solar garden plan requirements.
(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; and

(9) require that participation by a subscriber must be strictly voluntary;

(10) prohibit a landlord from removing a residential tenant who is an existing retail customer of the public utility from the utility account and subscribing to a community solar garden on behalf of the tenant;

(11) ensure that contract terms are publicly available;

(12) allow subscribers to stop subscribing without charging a fee or other penalty; and

(13) 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.

(f) 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.

(g) 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.

(h) 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.

Subd. 4. Community access project; eligibility. (a) 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 between January 1, 2023, and the effective date of this section, before commercial operation begins.

(b) 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;
Subd. 5. Community access project; financial arrangements. (a) If a utility approves
a solar garden 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 that the utility
approved as a community access project fails to meet the conditions under subdivision 4, the solar garden:
(1) is no longer subject to 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
community access project designation 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 may 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;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. Commission order. The commission must issue an order addressing the requirements of this section no later than 180 days after the filings made under subdivision 2, paragraph (a).

Subd. 4. Low-income community solar gardens. (a) The public utility subject to section 116C.779 must file by September 30, 2023, a plan with the commission to operate a low-income community solar garden program in accordance with this subdivision, and must begin operations within 90 days after commission approval of the plan. The program operated under this subdivision:

(1) is subject to the other requirements of this section except as modified by this subdivision;

(2) is limited in size to ten megawatts of solar photovoltaic capacity annually.
must provide that renewable energy credits generated under the program are retained
by the public utility; and

must require the utility to purchase all energy generated by a low-income community
solar garden. A subscriber's portion of the purchase shall be provided by a credit on the
subscriber's bill at the average retail utility energy rate for the appropriate customer class.

The owner of a solar project must apply to the utility to be designated as a low-income
community solar garden before it is eligible to participate in the program. The utility must
not designate a project as a low-income community solar garden unless it is majority owned
by a cooperative association, nonprofit organization, or federally recognized Indian Tribe.
The utility may designate a project as a low-income community solar garden if the owner
of the solar garden demonstrates it will meet the following conditions:

1. The solar generation facilities of the solar garden meet the requirements of subdivision
2. paragraph (b), except as modified by this paragraph;

2. at least 50 percent of the solar garden's generating capacity is subscribed by residential
customers;

3. at least 25 percent of the solar garden's generating capacity is subscribed by residential
customers whose household income:

   (i) is 80 percent or less of the area median household income for the geographic area in
   which the low-income household is located, as calculated by the federal Department of
   Housing and Urban Development; or

   (ii) meets the income eligibility standards, as determined by the commission, required
   for a household to receive financial assistance from a federal, state, municipal, or utility
   program administered or approved by the commission;

4. eligible nonresidential subscribers consist of only the following, located on census
tracts designated as low- or moderate-income by the federal Financial Institutions
Examination Council:

   (i) food shelves;

   (ii) libraries;

   (iii) Tribal Nations;

   (iv) shelters;
(viii) schools that are not enrolled in any other solar incentive program; or

(ix) houses of worship;

(5) the owner does not run credit score or credit history checks on residential subscribers;

(6) the solar garden has a nameplate capacity of no more than three megawatts alternating current;

(7) the solar garden has no fewer than three subscribers and no subscriber accounts for more than 40 percent of the solar garden's capacity;

(8) 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

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

Subd. 5. New solar gardens must be low-income community solar gardens. For applications submitted after August 1, 2023, the public utility subject to section 116C.779 must not approve interconnection of new solar gardens or renew existing solar gardens for inclusion in the community solar garden program unless the solar garden is accepted for inclusion in the low-income community solar garden program under subdivision 4.

Subd. 6. Low-income community solar gardens; reporting. The owner of a low-income community solar garden must include the following information in an annual report to the low-income community solar garden subscribers and the utility:

(1) a description of the process by which subscribers may provide input regarding 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;

(3) minutes from the most recent annual meeting; and

(4) the proportion of low- and moderate-income subscribers, and a description of how the information was collected from subscribers and verified.

Subd. 7. Noncompliance. A low-income community solar garden that has begun commercial operation must notify the commission in writing within 30 days if the solar garden is not in compliance with subdivision 4, and must comply within 12 months or the commission must revoke the solar garden's participation in the program. Nothing in this subdivision prevents an owner from reapplying to participate in the program after revocation.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 2. Minnesota Statutes 2022, section 216B.1611, is amended by adding a subdivision to read:

Subd. 5. Distributed generation capacity; treatment. (a) No later than November 1, 2023, the commission must issue an order clarifying that for the purpose of interconnecting an on-site customer-owned distributed generation facility, the capacity of the facility must be measured and expressed as:

1. export capacity rather than nameplate capacity; and
2. alternating current capacity.

(b) For the purposes of this subdivision, "export capacity" means a distributed generation facility's nameplate capacity net of any limitations on the amount of power the distributed generating facility is capable of exporting to a utility's distribution system resulting from physical equipment that is part of or connected to the generating facility, including but not limited to an inverter, relay, or energy storage system, as defined in section 216B.2422.

Subdivision 1 paragraph (f), as reported to the utility by the owner of the distributed generation facility.

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

Subd. 5. Distributed generation capacity; treatment. (a) No later than November 1, 2023, the commission must issue an order clarifying that for the purpose of interconnecting an on-site customer-owned distributed generation facility, the capacity of the facility must be measured and expressed as:

1. export capacity rather than nameplate capacity; and
2. alternating current capacity.

(b) For the purposes of this subdivision, "export capacity" means a distributed generation facility's nameplate capacity net of any limitations on the amount of power the distributed generating facility is capable of exporting to a utility's distribution system resulting from physical equipment that is part of or connected to the generating facility, including but not limited to an inverter, relay, or energy storage system, as defined in section 216B.2422.

Subdivision 1 paragraph (f), as reported to the utility by the owner of the distributed generation facility.

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

Sec. 14. ELECTRIC VEHICLE DEPLOYMENT PROGRAM.

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

1. "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.

2. "Electric drive mine truck" means a truck that carries mined rock from a mine pit for crushing operations and whose wheels are powered by electric drive motors.

3. "Electric drive mine truck trolley system" means an electric trolley system that helps propel an electric drive mine truck out of a mine pit.

4. "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 rechargeable
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;
(5) an aircraft, as defined in section 360.013, subdivision 37 or
(6) an electric drive mine truck.

(f) "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.

(g) "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. Electric vehicle infrastructure includes an electric drive mine truck trolley system.

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

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

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

Subd. 2. Transportation electrification plan; contents. (a) By June 1, 2024, and on a schedule determined by the commission 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 customer incentives the utility provides and offers to support transportation electrification across all customer classes, including but not limited to investments and customer incentives to facilitate:
   a. 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;
   b. Widespread access to publicly available electric vehicle charging stations; and
   c. 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 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) A transportation electrification plan must include planned upgrades to and investments in a utility's distribution system that are necessary to accommodate future growth in transportation electrification and support the plan's proposed programs and activities.

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 customers 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 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;
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;
9. Reasonably balance the benefits of ratepayer-funded investments in transportation electrification against impacts on utility rates; and
10. Appropriately balance the participation of public utilities and private enterprise in the market for transportation electrification and related services.

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 an approved transportation electrification plan, including expenditures on information technology systems necessary to track activities and spending and to administer and implement transportation electrification plan programs, and investments made in a public utility's distribution system to support transportation electrification:

1. A rider or other tariff mechanism to automatically adjust charges annually;
2. Performance-based incentives; or
3. Placing the investment, including (i) rebates for electric vehicle infrastructure and electric buses, and (ii) other costs reasonably incurred to support transportation electrification;
in the public utility's rate base and allowing the public utility to earn a rate of return on the
investment at the level approved by the commission in the public utility's most recent general
rate case, unless the commission finds a different rate of return is in the public interest.

(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. 3. [216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.

(a) No later than September 15, 2023, the commission must initiate a docket designed
to result in a commission order requiring public utilities providing electric service to file a
schedule providing for the automatic adjustment of charges to recover the costs or expenses
used for settlement with a customer-owner of on-site energy storage systems, as defined in section 216B.2422,
subdivision 1, paragraph (f), for the discharge of stored energy that is not input to the utility
during periods of peak electricity demand by utility customers;

(b) Within 90 days of the date the commission issues an order under this subdivision, each
public utility must file with the commission for commission approval, disapproval, or
modification a tariff that is consistent with the order.

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

Sec. 4. Settlement with Mdewakanton Dakota Tribal Council at Prairie Island
Indian Community. (a) The commission shall approve as a state energy policy rider a rate
schedule providing for the automatic adjustment of charges to recover the costs or expenses
of a settlement between the public utility that owns the Prairie Island nuclear generation
facility and the Mdewakanton Dakota Tribal Council at Prairie Island Indian Community,
resolving outstanding disputes regarding the provisions of Laws 1994, chapter 641, article
4, section 4, 2024, any costs and expenses under this
subdivision must be recovered through the public utility's base rates.

(b) The settlement provide for annual payments, not to exceed $2,500,000 annually, beginning January 1, 2024, by the public utility to the Prairie Island Indian Community.

The annual payments must consist of: (1) a $50,000,000 lump sum payment each year the
Prairie Island nuclear generating facility is in operation; and (2) $50,000 for each dry cask

EFFECTIVE DATE. This section is effective the day following final enactment.
or container containing spent fuel that is located at the Prairie Island nuclear generating
facility, each year for as long as the dry casks or containers containing spent nuclear fuel
are stored at the Prairie Island Independent Spent Fuel Storage Installation:

(c) The payments made to the Prairie Island Indian Community under this subdivision may be used for, among other purposes, any purpose that benefits the Prairie Island Indian Community, including but not limited to acquiring up to 1,500 contiguous or noncontiguous acres of land in Minnesota within 50 miles of the tribal community’s reservation at Prairie Island to be taken into trust by the federal government for the benefit of the tribal community for housing and other residential purposes. The legislature acknowledges that the intent to purchase land by the tribe for relocation purposes is part of the settlement agreement and Laws 2003, First Special Session chapter 11. However, the state, through the governor, reserves the right to support or oppose any particular application to place land in trust status.

(b) In addition to other payments provided under this section, the commission shall approve a rate schedule providing for the automatic adjustment of charges to recover payments under this paragraph. The public utility that owns the Prairie Island nuclear generation facility must make annual payments to the Prairie Island Indian Community for each dry cask or container containing spent fuel that is located at the Prairie Island power plant for as long as the dry casks containing spent fuel are stored at the Prairie Island Independent Spent Fuel Storage Installation. The payment per dry cask required under this section is $50,000 for each dry cask or container.

(c) In addition to other payments provided under this section, the commission shall approve a rate schedule providing for the automatic adjustment of charges to recover payments under this paragraph. The public utility that owns the Prairie Island nuclear generation facility must make an annual lump sum payment to the Prairie Island Indian Community in the amount of $7,500,000 for each year the plant is in licensed operation.

Paragraphs (b) and (c) apply only if the public utility that owns the Prairie Island nuclear generation facility enters into a new or amended settlement agreement with the Prairie Island Indian Community after the effective date of this section that resolves outstanding disputes regarding the extended operation of the Prairie Island nuclear generation facility. Payments required under those paragraphs are required only if and to the extent that they are required under the terms of the settlement. Payments made under this subdivision may be used by the Prairie Island Indian Community for any purpose benefiting the Prairie Island Indian Community.

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

Sec. 18. Minnesota Statutes 2022, section 216B.1691, subdivision 1, as amended by Laws 2023, chapter 7, section 3, is amended to read:

Definitions. (a) For purposes of this section, the following terms have the meaning given them:
(b) "Carbon-free" means a technology that generates electricity without emitting carbon
dioxide.

(c) Unless otherwise specified in law, "eligible energy technology" means an energy
technology that generates electricity from the following renewable energy sources:

1. solar;
2. wind;
3. hydroelectric with a capacity of: (i) less than 100 megawatts; or (ii) 100 megawatts
or more; provided that the facility is in operation as of the effective date of this act;
4. hydrogen generated from the resources listed in this paragraph; or
5. biomass, which includes, without limitation, wood waste and wood chip biomass;
landfill gas; an anaerobic digestor system; the predominantly organic components of
wastewater effluent, sludge, or related by-products from publicly owned treatment works,
but not including incineration of wastewater sludge to produce electricity; and, except as
provided in subdivision 1a, an energy recovery facility used to capture the heat value of
mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a
primary fuel.

(d) "Electric utility" means: (1) a public utility providing electric service; (2) a generation
and transmission cooperative electric association; (3) a municipal power agency; (4) a power
district; or (5) a cooperative electric association or municipal utility providing electric service
that is not a member of an entity in clauses (2) to (4).

(e) "Environmental justice area" means an area in Minnesota that, based on the most
recent data published by the United States Census Bureau, meets one or more of the following
criteria:

1. 40 percent or more of the area's total population is nonwhite;
2. 25 percent or more of households in the area have an income that is at or below 200
percent of the federal poverty level;
3. 40 percent or more of the area's residents over the age of five have limited English
proficiency; or
4. the area is located within Indian country, as defined in United State Code, title 18,
section 1151;

(f) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
an electric utility to retail customers of the electric utility or to a distribution utility for
distribution to the retail customers of the distribution utility.

EFFECTIVE DATE. This section is effective the day following final enactment.
Subd. 2b. Modification or delay of standard. (a) The commission shall modify or delay the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in part, if the commission determines that modifying or delaying the standard obligation is in the public interest. The commission, when evaluating a request to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the environmental costs that would be incurred as a result of a delay or modification, based on the full range of environmental cost values established in section 216B.2422, subdivision 3;

(3) the effects of implementing the standard on the reliability of the electric system;

(4) technical advances or technical concerns;

(5) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

(6) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

(7) transmission constraints preventing delivery of service;

(8) other statutory obligations imposed on the commission or a utility;

(9) impacts on environmental justice areas; and

(10) additional electric load from beneficial electrification and the greenhouse gas emissions savings associated with those loads as compared to serving the load with nonelectric energy sources.

For the purposes of this paragraph, "beneficial electrification" means the substitution of electricity for a fossil fuel, provided that the substitution meets at least one of the following conditions without adversely affecting either of the other two, as determined by the commission:

(i) saves a consumer money over the long run compared with continued use of the fossil fuel;

(ii) enables an electric utility to better manage the electric utility's electric grid network; or

(iii) reduces negative environmental impacts of fuel use, including but not limited to statewide greenhouse gas emissions.
For a public utility, the commission may modify or delay implementation of a standard obligation under paragraph (a), clauses (1) to (4), only if the commission finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. For a public utility, the commission may modify or delay implementation of a standard obligation under paragraph (a), clauses (5) to (7), only if the commission finds that the circumstances described in paragraph (a), clauses (5) to (7), were due to circumstances beyond the electric utility's control and make compliance infeasible.

For an electric utility other than a public utility, the commission must modify or delay implementation of a standard obligation under paragraph (a), clauses (1) to (4), if the commission finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. For an electric utility other than a public utility, the commission must modify or delay implementation of a standard obligation under paragraph (a), clauses (5) to (7), if the commission finds that the circumstances described in paragraph (a), clauses (5) to (7), were due to circumstances beyond an electric utility's control and make compliance infeasible.

When evaluating transmission capacity constraints under paragraph (a), clause (7), the commission must consider whether the utility has:

1. taken reasonable measures that are under the utility's control and consistent with the utility's obligations under local, state, and federal laws and regulations, and the utility's obligations as a member of a regional transmission organization or independent system operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and
2. taken all reasonable operational measures to maximize cost-effective electricity delivery from eligible energy technologies in advance of transmission availability.

When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

An electric utility that requests a modification or delay to the implementation of a standard must file a plan to comply with the electric utility's standard obligation as part of the same proceeding in which the electric utility requests the modification or delay.

EFFECTIVE DATE. This section is effective the day following final enactment.
energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. A report must be updated and submitted as part of each integrated resource plan or plan modification filed by the electric utility under section 216B.2422. The reporting obligation of an electric utility under this subdivision expires December 31, 2040.

(b) In addition to the reporting required by paragraph (a), by April 1 of each year each electric utility must submit to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over energy a report containing information about the reliability of electric service provided to customers and rates paid by customers during the year covered by the report compared to the three years prior to the reporting year.

Sec. 21. Minnesota Statutes 2022, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2h. Distributed solar energy standard. (a) In addition to the other requirements of this section, for the public utility subject to section 116C.779, at least three percent of the utility's total retail electric sales to customers in Minnesota by the end of 2030 must be generated by solar photovoltaic devices:

1. with a nameplate capacity of ten megawatts or less connected to the utility's distribution system;
2. that are located in the service territory of the public utility; and
3. that were constructed or procured after August 1, 2023;

(b) Generation with a nameplate capacity of 100 kilowatts or more does not count toward compliance with the standard established in this subdivision unless the public utility verifies that construction trades workers who constructed the generation resource were all paid no less than the prevailing wage rate, as defined in section 177.42;

(c) The public utility subject to section 116C.779 may own no more than 30 percent of the solar photovoltaic capacity used to satisfy the requirements of this subdivision;

(d) Compensation for solar photovoltaic projects procured to satisfy the standard established in this subdivision must be determined based on a competitive procurement process and standard contracts approved by the commission;
Sec. 4. [216B.1697] ENERGY STORAGE SYSTEMS; DEPLOYMENT TARGETS.

Subd. 1. Definition. For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1.

Subd. 2. Deployment targets. (a) Each utility required to file a resource plan under section 216B.2422 must deploy energy storage systems of a capacity determined by the commission under paragraph (b). No later than December 31, 2033, the aggregate statewide capacity of energy storage systems deployed by all utilities subject to this section must be at least 3,000 megawatts.

(b) No later than October 1, 2023, the commission must issue an order specifying the amount of energy storage capacity required of each utility subject to this section in order to meet the statewide capacity target and schedule in paragraph (a). The amount of energy storage capacity required of an individual utility must be calculated by dividing each utility's total electric retail sales to Minnesota customers in 2022 by total electric retail sales to Minnesota customers in 2022 of all utilities subject to this section, and multiplying that quotient by 3,000 megawatts. The commission may establish interim energy storage capacity targets that utilities are required to meet before the 2033 target date.

Subd. 3. Application. (a) A utility must file an application with the commission prior to installing each proposed energy storage system contributing to the energy storage target assigned to the utility under subdivision 2. Each application must contain:

(1) the energy storage system's technical specifications, including but not limited to:
(2) the maximum amount of electric output that the energy storage system can provide;
(3) the length of time the energy storage system can sustain maximum output;
(4) the location of the project within the utility's distribution system and a description of the analysis conducted to determine the location;
(5) a description of the utility's electric system needs that the proposed energy storage system addresses;
(6) a description of the types of services the energy storage system is expected to provide; and
(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the utility's transmission or distribution system; and

(iv) improved integration of the utility's renewable energy resources;

(4) a description indicating how the addition of an energy storage system complements the utility's proposed actions described in the most recent integrated resource plan submitted under section 216B.2422 to meet expected demand with the least expensive combination of resources; and

(5) any additional information required by the commission.

Subd. 4. Commission review. The commission must review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission must approve a proposal the commission determines: (1) is in the public interest; and (2) reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the utility's operations with the cost to procure, construct, operate, and maintain the energy storage system.

Subd. 5. Cost recovery. A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission under this section, net of any revenues generated by the operation of the energy storage system.
Subd. 6. Reporting; compliance. The commission must establish reporting procedures for utilities that are sufficient in content and frequency to keep the commission informed regarding compliance with this section.

Subd. 7. Commission authority; orders. The commission may issue orders and conduct proceedings necessary to implement and administer this section.

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

Section 1. Minnesota Statutes 2022, section 216B.17, subdivision 1, is amended to read:

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

(b) "Appeal" means a request a complainant files with the commission to review and make a final decision regarding the resolution of the complaint's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer who files with the consumer affairs office a complaint against a public utility.

(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, harms a complainant.

Subd. 2. [216B.172] CONSUMER DISPUTES. For the purposes of this section, the following terms have the meanings given:

Ap�el means a request a complainant files with the commission to review and make a final decision regarding the resolution of the complaint by the consumer affairs office.

Complainant means an individual residential customer who files with the consumer affairs office a complaint against a public utility.

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, harms a complainant.

The commission must establish reporting procedures for utilities that are sufficient in content and frequency to keep the commission informed regarding compliance with this section.

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 deemed 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.

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.

Subdivision 1. Investigation. On its 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 the particular utility, or by a complainant 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.

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

(b) "Appeal" means a request a complainant files with the commission to review and make a final decision regarding the resolution of the complaint's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer who files with the consumer affairs office a complaint against a public utility.

(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, harms a complainant.
Complaint does not include an objection to or a request to modify any 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.

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; and (2) provide written notice of (i) the complainant's right to appeal the resolution to the commission, and (ii) the 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. Nothing in this section affects any other rights existing under this chapter or other law.

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 that the commission 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 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 be resolved through an informal proceeding before the commission or referred to the Office of Administrative Hearings for a contested case proceeding, the executive secretary must issue any procedural schedules, notices, or orders required to initiate an informal proceeding or a contested case.
The commission's dismissal of an appeal request or a decision rendered after judicial review applies to any complaint filed with the commission on or after that date. Median income in Minnesota. Subd. 16. Conducting an informal proceeding is a final decision constituting an order or determination under subdivision 3, paragraph (b), clause (3), is governed by chapter 14. A public utility must continue conducting an informal proceeding if the complainant: (1) agrees to enter into a payment agreement under section 216B.098, subdivision 3; (2) posts the full disputed payment in escrow; (3) demonstrates receipt of public assistance or eligibility for legal aid services; or (4) demonstrates the complainant's household income is at or below 50 percent of the median income in Minnesota. Rulemaking authority. The commission may adopt rules to carry out the purposes of this section. 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. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 16, is amended to read:

Subd. 16. Low-income household. "Low-income household" means a household whose household income:

(1) is 60 to 80 percent or less of the area median household income for the geographic area in which the low-income household is located, as calculated by the United States Department of Housing and Urban Development; or

(2) meets the income eligibility standards, as determined by the commissioner, required for a household to receive financial assistance from a federal, state, municipal, or utility program administered or approved by the department.

Effective date. This section is effective the day following final enactment.
Sec. 24. Minnesota Statutes 2022, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. Resource plan filing and approval. (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs from both new and refurbished generating facilities through a combination of conservation and renewable energy resources.

(d) A public utility must include distributed energy resources among the options considered in the public utility's resource plan filing.

Sec. 6. Minnesota Statutes 2022, 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 incorporate in the utility's resource planning the energy storage targets the utility is required to meet under section 216B.1697 and 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) (3) the factors identified in section 216B.1697, subdivision 3, paragraph (a), clause (3); and

(3) evaluating ancillary services.

(b) The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).

Sec. 3. Minnesota Statutes 2022, section 216B.2425, subdivision 3, is amended to read:

Subd. 3. Commission approval. (a) By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2.

(b) Except as provided in paragraph (b), the commission may only certify a project that is a

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high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the
commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota
consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic,
environmental, and social interests affected by the project.

(b) The commission may certify a project proposed under subdivision 2, paragraph (e),
only if the commission finds the proposed project is in the public interest.

Sec. 7. Minnesota Statutes 2022, section 216B.243, subdivision 8, as amended by Laws
2023, chapter 7, section 23, is amended to read:

Subd. 8. Exemptions. (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power
Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
any case where the commission has determined after being advised by the attorney general
that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve
the demand of a single customer at a single location, unless the applicant opts to request
that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand
of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or
upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural
gas;

(6) the modification of an existing electric generating plant to increase efficiency, as
long as the capacity of the plant is not increased more than ten percent or more than 100
megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section 216F.01, subdivision
2, or a solar energy generating system, as defined in section 216E.01, subdivision 9a, if the
system is owned and operated by an independent power producer and the electric output of
the system is:  

high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the
commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota
consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic,
environmental, and social interests affected by the project.

(b) The commission may certify a project proposed under subdivision 2, paragraph (e),
only if the commission finds the proposed project is in the public interest.
the system for which a site permit is submitted by an independent power producer under chapter 216E or 216F; or

(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

(iii) 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.

(b) For the purpose of this subdivision, "repowering project" means:

(i) modifying a large wind energy conversion system 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:

(ii) will result in the system exceeding the nameplate capacity under its most recent interconnection agreement or

(iii) has provided a signed generator interconnection agreement that reflects the expected net power increase.

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Ancillary agreement.

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

Subd. 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. 5. Customer. “Customer” means a person who purchases natural gas or natural gas transportation services from a utility in Minnesota but does not include a person who:

1. purchases natural gas transportation services from a utility in Minnesota that serves fewer than 600,000 natural gas customers in Minnesota; and

2. does not purchase natural gas from a utility in Minnesota.

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 debt 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 (1) 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, (2) are rated A+ or Aa2 or better by a major independent credit rating agency at the time of issuance, and (3) 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) a utility that is the subject of a financing order or the utility's successors or assignees
imposes on all of the utility's customers;

(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;

(2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary
event activities;

(3) are 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, provided that after the issuance of extraordinary
event bonds relating to the extraordinary event costs, the adjustment must not (A) impair
the value of the extraordinary event property relating to the extraordinary event bonds; or
(B) reduce, alter, or impair extraordinary event charges relating to the extraordinary event
bonds, until all principal and interest payable on the extraordinary event bonds, all financing
costs for the extraordinary event bonds, and all amounts to be paid to an assignee or financing
party under an ancillary agreement relating to the extraordinary event bonds are paid in full.

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
6.26 to extraordinary event charges authorized under a financing order issued by the commission;  
6.27 and  
6.28 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds  
6.29 arising from the rights and interests specified in clause (1), regardless of whether any are  
6.30 commingled with other revenue, collections, rights to payment, payments, money, or  
6.31 proceeds;  

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

7.4 Subd. 13. Financing costs. "Financing costs" means:  
7.5 (1) principal, interest, and redemption premiums that are payable on extraordinary event  
7.6 bonds;  
7.7 (2) payments required under an ancillary agreement and amounts required to fund or  
7.8 replenish a reserve account or other accounts established under the terms of any indenture;  
7.9 ancillary agreement, or other financing document pertaining to extraordinary event bonds;  
7.10 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and  
7.11 servicing extraordinary event bonds, including but not limited to servicing fees, accounting  
7.12 and auditing fees, trustee fees, legal fees, consulting fees, financial adviser fees,  
7.13 administrative fees, placement and underwriting fees, capitalized interest, rating agency  
7.14 fees, stock exchange listing and compliance fees, security registration fees, filing fees,  
7.15 information technology programming costs, and any other demonstrable costs necessary to  
7.16 otherwise ensure and guarantee the timely payment of extraordinary event bonds or other  
7.17 amounts or charges payable in connection with extraordinary event bonds;  
7.18 (4) taxes and license fees imposed on the revenue generated from collecting an  
7.19 extraordinary event charge;  
7.20 (5) state and local taxes, including franchise, sales and use, and other taxes or similar  
7.21 charges, including but not limited to regulatory assessment fees, whether paid, payable, or  
7.22 accrued; and  
7.23 (6) costs incurred by the commission to hire and compensate additional temporary staff  
7.24 needed to perform the commission's responsibilities under this section and, in accordance  
7.25 with section 216B.494, to engage specialized counsel and expert consultants experienced  
7.26 in securitized utility ratepayer-backed bond financings similar to extraordinary event bond  
7.27 financings;  

7.28 Subd. 14. Financing order. "Financing order" means an order issued by the commission  
7.29 under section 216B.492 that authorizes an applicant to:  
7.29 (1) issue extraordinary event bonds in one or more series;
(2) impose, charge, and collect extraordinary event charges; and
(3) create extraordinary event property;

Subd. 15. Financing party. "Financing party" means a holder of extraordinary event
bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other
person acting for the benefit of extraordinary event bondholders;

Subd. 16. Natural gas facility. "Natural gas facility" means natural gas pipelines,
including distribution lines, underground storage areas, liquified natural gas facilities,
propane storage tanks, and other facilities the commission determines are used and useful
to provide natural gas service to retail and transportation customers in Minnesota;

Subd. 17. Nonbypassable. "Nonbypassable" means an extraordinary event charge
required to pay (1) principal and interest on extraordinary event bonds, and (2) other financing
costs, that a retail customer located within a utility service area cannot avoid and must pay;

Subd. 18. Pretax costs. "Pretax costs" means costs incurred by a utility and approved
by the commission, including but not limited to:

(1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed
by an extraordinary event;

(2) costs to decommission and restore the site of a natural gas facility damaged or
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,
wildfire, 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.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 extraordinary event bonds under sections 216B.491 to 216B.499, and the method used to calculate the amount;
   (3) the estimated 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;
   (5) 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;
   (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 that is 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 securitized utility ratepayer-backed 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 that is 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 natural gas facility caused by an extraordinary event and the estimated costs to repair or replace the damaged natural gas facility; (14) a schedule of the proposed repairs to and replacement of the damaged natural gas facility; (15) a description of the steps taken to provide customers interim natural gas service while the damaged natural gas facility is being repaired or replaced; and (16) a description of the impacts on the utility's current workforce resulting from implementing a 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, either by providing lower overall costs or mitigating rate impacts relative to traditional methods of financing, that exceed the benefits that would have been achieved absent the issuance of extraordinary event bonds; and (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds: (i) lower overall costs to customers or mitigate rate impacts to customers relative to traditional methods of financing; and (ii) achieve customer savings or 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, principal and interest on the extraordinary event bonds and other 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 expeditious periodic adjustments to the extraordinary event charges authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise provide for the timely payment of extraordinary event bonds, other financing costs, and other required amounts and charges payable in connection with extraordinary event bonds;

(7) 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;

(8) specify that the extraordinary event bonds must be issued, subject to market conditions and the terms of the financing order, as soon as feasible following issuance of the financing order;

(9) 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, if any, to remove the natural gas facility from the utility's rate base and commensurately reduce the utility's base rates;

(10) 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, if any;

(11) specify information regarding extraordinary event 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:

(12) allow or 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
event property to an assignee and the pledge of the extraordinary event property to secure
the extraordinary event bonds;

(13) ensure that the structuring, marketing, and pricing of extraordinary event bonds
result in reasonable securitization bond charges and customer savings or rate impact
mitigation, consistent with market conditions and the terms of the financing order; and

(14) 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:

(i) operating the natural gas facilities; or

(ii) selling the natural gas facilities to another entity to operate as natural gas facilities.

(b) A financing order issued under this section may:

(1) include conditions different from those requested in the application that the
commission determines are necessary to:

(i) promote the public interest; and

(ii) 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 extraordinary event 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 must not: (1) reduce, impair,
postpone, or terminate extraordinary event charges approved in a financing order; or (2)
impair extraordinary event property or the collection or recovery of extraordinary event
charges and 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 costs 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;

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 7. [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 extraordinary event 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 apply remedies deemed appropriate for utility actions, provided that any remedy applied must not directly or indirectly (1) impair the value of the extraordinary event property, or (2) reduce, alter, or impair extraordinary event charges, until all principal and interest payable on the 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.

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

Sec. 8. [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 to be paid by the extraordinary event revenue. 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 a prudent deferred expense eligible for recovery in the utility's future rates.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 9. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.

(a) A utility that obtains a financing order and issues extraordinary event bonds must:

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

(i) a statement that a portion of the charges represents extraordinary event charges approved in a financing order;

(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 that identifies the impact financing the retirement or replacement of natural gas facilities has on customer rates, itemized by customer class; and

(ii) evidence demonstrating that extraordinary event revenues are applied solely to pay (A) principal and interest on extraordinary event bonds, and (B) 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 provided that any penalty applied must not directly or indirectly (1) impair the value of the extraordinary event property, or (2) reduce, alter, or impair extraordinary event charges, until all principal and interest payable on the 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.

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

Sec. 10. [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 natural gas consumption. 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, and 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: (1) perform and satisfy all obligations of, and has the same duties and rights under, a financing order as the utility to which the financing order applies; and (2) 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 bonds.

(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.

Subd. 3. Sales of extraordinary event property. (a) A sale, assignment, or transfer of extraordinary event property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the extraordinary event property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary event property may be created when:

(1) The financing order creating and describing the extraordinary event property is effective; and
(2) The documents evidencing the transfer of the extraordinary event property are executed and delivered to the assignee; and
18.33 (3) value is received.

19.1 (b) 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:

19.4 (1) commingling of extraordinary event revenue with other money;
19.5 (2) the seller retaining:
19.6 (i) a partial or residual interest, including an equity interest, in the extraordinary event property, whether (A) direct or indirect, or (B) subordinate or otherwise; or
19.7 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of extraordinary event revenue;
19.8 (3) any recourse that the extraordinary event property purchaser may have against the seller;
19.9 (4) any indemnification rights, obligations, or repurchase rights made or provided by the extraordinary event property seller;
19.10 (5) the extraordinary event property seller's to collect extraordinary event revenues on behalf of an assignee;
19.11 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;
19.12 (7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or
19.13 (8) any application of an adjustment mechanism under section 216B.492, subdivision 5, paragraph (a), clause (6).

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

19.23 Sec. 11. [216B.497] EXTRAORDINARY EVENT BONDS.

19.24 (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.

19.25 (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 and state agencies, including the commission, are prohibited from:

(1) taking or permitting any action that impairs the value of extraordinary event property; or

(2) reducing, altering, or impairing 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) The commission may include a pledge in the financing order similar to the state pledge included in paragraph (c).

(e) A person who issues extraordinary event bonds may include the pledge specified in paragraphs (c) and (d) 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. 12. [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. 13. [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. 14. Minnesota Statutes 2022, 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.

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

Sec. 9. Minnesota Statutes 2022, section 216B.62, subdivision 3, is amended to read:

Subd. 3b. Assessment for department regional and national duties. (a) In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year to perform the duties under section 216A.07, subdivision 3a, and to conduct analysis that assesses energy grid reliability at state, regional, and national levels. The amount in this subdivision shall be assessed to energy utilities in proportion to their gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(b) By February 1, 2023, the commissioner of commerce must submit a written report to the chair of the employment and economic development committee of the legislature having primary jurisdiction over energy policy. The report must describe how the department has used utility grid assessment funding under paragraph (a) and must explain the impact the grid assessment funding has had on grid reliability in Minnesota.

(c) This subdivision expires June 30, 2023.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 26. [216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.

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

(b) "Participant" means a person who files comments or appears in a commission proceeding concerning one or more public utilities, excluding public hearings held in contested cases and commission proceedings conducted to receive general public comments.

(c) "Party" means a person by or against whom a proceeding before the commission is commenced or a person permitted to intervene in a proceeding, other than public hearings, concerning one or more public utilities.

(d) "Proceeding" means a process or procedural means the commission engages in under this chapter to attempt to resolve an issue affecting one or more public utilities and that results in a commission order.

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

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204.2 Subd. 2. Participants; eligibility. Any of the following participants is eligible to receive compensation under this section:

204.3 (1) a nonprofit organization that:

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

204.5 (ii) is incorporated or organized in Minnesota;

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

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

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

204.9 (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.

204.10 Subd. 3. Compensation; conditions. (a) The commission may order a public utility to compensate all or part of a participant's reasonable costs incurred to participate in a proceeding before the commission if the participant is eligible under subdivision 2 and the commission finds:

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

204.12 (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.

204.13 In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

204.14 (1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

204.15 (2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

204.16 (3) the participant's position promoted a public purpose or policy;

204.17 (4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been part of the record;

204.18 (5) the participant was active in any stakeholder process included in the proceeding; and

204.19 (6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.
In 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 beginning of the applicable proceeding;
2. Has payroll expenses less than $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.

In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable. If the commission determines that an eligible participant materially assisted the commission's deliberation, the commission shall award all or part of the requested compensation, up to the maximum amounts provided under subdivision 4.

Subd. 4. Compensation; amount. (a) Compensation must not exceed $35,000 for a single participant in any proceeding, except that:

1. If a proceeding extends longer than 12 months, a participant may request and be awarded compensation of up to $35,000 for costs incurred in each calendar year; and
2. In an integrated resource plan proceeding under section 216B.2422 or a proceeding that has been referred to the Office of Administrative Hearings for a contested case proceeding, a participant may request and be awarded up to $75,000.

(b) No single participant may be awarded more than $200,000 under this section in a single calendar year.

(g) 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:

- To all participants: $125,000 in any single proceeding per-calendar year, excluding proceedings that have been referred to the Office of Administrative Hearings for contested case proceedings;
- To joint participants: $75,000 in any single proceeding per-calendar year, excluding proceedings that have been referred to the Office of Administrative Hearings for contested case proceedings;
- Total compensation awarded to all participants must not exceed $125,000 in any single proceeding per-calendar year, excluding proceedings that have been referred to the Office of Administrative Hearings for contested case proceedings.

(c) In 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. Had an average annual payroll expense less than $600,000 for participation in commission proceedings over the previous three years; and
2. Has fewer than 30 full-time equivalent employees; 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.

(e) 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:
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 organization's eligibility for compensation under the financial hardship test under subdivision 3, paragraph (c); and
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, not including overhead costs;
7. participant revenues dedicated for the proceeding;
the total compensation request; and
the total compensation request; and
following the commission's initial order, the participant may file an amended request 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;
(A party or participant 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;
(c) The requesting participant may file a reply with the commission within 15 days after
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 commission issues an amended order. Paragraphs (b) to (e) apply to an
amended request.
A party or participant 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;
(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.
(b) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
60 days upon the request of a participant or on the commission's own initiative;
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) the total compensation request; and
(b) a narrative describing the unique contribution made to the proceeding by the
participant.
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;
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 or participant 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
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 commission issues an amended order. Paragraphs (b) to (e) apply to an
amended request.
(b) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
30 days upon the request of a participant or on the commission's own initiative;
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, 2026, 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. The report must include but is 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 of the participation of 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. 8. Sunset. This section expires on July 1, 2028.
(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may, by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

1. Expenditures on the programs are adequate to meet identified needs;
2. The needs of low-income energy users are being adequately addressed;
3. Duplication of effort is avoided or eliminated;
4. A program that is ineffective is improved or eliminated; and
5. Voluntary efforts are encouraged through incentives for their operators.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum-pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

(d) By January 15 of each year, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance the following information for each account in the special revenue fund created in this chapter:

1. The unobligated balance in the account from the most recent forecast listed separately by funding source;
2. All expenditures, including grants and administrative costs over the last two fiscal years; and
3. The date on which unobligated balances expire.

330.23 Subd. 2. Energy policy goals. It is the energy policy of the state of Minnesota that:

1. Annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas is achieved through cost-effective energy efficiency;
(2) the per capita use of fossil fuel as an energy input is reduced by 15 percent by the year 2015; through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in the state by Minnesota is derived from renewable energy resources by the year 2025; and

(4) energy use in existing commercial and residential buildings is reduced by 50 percent by 2035, and is achieved by: (i) using the most effective current energy-saving incentive programs, evaluated by participation and efficacy; and (ii) developing and implementing new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

(5) retail electricity rates for each customer class are at least five percent below the national average.

Sec. 5. Minnesota Statutes 2022, section 216C.08, is amended to read:

216C.08 JURISDICTION.

The commissioner has sole authority and responsibility for the administration of sections 216C.05 to 216C.30 and 216C.375. Other laws notwithstanding, the authority granted the commissioner shall supersede the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in the administration of sections 216C.05 to 216C.30 and 216C.375. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with them to provide appropriate services to effectuate the purposes of sections 216C.05 to 216C.30 and 216C.375. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of sections 216C.05 to 216C.30 and 216C.375 shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of sections 216C.05 to 216C.30 and 216C.375.

The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

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

Sec. 6. Minnesota Statutes 2022, section 216C.09, is amended to read:

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy; or a threat to public health, safety; or welfare;
(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 216C.05 to 216C.30 and 216C.375;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation; and other goals and policies of sections 216C.05 to 216C.30 and 216C.375; and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential; and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,
utility conservation investments, small power production, cogeneration, and other rate issues.

The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241:

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

Sec. 28. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision to read:

(a) Definitions.

(b) "Low-income conservation program" means a utility program that offers energy conservation services to low-income households under sections 216B.2403, subdivision 5, and 216B.241, subdivision 7.

(c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision 20.

(d) "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 reduce energy use in a cost-effective manner.

(e) "Weatherization services" means the energy conservation preweatherization measures installed in households under the weatherization assistance program and low-income conservation program.

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

Sec. 29. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision to read:

(a) A preweatherization program is established in the department. The purpose of the program is to provide grants for preweatherization services, as defined under section 216B.2402, subdivision 20, in order to expand the breadth and depth of services provided to income-eligible households in Minnesota.

(b) "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 reduce energy use.

(c) "Weatherization services" means the energy measures installed in households under the weatherization assistance program.
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. 10. Minnesota Statutes 2022, 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:

(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 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 a project in a multifamily building to proceed even if the project cannot comply with the federal requirement that the project 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;

(b) Money in the account is appropriated to the commissioner to pay for (1) grants issued under the program, and (2) the reasonable costs incurred by the commissioner to administer the program.

Sec. 31. Minnesota Statutes 2022, 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 additional labor costs for the federal weatherization program, and as an incentive for the increased production of weatherized units to pay for and may be used to:

(1) 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) install eligible preweatherization measures established by the commissioner,

(3) increase the number of weatherized residences;

(4) conduct outreach activities to make income-eligible households aware of available weatherization services, to assist applicants in filing out applications for weatherization assistance, and to provide translation services when necessary;

(5) enable projects in multifamily buildings to proceed even if the project cannot comply with the federal requirement that projects must be completed within the same federal fiscal year in which the project begins;

(6) expand weatherization training opportunities in existing and new training programs;

(b) Money in the account is appropriated to the commissioner to pay for additional labor costs for the federal weatherization program, and

(b) provide 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.

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

To enable projects in multifamily buildings to proceed even if the project cannot comply with the federal requirement that projects must be completed within the same federal fiscal year in which the project begins.

(6) expand weatherization training opportunities in existing and new training programs;

(b) provide 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.
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.
(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) The commissioner may award grants 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, 2025, 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. The report must detail 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.
"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.

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

"Covered property" means any property that is served by an investor-owned utility in the metropolitan area as defined in section 473.121, subdivision 2, or in any city outside the metropolitan area with a population of over 50,000 residents, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

1. A residential property containing fewer than five dwelling units;

2. A property that is: (i) classified as manufacturing under the North American Industrial Classification System (NAICS); (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; or (iv) otherwise an industrial building incompatible with benchmarking in the benchmarking tool;

3. An agricultural building; or

4. A multitenant building that is served by a utility that cannot supply aggregated customer usage data, and other property types that do not meet the purposes of this section, as determined by the commissioner.

"Customer energy use data" refers to data collected from the utility customer meters that reflect the quantity, quality, or timing of customers' usage.

"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.

"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.
"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.

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

"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. has been acquired by deed in lieu of foreclosure; or
4. has a senior mortgage that is subject to a notice of default.

"Local government" means a statutory or home rule municipality or county.

"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.

"Qualifying utility" means a utility serving the covered property, including:
1. an electric or gas utility, including:
   i. an investor-owned electric or gas utility; or
   ii. a municipally owned electric or gas utility;
2. a natural gas supplier with five or more active commercial connections, accounts, or customers in the state; or
3. a district stream, hot water, or chilled water provider.

"Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a rental or lease agreement.

"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.
Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

Subd. 2. Establishment. The commissioner must establish and maintain a building energy benchmarking program. 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 an owner adopts energy conservation measures in the owner's building 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 (square feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100,000 or more</td>
</tr>
<tr>
<td>2</td>
<td>50,000 to 99,999</td>
</tr>
</tbody>
</table>

Subd. 4. Benchmarking requirement. (a) An owner must annually benchmark all covered property owned as of December 31 in conformity with the schedule in subdivision 7. 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 data identified as missing or incorrect.

(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.

(d) Nothing in this subdivision prohibits an owner of property that is not a covered property from voluntarily benchmarking a property under this section.

Subd. 5. Exemption by individual building. (a) The commissioner may exempt an owner of a covered property from the requirements of subdivision 4 if the owner provides evidence satisfactory to 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,

(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, a 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. Exemption by other government benchmarking program. An owner is exempt from the requirements of subdivision 4 for a covered property if the property is subject to a benchmarking requirement by the state, a city, or other political subdivision with a benchmarking requirement that the commissioner determines is equivalent or more stringent, as determined under subdivision 11, paragraph (b), than the benchmarking requirement established in this section. The exemption under this subdivision applies in perpetuity unless or until the benchmarking requirement is changed or revoked and the commissioner determines the benchmarking requirement is no longer equivalent nor more stringent.

Subd. 7. Benchmarking schedule. (a) 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, 2025, and by every June 1 thereafter; and

(2) all Class 2 properties by June 1, 2026, and by every June 1 thereafter.

(b) Beginning June 1, 2025, for Class 1 properties, and June 1, 2026, for Class 2 properties, an owner who is selling a covered property must provide the following to the new owner at the time of sale:

(1) benchmarking information for the most recent 12-month period, including monthly energy use by source; or

(2) ownership of the digital property record in the benchmarking tool through an online transfer.

Subd. 8. Utility data requirements. (a) In implementing this section, a qualifying utility shall implement the data aggregation standards established by the commission in docket number 19-505, including changes to the standards adopted in an order issued after the

(b) An owner who is selling a covered property must provide the owner with any information required under this paragraph in a format approved by the commissioner.

An owner must reapply to the commissioner each year an extension is sought.

(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, a 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. Exemption by other government benchmarking program. An owner is exempt from the requirements of subdivision 4 for a covered property if the property is subject to a benchmarking requirement by the state, a city, or other political subdivision with a benchmarking requirement that the commissioner determines is equivalent or more stringent, as determined under subdivision 11, paragraph (b), than the benchmarking requirement established in this section. The exemption under this subdivision applies in perpetuity unless or until the benchmarking requirement is changed or revoked and the commissioner determines the benchmarking requirement is no longer equivalent nor more stringent.

Subd. 7. Benchmarking schedule. (a) 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, 2025, and by every June 1 thereafter; and

(2) all Class 2 properties by June 1, 2026, and by every June 1 thereafter.

(b) Beginning June 1, 2025, for Class 1 properties, and June 1, 2026, for Class 2 properties, an owner who is selling a covered property must provide the following to the new owner at the time of sale:

(1) benchmarking information for the most recent 12-month period, including monthly energy use by source; or

(2) ownership of the digital property record in the benchmarking tool through an online transfer.

Subd. 8. Utility data requirements. (a) In implementing this section, a qualifying utility shall only aggregate customer energy use data of covered properties, and on or before January 1, 2025, a qualifying utility shall:
338.24 effective date of this section. A municipal energy utility serving a covered property under
this section shall adopt data aggregation standards that are substantially similar to the
standards included in the commission's order in that docket and subsequent relevant orders.

338.25

338.26

217.15 (1) establish an aggregation standard whereby:

217.16 (i) an aggregated customer energy use data set may include customer energy use data

217.17 from no fewer than four customers. A single customer's energy use must not constitute more

217.18 than 50 percent of total energy consumption for the requested data set; and

217.19 (ii) customer energy use data sets containing three or fewer customers or with a single

217.20 customer's energy use constituting more than 50 percent of total energy consumption may

217.21 be provided upon the written consent of:

217.22 (A) all customers included in the requested data set; in cases of three or fewer customers;

217.23 or

217.24 (B) any customer constituting more than 50 percent of total energy consumption for the

217.25 requested data set; and

217.26 (2) prepare and make available customer energy use data and aggregated customer energy

217.27 use data upon the request of an owner.

217.28 (b) Customer energy use data that a qualifying utility provides an owner pursuant to this

217.29 subdivision must be:

217.30 (1) available on, or able to be requested through, an easily navigable web portal or online

217.31 request form using up-to-date standards for digital authentication;

217.32 (2) provided to the owner within 30 days after receiving the owner's valid written or

217.33 electronic request;

218.1 (3) provided for at least 24 consecutive months of energy consumption or as many

218.2 months of consumption data that are available if the owner has owned the building for less

218.3 than 24 months;

218.4 (4) directly uploaded to the owner's benchmarking tool account, delivered in the

218.5 spreadsheet template specified by the benchmarking tool, or delivered in another format

218.6 approved by the commissioner;

218.7 (5) provided to the owner on at least an annual basis until the owner revokes the request

218.8 for energy use data or sells the covered property; and

218.9 (6) provided in monthly intervals, or the shortest available intervals based in billing.

218.10 (c) Data necessary to establish, utilize, or maintain information in the benchmarking

218.11 tool under this section may be collected or shared as provided by this section and are

218.12 considered public data whether or not the data have been aggregated.

218.13 (d) Notwithstanding any other provision of law, a qualifying utility shall not aggregate

218.14 or anonymize customer energy use data of any customer exempted by the commissioner

218.15 under section 216B.241 from contributing to investments and expenditures made by a
qualifying utility under an energy and conservation optimization plan, unless the customer provides written consent to the qualifying utility.

Subd. 9. 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;

(3) collaborate with the Department of Revenue to collect the data necessary for establishing the covered property list annually; and

(4) provide technical guidance to utilities in the establishment of data aggregation and access tools.

(b) Upon request of the commissioner, a county assessor shall provide readily available property data necessary for the development of the covered property list, including but not limited to gross floor area, property type, and owner information by January 15 annually.

(c) The commissioner must:

(1) rank benchmarked covered properties in each property class from highest to lowest performance score or, if a performance score is unavailable for a covered property, from lowest to highest energy use intensity;

(2) divide covered properties in each property class into four quartiles based on the applicable measure in clause (1);

(3) assign four stars to each covered property in the quartile of each property class with the highest performance scores or lowest energy use intensities, as applicable;

(4) assign three stars to each covered property in the quartile of each property class with the second highest performance scores or second lowest energy use intensities, as applicable;

(5) assign two stars to each covered property in the quartile of each property class with the third highest performance scores or third lowest energy use intensities, as applicable;

(6) assign one star to each covered property in the quartile of each property class with the lowest performance scores or highest energy use intensities, as applicable; and

(7) serve notice in writing to each owner identifying the number of stars assigned by the commissioner to each of the owner's covered properties.
Subd. 10. Data disclosure to public. (a) The commissioner must post on the department's website and update by December 1 annually the following information for the previous calendar year:

1. Annual summary statistics on energy use for all covered properties;
2. Annual summary statistics on energy use for all covered properties, aggregated by covered property class, as defined in subdivision 3, city, and county;
3. The percentage of covered properties in each building class listed in subdivision 3 that are in compliance with the benchmarking requirements under subdivisions 4 to 7; and
4. For each covered property, at a minimum, the address, total energy use, energy use intensity, annual greenhouse gas emissions, and energy performance score, if available.

(b) The commissioner must post the information required under this subdivision for:
1. All Class 1 properties by November 1, 2025, and by every November 1 thereafter; and
2. All Class 2 properties by November 1, 2026, and by every November 1 thereafter.

Subd. 11. Coordination with other benchmarking programs. (a) The commissioner shall coordinate with any state agency or local government that implements an energy benchmarking program, including the coordination of reporting requirements.

(b) This section does not restrict a local government from adopting or implementing an ordinance or resolution that imposes more stringent benchmarking requirements. For purposes of this section, a local government benchmarking program is more stringent if the program requires:
1. Buildings to be benchmarked that are not required to be benchmarked under this section; or
2. Benchmarking of information that is not required to be benchmarked under this section.
3. Benchmarking program requirements of local governments must:
   1. Be at least as comprehensive in scope and application as the program operated under this section; and
   2. Include annual enforcement of a penalty on covered properties that do not comply with the local government's benchmarking ordinance.
4. Local governments must notify the commissioner of the local government's existing benchmarking ordinance requirements. Local governments must notify the commissioner.

Senate Language UEH2310-2

April 28, 2023 10:32 AM

REVISOR FULL-TEXT SIDE-BY-SIDE
of new, changed, or revoked ordinance requirements, which when made by December 31
would apply to the benchmarking schedule for the following year.
(e) The commissioner shall make available for local governments upon request all
benchmarking data for covered properties within the local government's jurisdiction by
December 1, annually.
Subd. 12. Building performance disclosure to occupants. The commissioner must
provide disclosure materials for public display within a building to building owners, so that
building owners can prominently display the performance of the building. The materials
must include the number of stars assigned to the building by the commissioner under
subsection 9, paragraph (c), and a relevant explanation of the rating.

Subd. 13. Notifications. 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 the current year.

Subd. 14. Program implementation. The commissioner may contract with an
independent third party to implement any or all of the commissioner's duties required under
this section. To implement the benchmarking program, the commissioner shall assist building
owners to increase energy efficiency and reduce greenhouse gas emissions from the owners'
buildings, including by providing outreach, training, and technical assistance to building
owners to help the owner's buildings come into compliance with the benchmarking program.

Subd. 15. Enforcement. By June 15 each year, the commissioner must notify the owner
of each covered property required to comply with this section that has failed to comply that
the owner has until July 15 to come into compliance, unless the owner requests an extension,
in which case the owner has until August 15 to come into compliance. If an owner fails to
comply with the requirements of this section by July 15 and fails to request an extension
by that date, or is given an extension and fails to comply by August 15, the commissioner
may impose a civil fine of $1,000 on the owner. The commissioner may, by rule increase
the civil fine to adjust for inflation.

Subd. 16. Recovery of expenses. The commission shall allow a public utility to recover
reasonable and prudent expenses of implementing this section under section 216B.16,
subdivision 6b. The costs and benefits associated with implementing this section may, at
the discretion of the utility, be excluded from the calculation of net economic benefits for
purposes of calculating the financial incentive to the public utility under section 216B.16,
subdivision 6c. The energy and demand savings may, at the discretion of the public utility,
be applied toward the calculation of overall portfolio energy and demand savings for purposes
of determining progress toward annual goals under section 216B.241, subdivision 1c. and
in the financial incentive mechanism under section 216B.16, subdivision 6c.

EFFECTIVE DATE. This section is effective the day following final enactment, except
that subdivision 15 is effective June 15, 2026,
Sec. 15. [216B.1616] ELECTRIC SCHOOL BUS 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 fully charged electric vehicle battery.

(c) "Electric school bus" means an electric vehicle: (1) designed to carry a driver and more than ten passengers; and (2) primarily used to transport preprimary, primary, and secondary students.

(d) "Electric utility" means any utility that provides wholesale or retail electric service to customers in Minnesota.

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

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

(g) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated electric panels, machinery, equipment, and infrastructure necessary for an electric utility to supply electricity to an electric vehicle charging station and to support electric vehicle operation.

(h) "Electric vehicle service provider" means an organization that installs, maintains, or otherwise services a battery exchange station, electric vehicle infrastructure, or electric vehicle charging stations.

(i) "Eligible applicant" means a school district or an electric utility, electric vehicle service provider, or transportation service provider applying for a grant under this section on behalf of a school district.

(j) "Federal vehicle electrification grants" means grants that fund electric school buses or electric vehicle infrastructure under the federal Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(k) "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 emissions in day-to-day operations.

(2) designed to carry a driver and more than ten passengers; and

(3) whose primary propulsion and accessory power technologies produce zero carbon emissions in day-to-day operations.

(3) whose primary propulsion and accessory power technologies produce zero carbon emissions in day-to-day operations.

(4) primarily used to transport preprimary, primary, and secondary students.

(5) utility to supply electricity or hydrogen to an electric vehicle charging station and to support electric vehicle operation;
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) areas in which levels of asthma among children significantly exceed the statewide
average.

(1) "Prioritized school district" means:

(1) a school district listed in the Small Area Income and Poverty Estimates School
District Estimates as having 7.5 percent or more students living in poverty based on the
most recent decennial U.S. census;

(2) a school district identified with locale codes "43-Rural: Remote" and "42-Rural:
Distant" by the National Center for Education Statistics;

(3) a school district funded by the Bureau of Indian Affairs; or

(4) a school district that receives basic support payments under United States Code, title
20, section 7003(b)(1), for children who reside on Indian land.

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

(3) "School" means a school that operates as part of an independent or special school
district.

(4) "School district" means an independent or special school district.

(5) "School transportation service provider" means a person that has a contract with a school
district to transport students to and from school.

Subd. 2. Establishment; purpose. An electric school bus deployment program is
established in the Department. The purpose of the program is to provide grants to accelerate
the deployment of electric school buses by school districts and to encourage schools to use
vehicle electrification as a teaching tool that can be integrated into the school’s curriculum.

Subd. 3. Establishment of account. An electric school bus program account is established
as a separate account in the special revenue fund in the state treasury. The commissioner
shall credit to the account appropriations and transfers to the account. Earnings, including
interest, dividends, and any other earnings arising from assets of the account must be credited to the account. Money in the account at the end of a fiscal year does not cancel to the general fund but remains available in the account until expended. The commissioner shall manage the account.

Subd. 4. Appropriation; expenditures. Money in the account is appropriated to the commissioner and 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, including the cost of providing technical assistance to eligible applicants, including but not limited to grant writing assistance for applications for federal vehicle electrification grants under subdivision 6, paragraph (e).

Subd. 5. Eligible grant expenditures. A grant awarded under this section may be used only to pay:

(1) a school district or transportation service provider to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(2) up to 75 percent of the cost of a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(3) for prioritized school districts, up to 95 percent of the cost of a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(4) up to 75 percent of the cost of deploying on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(5) for prioritized school districts, up to 95 percent of the cost of deploying on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(6) the grant may be used for up to 75 percent of the cost of the school district or transportation service provider incurs to (i) purchase one or more electric school buses, or (ii) convert or repower fossil-fuel-powered school buses to be electric;

(7) for prioritized school districts, the grant may be used for up to 95 percent of the cost of the school district or transportation service provider incurs to (i) purchase one or more electric school buses, or (ii) convert or repower fossil-fuel-powered school buses to be electric;

(8) the grant may be used for up to 75 percent of the cost of deploying on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(9) for prioritized school districts, the grant may be used for up to 95 percent of the cost of deploying on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations.
Subd. 6. Application process. (a) The commissioner must develop administrative procedures governing the application and grant award process.

(b) The commissioner must issue a request for proposals to eligible applicants who wish to apply for an electric school bus deployment grant under this section on behalf of a school.

(g) An eligible applicant must submit an application for an electric school bus deployment grant to the commissioner on a form prescribed by the commissioner. The form must require an applicant to supply, at a minimum, the following information:

(1) the number of and a description of the electric school buses the school district or transportation service provider intends to purchase;

(2) the total cost to purchase the electric school buses and the incremental cost, if any, of the electric school buses when compared with fossil-fuel-powered school buses;

(3) a copy of the proposed contract agreement between the school district, the electric utility, the electric vehicle service provider, or the transportation service provider that includes provisions addressing responsibility for maintenance of the electric school buses and related electric vehicle infrastructure and battery exchange stations;

(4) whether the school district is a prioritized school district;

(5) areas of the school district that serve significant numbers of students eligible for free and reduced-price school meals and areas that disproportionately experience poor air quality, as measured by indicators such as the Minnesota Pollution Control Agency's air quality infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(6) at the request of a school district or transportation service provider, an electric utility may deploy on the school district or transportation service provider's real property electric vehicle infrastructure required to operate electric school buses; and

(7) the school district prioritizes the deployment of electric school buses in areas of the school district that serve disadvantaged students, disproportionately experience poor air quality, or are environmental justice areas as defined in section 216B.1691, subdivision 1, paragraph (e).

(b) A technical assistance grant may be awarded to a school district, electric utility, electric vehicle service provider, or transportation service provider under this section for the reasonable costs related to electric school bus deployment program planning and for preparing applications for federal vehicle electrification programs.

Subd. 6. Application process. (a) The commissioner must issue a request for proposals to school districts, electric utilities, electric vehicle service providers, and transportation service providers that may wish to apply for an electric bus deployment or technical assistance grant under this section on behalf of a school.

(f) The commissioner must develop administrative procedures governing the application and grant award process;

(b) A school district, electric utility, electric vehicle service provider, or transportation service provider must submit an application for an electric school bus deployment grant to the commissioner on behalf of a school district on a form prescribed by the commissioner.

The form must include, at a minimum, the following information:

(1) the number of and description of the electric school buses the school district or transportation service provider intends to purchase;

(2) the total cost to purchase the electric school buses and the incremental cost, if any, of the electric school buses when compared with fossil-fuel-powered school buses;

(3) a copy of the proposed contract agreement between the school district, the electric utility, the electric vehicle service provider, or the transportation service provider that includes provisions addressing responsibility for maintenance of the electric school buses and the infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(4) whether the school district is a prioritized school district;

(5) the areas of the school district that (i) serve disadvantaged students; (ii) disproportionately experience poor air quality, as measured by indicators such as the Minnesota Pollution Control Agency's air quality monitoring network; the Minnesota Department of Health's air quality and health monitoring; or any other indicators; applicants.
monitoring network, the Minnesota Department of Health's air quality and health monitoring, or other relevant indicators;

(iii) are environmental justice areas as defined in section 216B.1691, subdivision 1, paragraph (e);

(ii) experience disproportionately poor air quality; or

(ii) areas of the school district that are located within environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e);

(iii) are located within environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e);

(6) the school district's plan to prioritize the deployment of electric school buses in areas of the school district that:

(i) serve students eligible for free and reduced-price school meals;

(ii) experience disproportionately poor air quality; or

(iii) are environmental justice areas as defined in section 216B.1691, subdivision 1, paragraph (e);

(7) the school district's plan to prioritize the deployment of electric school buses in areas of the school district that:

(i) serve students eligible for free and reduced-price school meals;

(ii) experience disproportionately poor air quality; or

(iii) are environmental justice areas as defined in section 216B.1691, subdivision 1, paragraph (e);

(8) the school district's plan, if any, to make the electric school buses serve as a visible learning tool for students, teachers, and visitors to the school, including how vehicle electrification may be integrated into the school district's curriculum;

(9) information that demonstrates the school district's level of need for financial assistance available under this section;

(10) any federal vehicle electrification grants awarded to or applied for by the eligible applicant for the same electric school buses or electric vehicle infrastructure proposed by the eligible applicant in a grant application made under this section;

(11) information that demonstrates the school district's readiness to implement the project and to operate the electric school buses for no less than five years;

(12) with respect to the installation and operation of the infrastructure required to operate electric school buses, the willingness and ability of the electric vehicle service provider or the electric utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43; and

(13) any other information deemed relevant by the commissioner.

An eligible applicant may seek a technical assistance grant under this section to assist the eligible applicant apply for federal vehicle electrification grants. An eligible applicant seeking a technical assistance grant under this section must submit an application to the commissioner on behalf of a school district on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the names of the federal programs to which the applicant intends to apply;

(2) information that demonstrates the school district's level of need for financial assistance available under this section;

(3) any other information deemed relevant by the commissioner.

(4) A school district, electric utility, electric vehicle service provider, or transportation service provider must submit an application for a technical assistance grant to the commissioner on behalf of a school district on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the name of the federal programs to which the applicants intend to apply;
313.4 (2) a description of the technical assistance the applicants need in order to complete the
313.5 federal application; and
313.6 (3) any other information deemed relevant by the commissioner,
313.7 (g) In awarding grants under this section, the commissioner must give priority to
313.8 applications from or on behalf of prioritized school districts, and must endeavor to award
313.9 no less than 40 percent of the total amount of grants awarded under this section to prioritized
313.10 school districts.
313.11 (f) The commissioner must administer an open application process under this section at
313.12 least twice annually.
313.13 Subd. 7. Technical assistance. The department must provide technical assistance to
313.14 school districts to develop and execute projects applied for or funded by grants awarded
313.15 under this section.
313.16 Subd. 8. Grant amounts. (a) In making grant awards under this section, the amount of
313.17 the grant must be based on the commissioner's assessment of the school district's need for
313.18 financial assistance.
313.19 (b) A grant awarded under this section, when combined with any federal vehicle
313.20 electrification grants obtained by an eligible applicant for the same electric school buses or
313.21 electric vehicle infrastructure as proposed by the eligible applicant in a grant application
313.22 made under this section, must not exceed the total cost of the electric school buses or electric
313.23 vehicle infrastructure funded by the grant.
313.24 Subd. 9. Application deadline. No application may be submitted under this section
313.25 after December 31, 2022.
313.26 Subd. 10. Reporting. Beginning January 15, 2024, and each year thereafter until January
313.27 15, 2034, the commissioner must report to the chairs and ranking minority members of the
313.28 legislative committees with jurisdiction over energy regarding:
313.29 (1) grants and amounts awarded to school districts under this section during the previous
313.30 year; and
313.31 (2) any remaining balance available in the electric school bus program account.
313.32 Subd. 11. Cost recovery. (a) A prudent and reasonable investment on electric vehicle
313.33 infrastructure installed on a school district's real property that is made by a public utility
313.34 may be placed in the public utility's rate base and earn a rate of return determined by the
313.35 commission.
313.36 (b) Notwithstanding any other provision of this chapter, the commission may approve
313.37 a tariff mechanism to automatically adjust annual charges for prudent and reasonable
313.38 state's total grant funding under subdivision 2 to a school district.
313.39 Subd. 12. Grant payments. The commissioner must award a grant from the account
313.40 established under subdivision 3 to a school district, the electric utility, electric vehicle service
313.41 provider, or transportation service provider for necessary costs associated with deployment
313.42 of electric buses. The amount of the grant must be based on the commissioner's assessment
313.43 of the school district's need for financial assistance. For each award, the amount of the grant,
313.44 in combination with any federal vehicle electrification program awards to the school district,
313.45 the electric utility, the electric vehicle service provider, or the transportation service provider,
313.46 shall not exceed the cost of the applicant's proposed electric school buses, electric vehicle
313.47 charging stations, and electric vehicle infrastructure.
313.48 Subd. 13. Application deadline. No application may be submitted under this section
313.49 after December 31, 2022.
313.50 Subd. 10. Reporting. Beginning January 15, 2024, and each year thereafter until January
313.51 15, 2034, the commissioner must report to the chairs and ranking minority members of the
313.52 legislative committees with jurisdiction over energy regarding: (1) grants and amounts
313.53 awarded to school districts under this section during the previous year; and (2) any remaining
313.54 balances available under this section.
313.55 Subd. 11. Cost recovery. (a) Any prudent and reasonable investment made by any public
313.56 utility on electric vehicle infrastructure installed on a school district's real property may be
313.57 placed in the public utility's rate base and earn a rate of return as determined by the
313.58 commission.
313.59 (b) Notwithstanding any other provision of this chapter, the commission may approve
313.60 a tariff mechanism to automatically adjust annual charges for prudent and reasonable

investments made by a public utility on electric vehicle infrastructure installed on a school district's real property.

Sec. 35. Minnesota Statutes 2022, section 216C.375, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376, the following terms have the meanings given them.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

"Electricity expenses" means expenses associated with:

1. purchasing electricity from a utility; or
2. purchasing and installing a solar energy system, including financing and power purchase agreement payments, operation and maintenance contract payments, and interest charges.

"Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

"School" means:

1. a school that operates as part of an independent or special school district;
2. a Tribal contract school; or
3. a state college or university that is under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

"School district" means:

1. an independent school district, as defined in section 120A.05, subdivision 10;
2. a special school district, as defined in section 120A.05, subdivision 14; or
3. a cooperative unit, as defined in section 123A.24, subdivision 2.

"Solar energy system" means photovoltaic or solar thermal devices.

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

"State colleges and universities" has the meaning given in section 136F.01, subdivision 4.
Subd. 2. Establishment; purpose. A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the school's electricity expenses, and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. Establishment of account. A solar for schools program account is established in the special revenue fund. Money received from the general fund and from the renewable development account established under section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account. The account consists of money received from the general fund and the renewable development account; provided by law, donated, allocated, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Except as otherwise provided in this paragraph, money deposited in the account remains in the account until expended. Any money that remains in the account on June 30, 2027, cancels to the general fund.

Subd. 4. Appropriation; expenditures. (a) Money in the account is appropriated to the commissioner and may 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.

(b) Grant awards made with funds in the account from the general fund must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

(c) Grant awards made with funds from the renewable development account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1.

Subd. 5. Eligible system. (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building;
(2) if installed on or adjacent to a school building receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of 40 kilowatts alternating current or, with the consent of the
interconnecting electric utility, up to 1,000 kilowatts alternating current; or (ii) 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed; and

(3) if installed on or adjacent to a school building receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of 1,000 kilowatts alternating current or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed;

(4) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

(b) A school that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. Application process.

(a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school 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 school building on which the solar energy generating system is to be installed and information regarding any distributed energy resource; including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(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;

(5) a copy of the proposed contract agreement between the school and the public utility to which the solar energy system is interconnected or the developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location within the school or on-demand in the classroom;
(7) information that demonstrates the school's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the public utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or public utility plans to reduce the school's initial capital expense to purchase and install the solar energy system by providing financial assistance to the school; and

(11) any other information deemed relevant by the commissioner.

(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.

(e) The school, the developer, or the utility to which the solar energy generating system is interconnected must annually submit to the commissioner a report containing the following information for each of the 12 previous months:

(1) the total number of kilowatt-hours of electricity consumed by the school;

(2) the total number of kilowatt-hours generated by the solar energy generating system;

(3) the amount paid by the school to its utility for electricity; and

(4) any other information requested by the commissioner.

Subd. 7. Energy conservation review. At the commissioner's request, a school awarded a grant under this section shall provide the commissioner information regarding energy conservation measures implemented at the school building in which the solar energy system is installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement and may provide technical assistance and direct the school to available financial assistance programs.
Subd. 8. Technical assistance. The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. Grant payments. The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. Application deadline. No application may be submitted under this section after December 31, 2025.

Subd. 11. Reporting. Beginning January 15, 2022, and each year thereafter until January 15, 2028, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during the previous year; (2) financial assistance, including amounts per award, provided to schools under section 216C.376 during the previous year; and (3) any remaining balances available under this section and section 216C.376.

Subd. 12. Renewable energy credits. Renewable energy credits associated with the electricity generated by a solar energy generating system installed under this section in the electric service area of a public utility subject to section 116C.779 are the property of the public utility for the life of the solar energy generating system.

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.

(g) "Local unit of government" means:

(1) 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; or

(2) the amount of electricity generated by solar energy generating systems awarded a grant under this section, and (3) the impact on school electricity expenses.

Sec. 10. [216C.379] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.

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

(b) "Cooperative electric association" means a cooperative association organized under chapter 308A for the purpose of providing rural electrification at retail.

(g) "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.

(d) "Local unit of government" means:

(1) a county, statutory or home rule charter city, town, municipal utility, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375 or 216C.376; or

(2) the amount of electricity generated by solar energy generating systems awarded a grant under this section.
(2) a federally recognized Indian Tribe in Minnesota.

(a) "Municipal electric utility" means a utility that (1) provides electric service to retail customers in Minnesota, and (2) is governed by a city council or a local utilities commission.

(1) a building owned and operated by a local unit of government; or

(2) a building owned by a federally recognized Indian Tribe in Minnesota whose primary purpose is Tribal government operations.

(1) a building owned by a federally recognized Indian Tribe in Minnesota whose primary purpose is Tribal government operations.

Subd. 2. Establishment; purpose. A solar on public buildings grant program is established in the department. 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. Appropriation; expenditures. Money in the account established under subdivision 3 is appropriated to the commissioner for the purposes of this section and must be used only:

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

Subd. 5. Eligible system. (a) A grant may be awarded to a local unit of government under this section only if the solar energy generating system that is the subject of the grant:

(1) is installed (i) on or adjacent to a public building that consumes the electricity generated by the solar energy generating system, and (ii) 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, measured over the most recent three calendar years, of the public building at which the solar energy generating system is installed.

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the average annual electricity consumption, measured over the most recent three calendar years, of the public building 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 generating system is eligible for a grant under this section for the same solar energy generating system.

216B.241 for a solar energy generating system is eligible for a grant under this section for the same solar energy generating system.

(c) 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. 6. 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 generating 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 life cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the local unit of government and the utility or developer that includes provisions addressing responsibility for maintenance, removal, and disposal of the solar energy generating system; and

(6) if the applicant is other than the utility providing electric service to the public building at which the solar energy generating system is to be installed, a written statement from that utility that no issues that would prevent interconnection of the solar energy generating system as proposed are foreseen.

(c) The commissioner must administer an open application process under this section at least twice annually.

Subd. 6. 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 generating 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 life cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the local unit of government and the utility or developer that includes provisions addressing responsibility for maintenance, removal, and disposal of the solar energy generating system; and

(6) if the applicant is other than the utility providing electric service to the public building at which the solar energy generating system is to be installed, a written statement of memorandum of understanding from that utility that the proposed financing arrangement presents no foreseeable issues that would prevent interconnection of the solar energy generating 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. 7. 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 where 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. 8. Technical assistance. The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 9. Grant payments. The commissioner must award a grant from the account established under subdivision 3 to a local unit of government for the necessary and reasonable costs associated with the purchase and installation of a solar energy generating system. In determining the amount of a grant award, the commissioner shall take into consideration the financial capacity of the local unit of government awarded the grant.

Subd. 10. Application deadline. An application must not be submitted under this section after June 30, 2026.

Subd. 11. Contractor conditions. A contractor or subcontractor performing construction work on a project supported by a grant awarded under this section:

(1) must pay employees working on the project no less than the prevailing wage rate, as defined in section 177.42; and

(2) is subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 12. Reporting. Beginning January 15, 2024, and each year thereafter until January 15, 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy finance and policy regarding grants and amounts awarded to local units of government under this section during the previous year and any remaining balances available in the account established under this section.

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

Sec. 13. [216C.378] ENERGY STORAGE INCENTIVE PROGRAM.

(a) The public utility subject to section 116C.779 must develop and operate a program to provide a grant to customers to reduce the cost to purchase and install an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (1). The public utility subject to this section must file a plan with the commissioner to operate the program no later than November 1, 2023. The public utility must not operate the program until the commissioner approves the plan.

(d) The commissioner must develop administrative procedures governing the application and grant award process under this section.

Subd. 7. 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 where 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. 8. Technical assistance. The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 9. Grant payments. A grant awarded by the commissioner under this section is not subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.41 to 177.435, and 177.45.

Beginning January 15, 2024, and each year thereafter until January 15, 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding grants and amounts awarded to local units of government under this section during the previous year and any remaining balances available in the account established under this section.

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

Sec. 41. [216C.378] ENERGY STORAGE INCENTIVE PROGRAM.

(a) The public 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 (1). No later than October 1, 2023, the utility subject to this section must file a plan with the commissioner to operate the program. The utility must not operate the program until the commissioner approves the plan.
program is approved by the commissioner. Any change to an operating program must be approved by the commissioner.

(b) In order 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 public 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 public utility subject to this section to interconnect a solar energy generating system at the same site as the proposed energy storage system.

(d) The amount of a grant awarded under this section must be based on the number of watt-hours that reflects the duration of the energy storage system at the system's rated capacity, up to a maximum of $5,000.

(e) 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.

(f) 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.

(g) 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.

Sec. 39. [216C.379] DISTRIBUTED ENERGY RESOURCES SYSTEM UPGRADE PROGRAM.

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

(b) "Capacity constrained location" means a location on an electric utility's distribution system that the utility has reasonably determined requires significant distribution or network upgrades before additional distributed energy resources can interconnect.

EFFECTIVE DATE. This section is effective the day following final enactment.
(c) "DER Technical Planning Standard" means an engineering practice that limits the
aggregate distributed energy resource capacity that may interconnect to a particular
location on the utility's distribution system.

(d) "Distribution upgrades" means the additions, modifications, and upgrades made to
an electric utility's distribution system to facilitate interconnection of distributed energy
resources.

(f) "Interconnection" means the process governed by the Minnesota Distributed Energy
Resources Interconnection Process and Agreement, approved in the Minnesota Public
Utilities Commission's order issued April 19, 2019.

(g) "Net metered facility" has the meaning given in section 216B.164.

(h) "Network upgrades" means additions, modifications, and upgrades to the transmission
system required at or beyond the point at which the distributed energy resource interconnects
with an electric utility's distribution system to accommodate the interconnection of the
distributed energy resource with the electric utility's distribution system. Network upgrades
do not include distribution upgrades.

Subd. 2. Establishment; purpose. A distributed energy resources system upgrade
program is established in the department. The purpose of the program is to provide funding
to the utility subject to section 116C.779 to complete infrastructure upgrades necessary to
enable electricity customers to interconnect distributed energy resources. The program must
be designed to achieve the following goals to the maximum extent feasible:

1. Make upgrades at capacity constrained locations on the utility's distribution system
so that the number and capacity of distributed energy resources projects with a capacity of
up to 40 kilowatts alternating current that can be interconnected is sufficient to serve projected
demand;

2. Enable all distributed energy resources projects with a nameplate capacity of up to
40 kilowatts alternating current to be reviewed and approved by the utility within 45 business
days;

3. Minimize interconnection barriers for electricity customers seeking to construct net
metered facilities for on-site electricity use; and

4. Advance innovative solutions that can minimize the cost of distribution and network
upgrades required for interconnection, including but not limited to energy storage, control
technologies, smart inverters, distributed energy resources management systems, and other
innovative technologies and programs.
Subd. 3. **Required plan.** (a) By November 1, 2023, the utility subject to section 116C.779 must file with the commissioner a plan for the distributed energy resources system upgrade program. The plan must contain:

1. A description of how the utility proposes to use money in the distributed energy resources management system or other innovative technology used to achieve the purposes of this section;
2. The locations where the utility proposes to make investments under the program;
3. The number and capacity of distributed energy resources projects the utility expects to interconnect as a result of the program;
4. A plan for reporting on the program’s outcomes; and
5. Any additional information required by the commissioner.

(b) The utility subject to section 116C.779 is prohibited from implementing the program if the number and capacity of distributed energy resources that can be interconnected is insufficient to serve projected demand.

Subd. 4. **Project priorities.** In developing the plan required by subdivision 3, the utility must prioritize making investments under this program:

1. At capacity constrained locations on the distribution grid;
2. In communities with demonstrated customer interest in distributed energy resources as measured by completed, pending, and anticipated interconnection applications; and
3. In communities with a climate action plan, clean energy goal, or policies that:
   - Seek to mitigate the impacts of climate change on the city;
   - Reduce the city’s contributions to the causes of climate change.

Subd. 5. **Eligible costs.** The commissioner may pay the following reasonable costs of the utility subject to section 116C.779 under a plan approved in accordance with subdivision:

1. Distribution upgrades and network upgrades;
2. Energy storage; control technologies, including but not limited to a distributed energy resources management system; or other innovative technology used to achieve the purposes of this section;
3. From money available in the distributed energy resources system upgrade program account;
4. Utilities subject to section 116C.779 may use the program account to upgrade the utility’s distribution system resources system upgrade program account to upgrade the utility's distribution system to maximize the number and capacity of distributed energy resources that can be interconnected to serve projected demand.

The commissioner may pay the following reasonable costs of the utility subject to section 116C.779 under a plan approved in accordance with subdivision:

1. A description of how the utility proposes to use money in the distributed energy resources system upgrade program account to upgrade the utility's distribution system to reduce the city's contributions to the causes of climate change.
2. The locations where the utility proposes to make investments under the program;
3. The number and capacity of distributed energy resources projects the utility expects to interconnect as a result of the program;
4. A plan for reporting on the program's outcomes; and
5. Any additional information required by the commissioner.

(b) The utility subject to section 116C.779 is prohibited from implementing the program if the number and capacity of distributed energy resources that can be interconnected is insufficient to serve projected demand.
406.8 (3) pilot programs operated by the utility to implement innovative technology solutions; and
406.10 (4) costs incurred by the department to administer this section.
406.11 Subd. 6. Capacity reserved. The utility subject to section 116C.779 must reserve any
406.12 increase in capacity made available by upgrades paid for under this section for net metered
facilities and distributed energy resources with a nameplate capacity of up to 40 kilowatts
alternating current. The commissioner may modify the requirements of this subdivision
when the commissioner finds doing so is in the public interest.

406.16 Subd. 7. Establishment of account. (a) A distributed energy resources system upgrade
program account is established in the special revenue fund. 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
the general fund or renewable development account but remain in the account until
expended. The commissioner must manage the account.

(b) Money from the account is appropriated to the commissioner for the purposes of this
section.

406.24 Subd. 8. Reporting of certain incidents. The utility subject to section 116C.779 must
report to the commissioner within 60 days if any distributed energy resources project with
a capacity up to 40 kilowatts alternating current is unable to interconnect at a location for
which upgrade funding was provided under this program due to safety or reliability, issues,
or the additional cost of distribution or network upgrades required. The utility must make
available to the commissioner all engineering analyses, studies, and information related to
any such instances. The commissioner may modify or waive this requirement after December 31, 2025.

314.9 Sec. 7. [216C.401] ELECTRIC VEHICLE REBATES.
314.10 Subdivision 1. Definitions. (a) For purposes of this section and section 216C.402, the
terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that:
(1) possesses a new motor vehicle license under chapter 168;
(2) regularly engages in the business of manufacturing or selling, purchasing, and
generally dealing in new and unused motor vehicles;
(3) has an established place of business to sell, trade, and display new and unused motor
vehicles; and

406.13 (3) pilot programs operated by the utility to implement innovative technology solutions; and
406.14 and
406.15 (4) costs incurred by the department to administer this section.
406.16 Subd. 6. Capacity reserved. The utility subject to section 116C.779 must reserve any
406.17 increase in the DER Technical Planning Standard made available by upgrades paid for under
this section for net metered facilities and distributed energy resources with a nameplate
capacity of up to 40 kilowatts alternating current. The commissioner may modify the
requirements of this subdivision when the commissioner finds doing so is in the public
interest.

406.22 Subd. 7. Establishment of account. (a) A distributed energy resources system upgrade
program account is established in the special revenue fund. The account consists of money
provided by law, and any other money donated, allotted, transferred, or otherwise provided
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.

(b) Money in the account is appropriated to the commissioner for eligible expenditures
under this section.

406.31 Subd. 8. Reporting of certain incidents. The utility subject to section 116C.779 must
report to the commissioner within 60 days if any distributed energy resources project with
a capacity up to 40 kilowatts alternating current is unable to interconnect due to safety,
reliability, or the cost of distribution or network upgrades required at a location for which
upgrade funding was provided under this program. The utility must make available to the
commissioner all engineering analyses, studies, and information related to any such instances.
The commissioner may modify or waive this requirement after December 31, 2025.

314.17 Sec. 42. [216C.401] ELECTRIC VEHICLE REBATES.
314.18 Subdivision 1. Definitions. (a) For purposes of this section and section 216C.402, the
terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that:
(1) possesses a new motor vehicle license under chapter 168;
(2) regularly engages in the business of manufacturing or selling, purchasing, and
generally dealing in new and unused motor vehicles;
(3) has an established place of business to sell, trade, and display new and unused motor
vehicles; and
(4) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (b).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

(i) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. Eligible vehicle. (a) A new electric vehicle is eligible for a rebate under this section if the electric vehicle:

(1) has not been previously owned;

(2) is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state;

(3) is returned to a dealer by a purchaser or lessee:

(i) within two weeks of purchase or leasing or when a purchaser's or lessee's financing for the electric vehicle has been disapproved; or

(ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(4) has not been modified from the original manufacturer's specifications;

(5) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota; and

(6) is powered by a battery that contains applicable critical minerals in sufficient quantities to make the vehicle eligible for an electric vehicle rebate under the Inflation Reduction Act of 2022, Public Law 117-169; and

(7) has a manufacturer's suggested retail price that does not exceed $56,000; or

(8) has a manufacturer's suggested retail price that does not exceed $55,000; and

(9) was purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota; and

(10) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota; and

(11) is a floor model or test drive vehicle registered in Minnesota or any other state.

(12) is a used electric vehicle registered in Minnesota or any other state.

(13) is a used electric vehicle that has been previously owned;

(14) is a used electric vehicle that has been previously owned;

(15) has not been previously owned;

(16) has not been previously owned;

(17) has not been previously owned;

(18) has not been previously owned;

(19) has not been previously owned;

(20) has not been previously owned;

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(37) has not been previously owned;

(38) has not been previously owned;

(39) has not been previously owned;

(40) has not been previously owned.
(3) is purchased or leased after the effective date of this act for use by the purchaser and not for resale;

(b) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle has previously been owned in Minnesota or another state and has not been modified from the original manufacturer’s specifications.

Subd. 3. Eligible purchaser or lessee. A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

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

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

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from the state of Minnesota;

(3) has a household income below 300 percent of the federal poverty guidelines established by the U.S. Department of Health and Human Services, and

(4) registers the electric vehicle in Minnesota.

Subd. 4. Rebate amounts. (a) A $2,500 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the United States Department of Health and Human Services is eligible for a rebate of $500 to purchase or lease an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle. The rebate under this paragraph is in addition to the rebate under paragraph (a) or (b), as applicable.

Subd. 5. Limits. The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household, and

(2) no more than one rebate per business entity per year.

(b) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle had a base manufacturer’s suggested retail price that did not exceed $50,000 when purchased, has previously been owned in Minnesota or another state, and has not been modified from the original manufacturer’s specifications.

Subd. 3. Eligible purchaser or lessee. A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

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

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

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from the state of Minnesota;

(3) has a household income below 300 percent of the federal poverty guidelines established by the United States Department of Health and Human Services, and

(4) registers the electric vehicle in Minnesota.

Subd. 4. Rebate amounts. (a) A $2,500 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the Department of Health and Human Services is eligible for a rebate of $500 to purchase or lease an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle. The rebate under this paragraph is in addition to the rebate under paragraph (a) or (b), as applicable.

Subd. 5. Limits. The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident, and

(2) no more than one rebate per business entity per year.
Subd. 6. Program administration. (a) A rebate application under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on the availability of money to award rebates or other factors.

Subd. 7. Account established. (a) The electric vehicle rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award rebates for electric vehicles and to reimburse the reasonable costs of the department to administer this section.

Subd. 8. Expiration. This section expires June 30, 2027.

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

Sec. 8. [216C.402] GRANT PROGRAM; MANUFACTURERS’ CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

Subdivision 1. Establishment. A grant program is established in the department to award grants to dealers to offset the costs of obtaining 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.

Subdivision 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.

Subdivision 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 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. 15. Minnesota Statutes 2022, section 216C.435, subdivision 8, is amended to read:

Subd. 8. Qualifying commercial real property. "Qualifying commercial real property" means a multifamily residential dwelling, or a commercial or industrial building, or farmland, as defined in section 216C.436; subdivision 1b; that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, or agronomic assessment; as defined in section 216C.436; subdivision 1b; can be benefited by 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. 16. Minnesota Statutes 2022, section 216C.436, is amended by adding a subdivision to read:

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

(b) "Agronomic assessment" means a study by an independent third party that assesses the environmental impacts of proposed land and water improvements on farmland;

c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under section 273.13; subdivision 33;

d) "Land and water improvement" means:

1. an improvement to farmland that is permanent;

2. results in improved agricultural profitability or resiliency;
(iii) reduces the environmental impact of agricultural production; and

(iv) if the improvement affects drainage, complies with the most recent versions of the applicable following conservation practice standards issued by the United States Department of Agriculture's Natural Resources Conservation Service: Drainage Water Management (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and Constructed Wetland (Code 656); or

(2) water conservation and quality measures, which include permanently affixed equipment, appliances, or improvements that reduce a property’s water consumption or that enable water to be managed more efficiently;

(3) "Resiliency" means the ability of farmland to maintain and enhance profitability, soil health, and water quality;

Sec. 17. Minnesota Statutes 2022, section 216C.436, subdivision 2, is amended to read:

Subd. 2. Program requirements. A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit 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;

(3) 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;

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

(5) 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 or land and water improvements for that property;

(6) have cost-effective energy improvements or land and water improvements financed by the program performed by a licensed contractor as required by chapter 326B or other law or ordinance;

(7) require disclosures in the loan document to borrowers by the implementing entity of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default; and (ii) all the terms and conditions of the commercial PACE loan and the installation of cost-effective energy improvements or land and water improvements, including the interest rate being charged on the loan;

(8) provide financing only to those who demonstrate an ability to repay;
(9) not provide financing for a qualifying commercial real property in which the owner is not current on mortgage or real property tax payments;

(10) require a petition to the implementing entity by all owners of the qualifying commercial real property requesting collections of repayments as a special assessment under section 429.101;

(11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and

(12) require that liability for special assessments related to the financing runs with the qualifying commercial real property.

(13) prior to financing any improvements to or imposing any assessment upon qualifying commercial real property, require notice to and written consent from the mortgage lender of any mortgage encumbering or otherwise secured by the qualifying commercial real property.

Subdivision 1. Establishment; purpose.
(a) There is created a public body corporate and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans, credit enhancements, and other financing mechanisms in order to leverage existing public and private sources of capital to reduce the upfront and total cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income communities.

(b) The goals of the authority include but are not limited to:

(1) reducing Minnesota's contributions to climate change by accelerating the deployment of clean energy projects;

(2) ensuring that all Minnesotans share the benefits of clean and renewable energy and the opportunity to fully participate in the clean energy economy by promoting:

(i) the creation of clean energy jobs for Minnesota workers, particularly in environmental justice communities and communities in which fossil fuel electric generating plants are retiring; and

(ii) the principles of environmental justice in the authority's operations and funding decisions;
(3) maintaining energy reliability while reducing the economic burden of energy costs, especially on low-income households; and

(4) eliminating the use of materials and components of clean energy technologies that are procured from countries that are known to utilize slave labor.

Subd. 2, Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Climate Innovation Finance Authority.

c) "Board" means the Minnesota Climate Innovation Finance Authority's board of directors established in subdivision 10.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (f).

(e) "Community navigator" means an organization that works to facilitate access to clean energy project financing by community groups.

(f) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans and other investments made by financing entities. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

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

(h) "Environmental justice" means that:

1. communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

2. in all decisions that have the potential to affect the environment of an environmental justice community or the public health of an environmental justice community's residents, due consideration is given to the history of the area's and the area's residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of the area's residents to additional exposure to pollutants.

(i) "Environmental justice community" means a community in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

1. 40 percent or more of the community's total population is nonwhite;

2. 35 percent or more of households in the community have an income that is at or below 200 percent of the federal poverty level;
(3) 40 percent or more of the community's residents over the age of five have limited
English proficiency; or
(4) the community is located within Indian country, as defined in United States Code, title 18, section 1151.

(j) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources.

(k) "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.

(l) "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.

(m) "Project labor agreement" means a prehire collective bargaining agreement with a council of building and construction trades labor organizations (1) prohibiting strikes, lockouts, and similar disruptions, and (2) providing for a binding procedure to resolve labor disputes on the project.

(n) "Qualified project" means a project, technology, product, service, or measure promoting energy efficiency, clean energy, electrification, or water conservation and quality that:
(1) substantially reduces greenhouse gas emissions; (2) reduces energy use without diminishing the level of service; and (3) increases the deployment of renewable energy projects, energy storage systems, district heating, smart grid technologies, or microgrid systems;
(4) replaces existing fossil-fuel-based technology with an end-use electric technology; (5) supports the development and deployment of electric vehicle charging stations and associated infrastructure, electric buses, and electric fleet vehicles; (6) reduces water use or protects, restores, or preserves the quality of surface waters; or (7) incentivizes customers to shift demand in response to changes in the price of electricity or when system reliability is not jeopardized.

(o) "Renewable energy" has the meaning given in section 216B.1691, subdivision 1, paragraph (c), clauses (1), (2), and (4), and includes fuel cells generated from renewable energy.
"Securitization" means the conversion of an asset composed of individual loans into marketable securities.

"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. 3. General powers. (a) For the purpose of exercising the specific powers granted in this section, the authority has the general powers granted in this subdivision:

(b) The authority may:

1. hire an executive director and staff to conduct the authority's operations;

2. sue and be sued;

3. have a seal and alter the seal;

4. acquire, hold, lease, manage, and dispose of real or personal property for the authority's corporate purposes;

5. enter into agreements, including cooperative financing agreements, contracts, or other transactions, with any federal or state agency, county, local unit of government, regional development commission, person, domestic or foreign partnership, corporation, association, or organization;

6. acquire by purchase real property, or an interest therein, in the authority's own name where acquisition is necessary or appropriate;

7. provide general technical and consultative services related to the authority's purpose;

8. promote research and development in matters related to the authority's purpose;

9. analyze greenhouse gas emissions reduction project financing needs in the state and recommend measures to alleviate any shortage of financing capacity;

10. contract with any governmental or private agency or organization, legal counsel, financial advisor, investment banker, or others to assist in the exercise of the authority's powers;

11. enter into agreements with qualified lenders or others insuring or guaranteeing to the state the payment of qualified loans or other financing instruments; and

12. accept on behalf of the state any gift, grant, or interest in money or personal property tendered to the state for any purpose pertaining to the authority's activities.

Subd. 4. Authority duties. (a) The authority must:

(b) The authority may:

1. hire an executive director and staff to conduct the authority's operations;

2. sue and be sued;

3. have a seal and alter the seal;

4. acquire, hold, lease, manage, and dispose of real or personal property for the authority's corporate purposes;

5. enter into agreements, including cooperative financing agreements, contracts, or other transactions, with any federal or state agency, county, local unit of government, regional development commission, person, domestic or foreign partnership, corporation, association, or organization;

6. acquire by purchase real property, or an interest therein, in the authority's own name where acquisition is necessary or appropriate;

7. provide general technical and consultative services related to the authority's purpose;

8. promote research and development in matters related to the authority's purpose;

9. analyze greenhouse gas emissions reduction project financing needs in the state and recommend measures to alleviate any shortage of financing capacity;

10. contract with any governmental or private agency or organization, legal counsel, financial advisor, investment banker, or others to assist in the exercise of the authority's powers;

11. enter into agreements with qualified lenders or others insuring or guaranteeing to the state the payment of qualified loans or other financing instruments; and

12. accept on behalf of the state any gift, grant, or interest in money or personal property tendered to the state for any purpose pertaining to the authority's activities.
(1) serve as a financial resource to reduce the upfront and total costs of implementing qualified projects;

(2) ensure that all financed projects reduce greenhouse gas emissions;

(3) ensure that financing terms and conditions offered are well-suited to qualified projects;

(4) strategically prioritize the use of the authority's funds to leverage private investment in qualified projects, with the aim of achieving a high ratio of private to public money invested through funding mechanisms that support, enhance, and complement private lending and investment;

(5) coordinate with existing federal, state, local, utility, and other programs to ensure that the authority's resources are being used most effectively to add to and complement those programs;

(6) stimulate demand for qualified projects by:

(i) contracting with the department's Energy Information Center and community navigators to provide information to project participants about federal, state, local, utility, and other authority financial assistance for qualifying projects, and technical information on energy conservation and renewable energy measures;

(ii) forming partnerships with contractors and informing contractors about the authority's financing programs;

(iii) developing innovative marketing strategies to stimulate project owner interest, especially in underserved communities; and

(iv) incentivizing financing entities to increase activity in underserved markets;

(7) finance projects in all regions of the state;

(8) develop participant eligibility standards and other terms and conditions for financial support provided by the authority;

(9) develop and administer:

(i) policies to collect reasonable fees for authority services; and

(ii) risk management activities to support ongoing authority activities;

(10) develop consumer protection standards governing the authority's investments to ensure that financial support is provided responsibly and transparently, and is in the financial interest of participating project owners;

(11) develop methods to accurately measure the impact of the authority's activities, particularly on low-income communities and on greenhouse gas emissions reductions;

(12) hire an executive director and sufficient staff with the appropriate skills and qualifications to carry out the authority's programs, making an affirmative effort to recruit
and hire a director and staff who are from, or share the interests of, the communities the
authority must serve;

(13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas
Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title
42, section 7434(a), paragraph (a), clauses (2) and (3). If the application deadlines for these
grants are earlier than is practical for the authority to meet, the commissioner shall apply
on behalf of the authority. In all cases, applications for these funds by or on behalf of the
authority must be coordinated with all known Minnesota applicants;

(14) ensure that authority contracts with all third-party administrators, contractors, and
subcontractors contain required covenants, representations, and warranties specifying that
contracted third parties are agents of the authority, and that all acts of contracted third parties
are considered acts of the authority, provided that the act is within the contracted scope of
work; and

(15) ensure that sourcing and manufacturing of energy technology components financed
by the authority occur under conditions that meet or exceed Minnesota wage and labor
requirements.

(b) The authority may:

(1) employ credit enhancement mechanisms that reduce financial risk for financing
entities by providing assurance that a limited portion of a loan or other financial instrument
is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;

(2) co-invest in a qualified project by providing senior or subordinated debt, equity, or
other mechanisms in conjunction with other investment, co-lending, or financing;

(3) aggregate small and geographically dispersed qualified projects in order to diversify
risk or secure additional private investment through securitization or similar resale of the
authority’s interest in a completed qualified project;

(4) expend up to 25 percent of money appropriated to the authority for start-up purposes,
which may be used for financing programs and project investments authorized under this
section prior to adoption of the strategic plan required under subdivision 7 and the investment
strategy under subdivision 8; and

(5) require a specific project to agree to implement a project labor agreement as a
condition of receiving financing from the authority;

Subd. 5. Underserved market analysis. (a) Before developing a financing program,
the authority must conduct an analysis of the financial market the authority is considering
entering in order to determine the extent to which the market is underserved and to ensure
that the authority’s activities supplement, and do not duplicate or supplant, the efforts of
financing entities currently serving the market. The analysis must address the nature and
extent of any barriers or gaps that may be preventing financing entities from adequately
serving the market, and must examine present and projected future efforts of existing

and hire a director and staff who are from, or share the interests of, the communities the
authority must serve;

(13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas
Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title
42, section 7434(a). If the application deadlines for these grants are earlier than is practical for the authority to meet, the commissioner shall apply on behalf of the authority. In all cases, applications for these funds by or on behalf of the authority must be coordinated with all known Minnesota applicants; and

(14) ensure that authority contracts with all third-party administrators, contractors, and
subcontractors contain required covenants, representations, and warranties specifying that
contracted third parties are agents of the authority, and that all acts of contracted third parties
are considered acts of the authority, provided that the act is within the contracted scope of
work;
financing entities, federal, state, and local governments, and of utilities and others to serve
the market. (b) In determining whether the authority should enter a market, the authority must
consider:
(1) whether serving the market advances the authority’s policy goals;
(2) the extent to which the market is currently underserved;
(3) the unique tools the authority would deploy to overcome existing market barriers or
gaps;
(4) how the authority would market the program to potential participants; and
(5) potential financing partners and the role financing partners would play in
complementing the authority’s activities.
(c) Before providing any direct loans to residential borrowers, the authority must issue
a request for information to existing known financing entities, specifying the market need
and the authority’s goals in meeting the underserved market segment, and soliciting each
financing entity’s:
(1) current financing offerings for that specific market;
(2) prior efforts to meet that specific market; and
(3) plans and capabilities to serve that specific market.
(d) The authority may only provide direct loans to residential borrowers if the authority
certifies that no financing entity is currently able to meet the specific underserved market
need and the authority’s goals, and that the authority’s entry into the market does not supplant
or duplicate any existing financing activities in that specific market.
Subd. 6. Authority lending practices; labor and consumer protection standards. (a)
In determining the projects in which the authority will participate, the authority must give
preference to projects that:
(1) maximize the creation of high-quality employment and apprenticeship opportunities
for local workers, consistent with the public interest, especially workers from environmental
justice communities, labor organizations, and Minnesota communities hosting retired or
retiring electric generation facilities, including workers previously employed at retiring
facilities;
(2) utilize energy technologies produced domestically that received an advanced
manufacturing tax credit under section 45S of the Internal Revenue Code, as allowed under
the federal Inflation Reduction Act of 2022, Public Law 117-169;
(3) certify, for all contractors and subcontractors, that the rights of workers to organize and unionize are recognized; and

(4) agree to implement a project labor agreement.

(b) The authority must require, for all projects for which the authority provides financing, that:

(i) if the budget is $100,000 or more, all contractors and subcontractors:

(1) must pay no less than the prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) are subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.43, and 177.45, including the posting of prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay for all trades on the project in at least one conspicuous location at the project site;

(ii) the Fair Credit Reporting Act, United States Code, title 15, section 1681; and

(iii) the Equal Credit Opportunity Act, United States Code, title 15, section 1691 et seq.;

(c) The authority and any third-party administrator, contractor, subcontractor, or agent that conducts lending, financing, investment, marketing, administration, servicing, or installation of measures in connection with a qualified project financed in whole or in part with authority funds is subject to sections 325D.43 to 325D.48; 325F.67 to 325F.71; 325G.06 to 325G.14; 325G.29 to 325G.37; and 322.37.

(d) For the purposes of this section, "local workers" means Minnesota residents who permanently reside within 150 miles of the location of a proposed project in which the authority is considering to participate.

Subd. 7. Strategic plan. (a) By December 15, 2024, and each December 15 in even-numbered years thereafter, the authority must develop and adopt a strategic plan that prioritizes the authority's activities over the next two years. A strategic plan must:

(1) identify targeted underserved markets for qualified projects in Minnesota;
develop specific programs to overcome market impediments through access to authority financing and technical assistance; and

(3) develop outreach and marketing strategies designed to make potential project developers, participants, and communities aware of financing and technical assistance available from the authority, including the deployment of community navigators.

(b) Elements of the strategic plan must be informed by the authority's analysis of the market for qualified projects and by the authority's experience under the previous strategic plan, including the degree to which performance targets were or were not achieved by each financing program. In addition, the authority must actively seek input regarding activities that should be included in the strategic plan from stakeholders, environmental justice communities, the general public, and participants, including via meetings required under subdivision 9.

(c) The authority must establish annual targets in a strategic plan for each financing program regarding the number of projects, level of authority investments, greenhouse gas emissions reductions, and installed generating capacity or energy savings the authority hopes to achieve, including separate targets for authority activities undertaken in environmental justice communities.

(d) The authority's targets and strategies must be designed to ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities as defined under subdivision 2, by the United States Department of Energy, as modified by the department.

Subd. 8. Investment strategy; content; process. (a) No later than December 15, 2024, and every four years thereafter, the authority must adopt a long-term investment strategy to ensure the authority’s paramount goal to reduce greenhouse gas emissions is reflected in all of the authority's operations. The investment strategy must address:

(1) the types of qualified projects the authority should focus on;
(2) gaps in current qualified project financing that present the greatest opportunities for successful action by the authority;
(3) how the authority can best position itself to maximize the authority’s impact without displacing, subsidizing, or assuming risk that should be shared with financing entities;
(4) financing tools that will be most effective in achieving the authority’s goals;
(5) partnerships the authority should establish with other organizations to increase the likelihood of success; and
(6) how values of equity, environmental justice, and geographic balance can be integrated into all investment operations of the authority.

(b) Elements of the strategic plan must be informed by the authority's analysis of the market for qualified projects and by the authority's experience under the previous strategic plan, including the degree to which performance targets were or were not achieved by each financing program. In addition, the authority must actively seek input regarding activities that should be included in the strategic plan from stakeholders, environmental justice communities, the general public, and participants, including via meetings required under subdivision 9.

(c) The authority must establish annual targets in a strategic plan for each financing program regarding the number of projects, level of authority investments, greenhouse gas emissions reductions, and installed generating capacity or energy savings the authority hopes to achieve, including separate targets for authority activities undertaken in environmental justice communities.

(d) The authority's targets and strategies must be designed to ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities as defined under subdivision 2, by the United States Department of Energy, as modified by the department.
(b) In developing an investment strategy, the authority must consult, at a minimum, with
similar organizations in other states, lending authorities, state agencies, utilities,
environmental and energy policy nonprofits, labor organizations, and other organizations
that can provide valuable advice on the authority's activities.

(c) The long-term investment strategy must contain provisions ensuring that:

(1) authority investments are not made solely to reduce private risk; and

(2) private financing entities do not unilaterally control the terms of investments to which
the authority is a party.

(d) The board must submit a draft long-term investment strategy for comment to each
of the groups and individuals the board consults under paragraph (b) and to the chairs and
classifying minority members of the senate and house of representatives committees with
primary jurisdiction over energy finance and policy, and must post the draft strategy on the
authority's website. The authority must accept written comments on the draft strategy for
at least 30 days and must consider the comments in preparing the final long-term investment
strategy.

Subd. 9. Public communications and outreach. The authority must:

(1) maintain a public website that provides information about the authority's operations,
current financing programs, and practices, including rates, terms, and conditions; the number
and amount of investments by project type; the number of jobs created; the financing
application process; and other information;

(2) periodically issue an electronic newsletter to stakeholders and the public containing
information on the authority's products, programs, and services and key authority events
and decisions; and

(3) hold quarterly meetings accessible online to update the general public on the
authority's activities, report progress being made in regard to the authority's strategic plan
and long-term investment strategy, and invite audience questions regarding authority
programs.

Subd. 10. Board of directors. (a) The Minnesota Climate Innovation Finance Authority
board of directors shall consist of the following 13 members:

(1) the commissioner of commerce, or the commissioner's designee;

(2) the commissioner of labor and industry, or the commissioner's designee;

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

(4) the commissioner of employment and economic development, or the commissioner's
designee;
The commissioner of the Minnesota Housing Finance Agency, or the commissioner's designee,

(6) the chair of the Minnesota Indian Affairs Council, or the chair's designee; and

(7) seven additional members appointed by the governor, as follows:

(1) one member representing either a municipal electric utility or a cooperative electric association;

(8) one member, appointed after the governor consults with labor organizations in the state, must be a representative of a labor union with experience working on clean energy projects;

(9) one member residing in the state, must be a representative of a labor union with experience working on clean energy projects;

(10) one member residing in the state, must be a representative of a labor union with experience working on clean energy projects;

(11) one member with expertise in the impact of climate change on Minnesota communities, particularly low-income communities;

(12) one member with expertise in financing projects at a community bank, credit union, community development institution, or local government;

(13) one member with expertise in sustainable development and energy conservation;

(14) one member with expertise in environmental justice; and

(15) one member with expertise in investment fund management or financing and deploying clean energy technologies;

(b) At least two members appointed to the board must permanently reside outside the metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively reflect the geographic and ethnic diversity of the state.

(c) Board members appointed under paragraph (a), clause (6), shall serve a term of four years, except that the initial appointments made under clause (6), items (i) to (iii), shall be for two-year terms, and the initial appointments made under clause (6), items (iv) to (vi), shall be for three-year terms.

(d) Members appointed to the board must:

(1) provide evidence of a commitment to the authority's purposes and goals; and

(2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or the financial investments and employment of the member's immediate family members.

(g) The governor must make the appointments required under this section no later than October 1, 2023.

The chair of the Minnesota Indian Affairs Council, or the chair's designee; and

six additional members appointed by the governor, as follows:

(1) one member representing either a municipal electric utility or a cooperative electric association;

(8) one member, appointed after the governor consults with labor organizations in the state, must be a representative of a labor union with experience working on clean energy projects;

(9) one member residing in the state, must be a representative of a labor union with experience working on clean energy projects;

(10) one member residing in the state, must be a representative of a labor union with experience working on clean energy projects;

(11) one member with expertise in the impact of climate change on Minnesota communities, particularly low-income communities;

(12) one member with expertise in financing projects at a community bank, credit union, community development institution, or local government;

(13) one member with expertise in sustainable development and energy conservation;

(14) one member with expertise in environmental justice; and

(15) one member with expertise in investment fund management or financing and deploying clean energy technologies;

(b) At least two members appointed to the board must permanently reside outside the metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively reflect the geographic and ethnic diversity of the state.

(c) Board members appointed under paragraph (a), clause (6), shall serve a term of four years.

(d) Members appointed to the board must:

(1) provide evidence of a commitment to the authority's purposes and goals; and

(2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or the financial investments and employment of the member's immediate family members.

(g) The governor must make the appointments required under this section no later than July 30, 2023.
The initial meeting of the board of directors must be held no later than September 15, 2023. At the initial meeting, the board shall elect a chair and vice-chair by majority vote of the members present.

Compensation of board members, removal of members, and filling of vacancies are governed by section 15.0575.

Board members may be reappointed for up to two full terms.

A majority of board members, excluding vacancies, constitutes a quorum for the purpose of conducting business and exercising powers, and for all other purposes. Action may be taken by the authority upon a vote of a majority of the quorum present.

Board members and officers are not personally liable, either jointly or severally, for any debt or obligation created or incurred by the authority.

Subd. 11. Account established. (a) The Minnesota climate innovation authority account is established as a separate account in the special revenue fund in the state treasury. The authority's board of directors shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended.

The authority's board of directors shall manage the account.

(b) Money in the account is appropriated to the board of directors of the Minnesota Climate Innovation Finance Authority for the purposes of this section and to reimburse the reasonable costs of the authority to administer this section.

Subd. 12. Report; audit. Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities during the previous 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, by project type;
2. the amount of private and public capital leveraged by authority investments, by project type;
3. the number of qualified projects supported, by project type and location within Minnesota, including in environmental justice communities;
(4) the estimated number of jobs created for local workers and nonlocal workers, the
ratio of projects subject to and exempt from prevailing wage requirements under subdivision
6, paragraph (b), and tax revenue generated as a result of the authority's activities;
(5) estimated reductions in greenhouse gas emissions resulting from the authority's
activities;
(6) the number of clean energy projects financed in low- and moderate-income
households;
(7) a narrative describing the progress made toward the authority's equity, social, and
labor standards goals; and
(8) a financial audit conducted by an independent party.

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

Sec. 46. [216C.46] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANT

PROGRAM.

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

(b) "Area median income" means the median income of the geographic area in which a
single-family or multifamily building whose owner is applying for a grant under this section
is located, as reported by the United States Department of Housing and Urban Development.

c) "Automatic overcurrent protection device" means a device that protects against excess
current by interrupting the flow of current.

(d) "Bus" means a metallic strip or bar that carries current.

(e) "Bus" means a metallic strip or bar that carries current.

(f) "Electric panel" means an enclosed box or cabinet containing a building's electric
panel, including subpanels, that consists of buses, automatic overcurrent protection devices
and equipment, with or without switches to control light, heat, and power circuits. Electric
panel includes a smart panel.

(g) "Electrical work" has the meaning given in section 326B.31, subdivision 17.

(h) "Eligible applicant" means:

(1) an owner of a single-family building whose occupants have an annual household
income no greater than 150 percent of the area median income; or

(2) an owner of a multifamily building in which at least 50 percent of the units are
occupied by households whose annual income is no greater than 150 percent of the area
median income,

(i) "Multifamily building" means a building containing two or more units,
A residential electric panel upgrade grant program is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

Subd. 3. Account established. (a) The residential electric panel upgrade grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award electric panel upgrade grants and to reimburse the reasonable costs of the department to administer this section.

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

(i) "Smart panel" means an electrical panel that may be electronically programmed to manage electricity use in a building automatically.

(j) "Unit" means a residential living space in a multifamily building occupied by an individual or a household.

(k) "Upgrade" means:

(1) for a single-family residence,

(i) the installation of equipment, devices, and wiring necessary to increase an electrical panel’s capacity to a total rating:

(A) of not less than 200 amperes or

(B) that allows all the building’s energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota;

(ii) the installation of a smart panel with or without additional equipment, devices, or wiring;

(2) for a multifamily building, the installation of equipment, devices, and wiring necessary to increase the capacity of an electric panel, including feeder panels, to a total rating that allows all the building’s energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota; and

Subd. 2. Program establishment. A residential electric panel upgrade grant program is established in the department to provide financial assistance to owners of single-family residences and multifamily buildings to upgrade residential electric panels.

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 the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.
Subd. 4. Grant awards. A grant may be awarded under this section to:

(1) an eligible applicant; or

(2) with the written permission of an eligible applicant submitted to the commissioner, a contractor performing an upgrade or a third party on behalf of the eligible applicant.

Subd. 5. Grant amount. (a) Subject to the limits of paragraphs (b) to (d), a grant awarded under this section may be used to pay 100 percent of the equipment and installation costs of an upgrade.

(b) The commissioner may not award a grant to an eligible applicant under this section which, in combination with a federal grant awarded to the eligible applicant under the Federal Inflation Reduction Act of 2022, Public Law 117-189, for the same electric panel upgrade, exceeds 100 percent of the equipment and installation costs of the upgrade.

(c) The maximum grant amount under this section that may be awarded to an eligible applicant who owns a single-family residence is:

(1) $3,000 for an owner whose annual household income is less than 80 percent of area median income; and

(2) $2,000 for an owner whose annual household income exceeds 80 percent but is not greater than 150 percent of area median income.

(d) The maximum grant amount that may be awarded under this section to an eligible applicant who owns a multifamily building is the sum of $5,000, plus $500 multiplied by the number of units containing a separate electric panel receiving an upgrade in the multifamily building, not to exceed $50,000 per multifamily building.

(e) The commissioner may approve a grant amount that exceeds the maximum grant amount in paragraph (c) or (d), up to 100 percent of the equipment and installation costs of the upgrade, if the commissioner determines that a larger grant amount is necessary in order to complete the upgrade.

Subd. 6. 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. 7. 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. 8. Grant awards. A grant may be awarded under this section to:

(1) an eligible applicant; or

(2) with the written permission of an eligible applicant submitted to the commissioner, a contractor performing an upgrade or a third party on behalf of the eligible applicant.

Subd. 5. Grant amount. (a) Subject to the limits of paragraphs (b) to (d), a grant awarded under this section may be used to pay 100 percent of the equipment and installation costs of an upgrade.

(b) The commissioner may not award a grant to an eligible applicant under this section which, in combination with a federal grant awarded to the eligible applicant under the Federal Inflation Reduction Act of 2022, Public Law 117-189, for the same electric panel upgrade, exceeds 100 percent of the equipment and installation costs of the upgrade.

(c) The maximum grant amount under this section that may be awarded to an eligible applicant who owns a single-family residence is:

(1) $3,000 for an owner whose annual household income is less than 80 percent of area median income; and

(2) $2,000 for an owner whose annual household income exceeds 80 percent but is not greater than 150 percent of area median income.

(d) The maximum grant amount that may be awarded under this section to an eligible applicant who owns a multifamily building is the sum of $5,000, plus $500 multiplied by the number of units containing a separate electric panel receiving an upgrade in the multifamily building, not to exceed $50,000 per multifamily building.

(e) The commissioner may approve grants over the maximum amounts in paragraphs (c) and (d), up to 100 percent of the equipment and installation costs of the upgrade if necessary to complete the upgrade.

Subd. 6. 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. 7. 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. Contractor or subcontractor requirements. Contractors and subcontractors performing electrical work under a grant awarded under this section:

1. must comply with the provisions of sections 326B.31 to 326B.399;

2. must certify that the electrical work is performed by a licensed journeyworker electrician or a registered unlicensed individual under the direct supervision of a licensed journeyworker electrician or master electrician employed by the same licensed electrical contractor; and

3. must pay workers the prevailing wage rate, as defined in section 177.42, and are subject to the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 10. Report. Beginning January 1, 2025, and each January 1 through 2033, 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 describing the activities and expenditures under the program established in this section. The report must include, at a minimum:

1. the number of units in multifamily buildings and the number of single-family residences whose owners received grants;

2. the geographic distribution of grant recipients; and

3. the average amount of grants awarded per building in multifamily buildings and in single-family residences.

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

Sec. 14. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Eligible applicant" means a person who provides evidence to the commissioner’s satisfaction demonstrating that the person has received or has applied for a heat pump rebate available from the federal Department of Energy under the Inflation Reduction Act of 2022.

(c) "Heat pump" means a cold climate rated air-source heat pump composed of (1) a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, (2) a refrigerant-filled heat exchanger, and (3) an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

Subd. 2. Establishment. A residential heat pump rebate program is established in the department to provide financial assistance to eligible applicants that purchase and install a heat pump in the applicant’s Minnesota residence.
To the commissioner on a form developed by the commissioner. The application must be accompanied by documentation, as required by the commissioner, demonstrating that:

1. The applicant is an eligible applicant;
2. The applicant owns the Minnesota residence in which the heat pump is to be installed;
3. The applicant has had an energy audit conducted of the residence in which the heat pump is to be installed within the last 18 months by a person with a Building Analyst certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner;
4. Either:
   i. The applicant has installed in the applicant's residence, by a contractor with an Air Technician certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner, the amount of insulation and the air sealing measures recommended by the auditor; or
   ii. The auditor has otherwise determined that the amount of insulation and air sealing measures in the residence are sufficient to enable effective heat pump performance;
5. The applicant has purchased a heat pump of the capacity recommended by the auditor or contractor, and has had the heat pump installed by a contractor with sufficient training and experience in installing heat pumps, as determined by the commissioner; and
6. The total cost to purchase and install the heat pump in the applicant's residence.

The commissioner must develop administrative procedures governing the application and rebate award processes.

The commissioner may modify program requirements under this section when necessary to align with comparable federal programs administered by the department under the federal Inflation Reduction Act of 2022, Public Law 117-189.

A rebate awarded under this section must not exceed the lesser of:

1. $4,000;
2. The total cost to purchase and install the heat pump in an eligible applicant's residence net of the rebate amount received for the heat pump from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

Subd. 5. Assisting applicants. The commissioner may issue a request for proposal seeking an entity to serve as an energy coordinator to interact directly with applicants and potential applicants to:

A rebate awarded under this section must not exceed the lesser of:

1. $4,000;
2. The total cost to purchase and install the heat pump in an eligible applicant's residence net of the rebate amount received for the heat pump from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

The commissioner must issue a request for proposals seeking an entity to serve as an energy coordinator to interact directly with applicants and potential applicants to:
(1) explain the technical aspects of heat pumps, energy audits, and energy conservation measures, and the energy and financial savings that can result from implementing each;

(2) identify federal, state, and utility programs available to homeowners to reduce the costs of energy audits, energy conservation, and heat pumps;

(3) explain the requirements and scheduling of the application process;

(4) provide access to certified contractors who can perform energy audits, install insulation and air sealing measures, and install heat pumps; and

(5) conduct outreach to make potential applicants aware of the program.

Subd. 6. Contractor training and support. The commissioner \textbf{may} issue a request for proposals seeking an entity to develop and organize programs to train contractors with respect to the technical aspects and installation of heat pumps in residences. The training curriculum must be at a level sufficient to provide contractors who complete training with the knowledge and skills necessary to install heat pumps to industry best practice standards, as determined by the commissioner. Training programs must: (1) be accessible in all regions of the state; and (2) provide mentoring and ongoing support, including continuing education and financial assistance, to trainees.

Subd. 7. Account established. (a) The residential heat pump rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs of the department to administer this section.

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

Sec. 12. [216C.51] UTILITY DIVERSITY REPORTING.

Subd. 1. Public policy. It is the public policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. Definition. As used in this section, "utility" means:

(1) a public utility;

(2) a generation and transmission electric cooperative association;

(3) a municipal power agency;
430.19 (4) a municipal utility that provides electric service to 10,000 customers or more; or
430.20 (5) a cooperative electric association that provides electric service to 10,000 members or more.
430.21 Subd. 3. Annual report. (a) Beginning March 15, 2024, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner in the public eDockets system that describes:
430.22 (1) the utility’s goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and
430.23 (2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.
430.24 (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.
430.25 Subd. 4. Report elements. Each utility required to report under this section must include the following in the annual report to the department:
430.26 (1) an explanation of the plan to increase diversity in the utility’s workforce and suppliers during the next year;
430.27 (2) an explanation of the plan to increase the goals;
430.28 (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;
430.29 (4) a list of the certifications the company recognizes that must include the Minnesota Unified Certification Program; the Central Certification Program recognized by Hennepin County, Ramsey County, the city of St. Paul, and the city of Minneapolis Target Market program; and the Minnesota Office of State Procurement program for Targeted Groups: Economically Disadvantaged and Veteran-Owned small businesses;
430.30 (5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and
430.31 (6) a list of successful actions taken to increase workforce and supplier diversity, in order to encourage other companies to emulate best practices.
430.32 Subd. 5. State data. Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit

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state-specific data, and detail how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. Publication; retention. The department must publish an annual report on the department’s website and file the report in the public eDockets system, and must maintain each annual report for at least five years.

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

Sec. 15. Minnesota Statutes 2022, section 216E.01, is amended by adding a subdivision to read:

Subd. 3a. Energy storage system. "Energy storage system" means equipment and associated facilities designed with a nameplate capacity of 5,000 kilowatts or more that is capable of storing generated electricity for a period of time and delivering the electricity for use after storage.

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

Sec. 16. Minnesota Statutes 2022, subdivision 6, is amended to read:

Subd. 6. Large electric power facilities. "Large electric power facilities" means high voltage transmission lines and, large electric power generating plants, and energy storage systems.

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

Sec. 17. Minnesota Statutes 2022, subdivision 1, is amended to read:

Subdivision 1. Site permit. No person may construct a large electric generating plant or an energy storage system without a site permit from the commission. A large electric generating plant or an energy storage system 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.

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

Subd. 3. Application. Any person seeking to construct a large electric power generating plant or a high-voltage transmission line facility must apply to the commission for a site or route permit, as applicable. The application shall contain such information as the commission may require. The applicant shall propose at least two sites for a large electric power generating plant facility and two routes for a high-voltage transmission line. Neither of the
two proposed routes may be designated as a preferred route and all proposed routes must
be numbered and designated as alternatives. The commission shall determine whether an
application is complete and advise the applicant of any deficiencies within ten days of
receipt. An application is not incomplete if information not in the application can be obtained
from the applicant during the first phase of the process and that information is not essential
for notice and initial public meetings.

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

Sec. 19. Minnesota Statutes 2022, section 216E.03, subdivision 5, as amended by Laws
2023, chapter 7, section 25, 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 facility 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 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, excluding any alternate site for a solar energy generating system that was not proposed
by an applicant.

(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.

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

Sec. 20. Minnesota Statutes 2022, section 216E.03, subdivision 6, is amended to read:

Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application
for a site or route permit for a large electric power generating plant or a route permit for a
high-voltage transmission line facility. All hearings held for designating a site or route shall
be conducted by an administrative law judge from the Office of Administrative Hearings
pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given
by the commission at least ten days in advance but no earlier than 45 days prior to the
commencement of the hearing. Notice shall be by publication in a legal newspaper of general
circulation in the county in which the public hearing is to be held and by certified mail to
chief executives of the regional development commissions, counties, organized towns,
townships, and the incorporated municipalities in which a site or route is proposed. Any
person may appear at the hearings and offer testimony and exhibits without the necessity
of intervening as a formal party to the proceedings. The administrative law judge may allow
any person to ask questions of other witnesses. The administrative law judge shall hold a
portion of the hearing in the area where the power plant or transmission line is proposed to
be located.

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

Sec. 21. Minnesota Statutes 2022, section 216E.03, subdivision 7, as amended by Laws
2023, chapter 7, section 26, 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
facilities 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;

(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 (i) the protection
and enhancement of environmental quality, and (ii) 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 Minnesota, including the quantity and quality of
construction and permanent jobs and their 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 local employment and economic impacts;

(e) 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. 22. Minnesota Statutes 2022, section 216E.04, subdivision 2, as amended by Laws
2023, chapter 7, section 29, 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; and 

(9) energy storage systems. 

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

Sec. 23. Minnesota Statutes 2022, section 216E.05, subdivision 2, is amended to read: 

Subd. 2. Applicable projects. Applicants may seek approval from local units of government to construct the following projects: 

(1) large electric power generating plants with a capacity of less than 80 megawatts; 

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant; 

(3) high-voltage transmission lines of between 100 and 200 kilovolts; 

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more; 

(5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; 

(6) a high-voltage transmission line rerouting to serve the demand of a single customer 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 

(7) energy storage systems. 

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 24. Minnesota Statutes 2022, section 216E.06, is amended to read:

216E.06 EMERGENCY PERMIT.

(a) Any utility whose electric power system requires the immediate construction of a large electric power generating plant or high-voltage transmission line facility due to a major unforeseen event may apply to the commission for an emergency permit. The application shall provide notice in writing of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the commission's acceptance of the application and upon a finding by the commission that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified in section 216E.03 would jeopardize the utility's electric power system or would jeopardize the utility's ability to meet the electric needs of its customers in an orderly and timely manner.

(b) A public hearing to determine if an emergency exists must be held within 90 days of the application. The commission, after notice and hearing, shall adopt rules specifying the criteria for emergency certification.

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

Sec. 25. Minnesota Statutes 2022, section 216E.07, is amended to read:

216E.07 ANNUAL HEARING.

The commission shall hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding any matters relating to the siting and routing of large electric generating plants and high-voltage transmission line facilities. At the meeting, the commission shall advise the public of the permits issued by the commission in the past year. The commission shall provide at least ten days but no more than 45 days' notice of the annual meeting by mailing or serving electronically, as provided in section 216.17, a notice to those persons who have requested notice and by publication in the EQB Monitor and the commission's weekly calendar.

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

Sec. 26. Minnesota Statutes 2022, section 216E.10, is amended to read:

216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE PERMITS.

Subdivision 1. Site or route permit prevails over local provisions. To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county, and local governments, and special purpose government districts, the issuance of a site permit or route permit and subsequent purchase and use of such site or route locations for large electric power generating plant and high-voltage transmission line facility purposes shall be the sole site or route approval required to be obtained by the utility. Such permit...
shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Subd. 2. Other state permits. Notwithstanding anything herein to the contrary, utilities shall obtain state permits that may be required to construct and operate large electric power generating plants and high voltage transmission lines. A state agency in processing a utility's facility permit application shall be bound to the decisions of the commission, with respect to the site or route designation, and with respect to other matters for which authority has been granted to the commission by this chapter.

Subd. 3. State agency participation. (a) State agencies authorized to issue permits required for construction or operation of large electric power generating plants or high-voltage transmission lines shall participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval will be in compliance with state agency standards, rules, or policies. (b) An applicant for a permit under this section or under chapter 216G shall notify the commissioner of agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 216G.01, subdivision 4. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 3. Minnesota Statutes 2022, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. Greenhouse gas emissions-reduction goal. (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those greenhouse gas emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050, by at least the following amounts, compared with the level of emissions in 2005:

1. 15 percent by 2015;
2. 30 percent by 2025;
3. 50 percent by 2030; and
4. net zero by 2050.

(b) To the maximum extent practicable, actions taken to achieve these goals must avoid causing disproportionate adverse impacts to residents of communities that are or have been incommensurately exposed to pollution affecting human health and environmental quality.

(c) The levels shall be reviewed based on the climate change action plan study annually by the commissioner of the Pollution Control Agency, taking into account the latest scientific research on the impacts of climate change and strategies to reduce greenhouse gas emissions published by the Intergovernmental Panel on Climate Change.

(d) For the purposes of the subdivision, “net zero” means:

1. statewide greenhouse gas emissions equal to zero; or
2. the balance of annual statewide greenhouse gas emissions, minus any terrestrial sequestration of statewide greenhouse gas emissions, equals zero or less.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 13. Minnesota Statutes 2022, 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 anticipated future operation program operations.

Sec. 27. Minnesota Statutes 2022, 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 fees 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. The commissioner shall consider amendments to the model energy codes that mitigate the impact of climate change and reduce greenhouse gas emissions by increasing and optimizing energy efficiency and improving resiliency of new buildings and existing buildings undergoing additions, alterations, and changes of use. 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.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall report on the progress made under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section limits the ability of a public utility to offer code support programs, or to claim energy savings resulting from code support programs, through the public utility's energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241.

Sec. 19. [500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.

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

(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. Applicability. This section applies to:
(1) 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 for the maintenance, repair, replacement, and insurance of the entire building; and

(2) multifamily attached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building; and

Subd. 3. General rule. Except as otherwise provided in this section and 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, a private entity must not prohibit or refuse to permit the owner of a single-family dwelling to install, maintain, or use a roof-mounted solar energy system.

Subd. 4. Allowable conditions. (a) A private entity may require that:

(1) a licensed contractor install a solar energy system; or

(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, perform maintenance, 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 installing, maintaining, or using solar energy systems, provided that the restrictions do not:

(1) decrease the solar energy system's projected energy generation by more than ten percent; or

(2) increase the solar energy system's projected energy generation by more than ten percent; or

(3) the owner or installer of a solar energy system be responsible for removing the system if reasonably necessary to repair, perform maintenance, 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 installing, maintaining, or using solar energy systems, provided that the restrictions do not:

(1) decrease the solar energy system's projected energy generation by more than ten percent; or

(2) increase the solar energy system's projected energy generation by more than ten percent; or

(3) the owner or installer of a solar energy system be responsible for removing the system if reasonably necessary to repair, perform maintenance, or replace common elements or limited common elements, as defined in section 515B.1-103.

(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 (1) 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 (2) where applicable, rules of the Public Utilities Commission regarding
safety and reliability.

(g) A private entity must approve or deny an application in writing. If an application is
not denied in writing within 60 days of the date the application was received, the application
shall be deemed approved unless the delay is the result of a reasonable request for additional
information. If a private entity determines that additional information is needed from the
applicant in order to approve or disapprove the application, the private entity shall request
the additional information in writing within 60 days from the date of receipt of the
application. If the private entity makes a request for additional information within 15 days
from the date the private entity initially received the application, the private entity shall
have 60 days from the date of receipt of the additional information in which to approve or
disapprove the application. If the private entity makes a written request to the applicant for
additional information more than 15 days after the private entity initially received the
application, the private entity has 15 days after the private entity receives the additional
information requested from the applicant in which to approve or disapprove the application,
but in no event does the private entity have less than 60 days from the date the private entity
initially received the application in which to approve or disapprove the application.

(f) If approval by a private entity is required prior to installing or using 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. In no event will a private entity have less than 60 days
to approve or disapprove an application for a solar energy system.

(e) If approval by a private entity is required prior to installing or using 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. In no event does a private entity have less than 60 days
to approve or disapprove an application for a solar energy system.

Sec. 20. Minnesota Statutes 2022, section 515B.2-103, is amended to read:

515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND
BYLAWS.

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the
declaration or this chapter, or any instrument executed pursuant to the declaration or this
chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws,
the declaration prevails except to the extent that the declaration is inconsistent with this
chapter.

(d) If approval by a private entity is required prior to installing or using 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. In no event does a private entity have less than 60 days
to approve or disapprove an application for a solar energy system.

(e) If approval by a private entity is required prior to installing or using 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. In no event will a private entity have less than 60 days
to approve or disapprove an application for a solar energy system.

(f) If approval by a private entity is required prior to installing or using 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. In no event will a private entity have less than 60 days
to approve or disapprove an application for a solar energy system.
409.24 (d) The declaration and bylaws must comply with sections 500.215 and 500.216.

409.25 Sec. 12. Minnesota Statutes 2022, section 515B.3-102, is amended to read:

409.26 515B.3-102 POWERS OF UNIT OWNERS’ ASSOCIATION.

409.27 (a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions of the declaration or bylaws, the association shall have the power to:

409.28 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

409.29 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

409.30 (3) hire and discharge managing agents and other employees, agents, and independent contractors;

409.31 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

409.32 (5) make contracts and incur liabilities;

409.33 (6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

409.34 (7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

409.35 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

409.36 (9) collect assessments for common expenses from unit owners;
grant or amend easements for public utilities, public rights-of-way or other public
purposes, and cable television or other communications, through, over or under the common
elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
by the declaration; and, subject to approval by a vote of unit owners other than declarant
or its affiliates, grant or amend other easements, leases, and licenses through, over or under
the common elements;

impose and receive any payments, fees, or charges for the use, rental, or operation
of the common elements, other than limited common elements, and for services provided
to unit owners;

impose interest and late charges for late payment of assessments and, after notice
and an opportunity to be heard before the board or a committee appointed by it, levy
reasonable fines for violations of the declaration, bylaws, and rules and regulations of the
association;

impose reasonable charges for the review, preparation and recordation of
amendments to the declaration, resale certificates required by section 515B.4-107, statements
of unpaid assessments, or furnishing copies of association records;

provide for the indemnification of its officers and directors, and maintain directors'
and officers' liability insurance;

provide for reasonable procedures governing the conduct of meetings and election
of directors;

exercise any other powers conferred by law, or by the declaration, articles of
incorporation or bylaws; and

exercise any other powers necessary and proper for the governance and operation
of the association.

Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
on the power of the association to deal with the declarant which are more restrictive than
the limitations imposed on the power of the association to deal with other persons.

Notwithstanding subsection (a), powers exercised under this section must comply
with sections 500.215 and 500.216.

Notwithstanding subsection (a)(4) or any other provision of this chapter, the
association, before instituting litigation or arbitration involving construction defect claims
against a development party, shall:

mail or deliver written notice of the anticipated commencement of the action to each
unit owner at the addresses, if any, established for notices to owners in the declaration and,
if the declaration does not state how notices are to be given to owners, to the owner's last
known address. The notice shall specify the nature of the construction defect claims to be
alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those means. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (d)(1) and the proxy expressly references this notice.

The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (d)(1) and (d)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (d) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

Sec. 3. SUNSET. Sections 1 and 2 shall expire on June 30, 2023.

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

Subd. 2g. Carbon-free standard. (a) In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the electric utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that the electric utility generates or procures an amount of electricity from carbon-free energy technologies that is equivalent to at least the following standard
percentages of the electric utility's total retail electric sales to retail customers in Minnesota by the end of the year indicated:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>80 percent for public utilities; 60 percent for other electric utilities</td>
</tr>
<tr>
<td>2035</td>
<td>90 percent for all electric utilities</td>
</tr>
<tr>
<td>2040</td>
<td>100 percent for all electric utilities</td>
</tr>
</tbody>
</table>

(b) For purposes of this section, electricity generated from a carbon-free technology includes electricity generated by a peaking facility that uses only biodiesel fuel, as defined in section 239.77, subdivision 1, paragraph (b), for the first 400 hours each year in which the peaking facility uses only biodiesel fuel.

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

Sec. 49. Laws 2023, chapter 24, section 3, is amended to read:

Sec. 3. **APPROPRIATION.**

(a) $115,000,000 in fiscal year 2023 is appropriated transferred from the general fund to the commissioner of commerce for the purposes of state competitiveness fund account under Minnesota Statutes, section 216C.391. This is a onetime appropriation transfer. Of this amount:

1. $100,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 3, of which at least $75,000,000 is for grant awards of less than $1,000,000;
2. $6,000,000 is for grant awards made under Minnesota Statutes, section 216C.391, subdivision 4;
3. $750,000 is for the reports and audits under Minnesota Statutes, section 216C.391, subdivision 7;
4. $1,500,000 is for information system development improvements necessary to carry out Minnesota Statutes, section 216C.391, and to improve digital access and reporting;
5. $6,750,000 is for technical assistance to applicants and administration of Minnesota Statutes, section 216C.391, by the Department of Commerce; and
6. the commissioner may transfer money from clause (2) to clause (1) if less than 75 percent of the money in clause (2) has been awarded by June 30, 2028.

(b) To the extent that federal funds for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169, become permanently unavailable to be matched with funds appropriated under this section, the commissioner of management and budget must certify the proportional
253.26 The amount of unencumbered funds remaining in the account established under Minnesota Statutes, section 216C.391, and those unencumbered funds cancel to the general fund.

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

321.17 Sec. 10. TRANSPORTATION ELECTRIFICATION FACILITY UPGRADES;
321.18 **TARIFF FILING.**
321.19 No later than November 1, 2023, each public utility must file with the Public Utilities Commission revised tariffs for charges related to the extension, enlargement, or other modifications to the public utility's distribution system that are necessary to support transportation electrification.
321.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

354.27 Sec. 28. RULEMAKING AUTHORIZED;
354.28 (a) The commission is authorized to develop and adopt rules for siting energy storage systems and to reflect the provisions of this act.
354.29 (b) Until the commission adopts rules under this section, the commission shall utilize applicable provisions of Minnesota Rules, chapter 7850, to site energy storage systems, except that Minnesota Rules, part 7850.4400, subpart 4, does not apply to energy storage systems.
354.30 (c) For the purposes of this section, "energy storage system" has the meaning given in Minnesota Statutes, section 216E.01, subdivision 3a.
354.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

383.6 Sec. 4. LOCAL CLIMATE ACTION GRANT PROGRAM;
383.7 Subdivision 1. Definitions. For the purpose of this section, the following terms have the meanings given:
383.8 (1) "climate change" means a change in global or regional climate patterns associated with increased levels of greenhouse gas emissions entering the atmosphere largely as a result of human activity;
383.9 (2) "commissioner" means the commissioner of the Pollution Control Agency;
383.10 (3) "eligible applicant" means a political subdivision, an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or an educational institution;
383.11 (4) "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.
"local jurisdiction" means the geographic area in which grant activities take place; and

"political subdivision" means:

(i) a county; home rule charter or statutory city or town; regional development commission established under Minnesota Statutes, section 462.387; or any other local political subdivision; or

(ii) a Tribal government, as defined in Minnesota Statutes, section 116J.64, subdivision 4.

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 support local jurisdictions to address climate change by developing and implementing plans of action or creating new organizations and institutions to devise policies and programs that:

(1) enable local jurisdictions to adapt to extreme weather events and a changing climate; or

(2) reduce the local jurisdiction's contributions to the causes of climate change.

Subd. 3. Account established. (a) The local climate action grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the agency for the purposes of this section and to reimburse the reasonable costs of the department to administer this section.

Subd. 4. 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 for soliciting and reviewing applications and for awarding 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 local jurisdiction where the proposed grant activities take place.

Subd. 5. Awarding grants. (a) In 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 local jurisdiction's efforts to address climate change.
(b) The commissioner shall endeavor to award grants under this section to applicants in all regions of the state.

Subd. 6. 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 in a local jurisdiction whose population equals or exceeds 20,000 must be matched 50 percent with local funds.

(c) A grant awarded under this section for activities taking place in a local jurisdiction whose population is under 20,000 must be matched a minimum of five percent with local funds or equivalent in-kind services.

Subd. 7. Contract; greenhouse gas emissions data. The commissioner shall contract with an independent consultant to estimate the annual amount of greenhouse gas emissions generated within political subdivisions awarded a grant under this section that the commissioner determines need the data in order to carry out the proposed grant activities.

The information must contain emissions data for the most recent three years available, and must conform with the ICLEI United States Community Protocol for Accounting and Reporting of Greenhouse Gas Emissions, including, at a minimum, the Basic Emissions Generating Activities described in the protocol.

Subd. 8. Technical assistance. The Pollution Control Agency shall provide directly or contract with an entity outside the agency to provide technical assistance to applicants proposing to develop an action plan under this section, including greenhouse gas emissions estimates developed under subdivision 7, and examples of actions taken and plans developed by other local communities in Minnesota and elsewhere.

Subd. 9. Eligible expenditures. Appropriations made to support the activities of this section may be used only to:

(1) provide grants as specified in this section;

(2) pay a consultant for contracted services provided under subdivisions 7 and 8; and

(3) reimburse the reasonable expenses incurred by the Pollution Control Agency to provide technical assistance to applicants and to administer the grant program.

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

Sec. 13. TRANSFER OF UNENCUMBERED WITHHELD FUNDS.

Any unencumbered funds withheld by the public utility subject to Minnesota Statutes, section 115C.779, subdivision 1, to provide financial assistance to schools to purchase and install solar energy systems, as required under Minnesota Statutes 2022, section 216C.376, subdivision 5, paragraph (a), that are unexpended as of the effective date of this act must
be transferred to the solar for schools program account established under Minnesota Statutes, section 216C.375, subdivision 3.

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

Sec. 15. DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED PLANT.

The public utility that owns an electric generation facility powered by coal that is located within the St. Croix National Scenic Riverway and is scheduled for retirement in 2028 must develop a plan and detailed schedule of activities that it proposes to undertake to decommission and demolish the electric generation facility and to remediate pollution at the electric generation facility site. The public utility must file the plan with the Minnesota Public Utilities Commission as part of the public utility's next resource plan filing under Minnesota Statutes, section 216B.2422, or in a separate filing by December 31, 2025, whichever is earlier. A copy of the plan and schedule must be filed on the same date with the governing body of the municipality where the electric generation facility is located.

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

Sec. 16. TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.

(a) The Department of Commerce must 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 to:

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

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

Sec. 23. DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED PLANT.

(a) 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 a detailed timeline to decommission and demolish the electric generation facility and remediate pollution at the electric generation facility site.

(b) 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.

(c) 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.

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(3) make efforts to raise awareness and provide educational opportunities with respect

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) 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.

Within 180 days of the filing by the public utility subject to Minnesota Statutes, section

116C.779, of the plan required by Minnesota Statutes, section 216B.1641, subdivision 4,
as amended by this act, the Public Utilities Commission must issue an order addressing the

requirements of Minnesota Statutes, section 216B.1641, as amended by this act.

This section is effective the day following final enactment.

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:

(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:

(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.
(6) local economic development;
(7) Minnesota's eligible energy technology standard under Minnesota Statutes, section 216B.1691, subdivision 2a; and
(8) Minnesota's carbon-free standard under Minnesota Statutes, section 216B.1691, subdivision 2g.

(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;
(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; and
(3) the technologies and methods most likely to minimize the environmental impacts of nuclear waste and the costs of managing nuclear waste.

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, 2025.

Sec. 53. ELECTRIC GRID RESILIENCY GRANTS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given:
(b) "Commissioner" means the commissioner of commerce;
(c) "Department" means the Department of Commerce;
(d) "Consumer-owned utility" has the meaning given in Minnesota Statutes, section 216B.2402, subdivision 2.

Subd. 2. Grant awards. Grants may be awarded under this section to consumer-owned utilities or associated trade associations, or to generation and transmission cooperatives, municipal power agencies, or power districts serving one or more consumer-owned utilities, for projects that:
(1) develop or improve distributed energy resources in the state;
(2) demonstrate the project helps provide flexibility to electric utilities or consumers, lead to lower rates, provide environmental benefits, or increase the resilience of an electric grid;
(3) are power generation or storage resources located near load centers; or
(a) develop programs to enhance the safety of personnel performing duties exposing the personnel to potential electrical hazards, including power system restoration, by incorporating whole person safety concepts into safety programs.

Subd. 3. Grant awards; administration.

(a) An entity seeking a grant award under subdivision 2 must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner is responsible for receiving and reviewing grant applications and awarding grants under this subdivision, and must develop administrative procedures governing the application, evaluation, and award process. In awarding grants under this subdivision, the commissioner must endeavor to make awards assisting entities from all regions of the state. The maximum grant award for each entity awarded a grant under this subdivision is $250,000.

(b) The department must provide technical assistance to applicants.

Subd. 4. Report.

Beginning February 15, 2024, and each February 15 thereafter until the appropriation under article 2, section 2, subdivision 2, paragraph (y), has been expended, the commissioner must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance on the activities taken and expenditures made under this section. The report must, at a minimum, include each grant awarded in the most recent calendar year and the remaining balance of the appropriation under this section.

Sec. 55. SUPPORTING INVESTMENT IN GREEN FERTILIZER PRODUCTION.

(a) The commissioner of agriculture may award a grant under this section to a cooperative to invest in green fertilizer production facilities. A grant under this section must include a long-term agreement to purchase nitrogen fertilizer for cooperative members. Renewable energy, hydrogen, and ammonia may be produced elsewhere, but the final production of nitrogen fertilizer must occur within Minnesota.

(b) For purposes of this section:

(1) "cooperative" includes an agricultural or rural electric cooperative organized under Minnesota Statutes, chapter 308A or 308B;

(2) "green fertilizer production facilities" means facilities that use renewable energy to produce anhydrous ammonia, urea, or hydrogen;

(3) "green hydrogen" means hydrogen produced by splitting water molecules using:

(i) grid-based electrolyzers that have matched their electricity consumption with wind or solar; or

(ii) electrolyzers connected directly to a wind or solar facility; and

(4) "green fertilizer" means a nitrogen-based fertilizer produced from green hydrogen.
(c) The commissioner of agriculture must develop criteria and scoring procedures for evaluating and awarding grants. The maximum grant award for a cooperative is $7,000,000.

(d) Up to five percent of the amount in paragraph (a) may be used by the Department of Agriculture to administer this section.

(e) By December 15 each year, the commissioner of agriculture must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture to provide an update on the progress of projects funded by this program. Each report must include how much of the amount appropriated has been used, including the amount used for administration. The commissioner may include additional information of interest or relevance to the legislature. This paragraph expires December 31, 2031.

(f) By December 15, 2032, the commissioner of agriculture must complete a final report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture regarding the uses and impacts of this program. The final report must include a list of the grants awarded, the amount of the appropriation used for administration, the amount of green fertilizer produced, and a summary of the economic and environmental impacts of this production compared to the production and purchase of conventionally produced fertilizer. The commissioner of agriculture may include additional information of interest or relevance to the legislature. This paragraph expires December 31, 2032.