

99.5 **ARTICLE 9**
99.6 **ENERGY, UTILITIES, ENVIRONMENT, AND CLIMATE POLICY**

99.7 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is
99.8 amended to read:

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

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

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

100.1 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
100.2 each January 15 thereafter, the public utility that owns the Monticello nuclear generating

112.14 **ARTICLE 11**
112.15 **GEOHERMAL ENERGY**

148.26 **ARTICLE 13**
148.27 **SOLAR ENERGY**

156.11 **ARTICLE 14**
156.12 **MISCELLANEOUS ENERGY POLICY**

156.13 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is
156.14 amended to read:

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

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

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

157.6 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
157.7 each January 15 thereafter, the public utility that owns the Monticello nuclear generating

100.3 plant must transfer to the renewable development account \$350,000 each year for each dry
 100.4 cask containing spent fuel that is located at the Monticello nuclear power plant for each
 100.5 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
 100.6 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
 100.7 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
 100.8 any part of a year.

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

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

100.21 (g) If the commission approves a new or amended power purchase agreement, or the
 100.22 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
 100.23 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
 100.24 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
 100.25 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
 100.26 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
 100.27 30 days after the commission approves the new or amended power purchase agreement, or
 100.28 the termination of the power purchase agreement, and on each June 1 thereafter through
 100.29 2021, to assist the transition required by the new, amended, or terminated power purchase
 100.30 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
 100.31 to the renewable development account as provided in paragraphs (b) and (e).

100.32 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
 100.33 and (g) is limited to the amount deposited into the renewable development account, and its
 100.34 predecessor, the renewable development account, established under this section, that was
 101.1 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
 101.2 10.

101.3 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
 101.4 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
 101.5 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
 101.6 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
 101.7 in which the commission finds, by the preponderance of the evidence, that the public utility
 101.8 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a

157.8 plant must transfer to the renewable development account \$350,000 each year for each dry
 157.9 cask containing spent fuel that is located at the Monticello nuclear power plant for each
 157.10 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
 157.11 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
 157.12 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
 157.13 any part of a year.

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

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

157.26 (g) If the commission approves a new or amended power purchase agreement, or the
 157.27 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
 157.28 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
 157.29 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
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 157.32 30 days after the commission approves the new or amended power purchase agreement, or
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 158.1 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
 158.2 to the renewable development account as provided in paragraphs (b) and (e).

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 158.4 and (g) is limited to the amount deposited into the renewable development account, and its
 158.5 predecessor, the renewable development account, established under this section, that was
 158.6 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
 158.7 10.

158.8 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
 158.9 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
 158.10 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
 158.11 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
 158.12 in which the commission finds, by the preponderance of the evidence, that the public utility
 158.13 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a

101.9 permanent or interim storage site out of the state. This determination shall be made at least
101.10 every two years.

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

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

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

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

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

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

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

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

101.25 (2) "grid modernization" means:

101.26 (i) enhancing the reliability of the electrical grid;

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

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

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

158.14 permanent or interim storage site out of the state. This determination shall be made at least
158.15 every two years.

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

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158.21 efficiency and flexibility.

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158.23 from the utility that owns a nuclear-powered electric generating plant in this state or the
158.24 Prairie Island Indian community or its members.

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158.26 subdivision.

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159.4 the utility and its customers through the use of two-way meters, control technologies, energy
159.5 storage and microgrids, technologies to enable demand response, and other innovative
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159.16 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
159.17 projects may include a provision that exempts the projects from the third-party expert review
159.18 and instead provides for project evaluation and selection by a merit peer review grant system.

102.13 In the process of determining request for proposal scope and subject and in evaluating
 102.14 responses to request for proposals, the advisory group must strongly consider, where
 102.15 reasonable:

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

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

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

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

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

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

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

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

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

103.14 ~~(+)(q)~~ (q) A project receiving funds from the account must produce a written final report
 103.15 that includes sufficient detail for technical readers and a clearly written summary for
 103.16 nontechnical readers. The report must include an evaluation of the project's financial,

159.19 In the process of determining request for proposal scope and subject and in evaluating
 159.20 responses to request for proposals, the advisory group must strongly consider, where
 159.21 reasonable:

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

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 159.29 may disapprove proposed expenditures that it finds not to be in compliance with this
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 159.32 recommendations to the legislature as provided under paragraph (n).

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 159.34 the senate and house of representatives committees with jurisdiction over energy policy and
 160.1 finance annually by February 15. Expenditures from the account must be appropriated by
 160.2 law. In enacting appropriations from the account, the legislature:

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 160.4 a project recommended by the commission; and

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

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 160.8 and reasonable, give preference to projects that are most cost-effective for a particular energy
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 160.11 minority members of the legislative committees with jurisdiction over energy policy on
 160.12 projects funded by the account for the prior year and all previous years. The report must,
 160.13 to the extent possible and reasonable, itemize the actual and projected financial benefit to
 160.14 the public utility's ratepayers of each project.

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 160.17 ~~and obligations of the account to the chairs and ranking minority members of the senate~~
 160.18 ~~and house committees with jurisdiction over energy policy and finance, the public utility,~~
 160.19 ~~and the advisory group.~~

160.20 ~~(+)(q)~~ (q) A project receiving funds from the account must produce a written final report
 160.21 that includes sufficient detail for technical readers and a clearly written summary for
 160.22 nontechnical readers. The report must include an evaluation of the project's financial,

103.17 environmental, and other benefits to the state and the public utility's ratepayers. A project
103.18 receiving funds from the account must submit a report that meets the requirements of section
103.19 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

103.23 ~~(s)~~ (s) All final reports must acknowledge that the project was made possible in whole
103.24 or part by the Minnesota renewable development account, noting that the account is financed
103.25 by the public utility's ratepayers.

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

103.28 ~~(u)~~ (u) Construction projects receiving funds from this account are subject to the
103.29 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements
103.30 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and
103.31 177.45.

104.1 Sec. 2. **[216B.076] SMART METER GATEWAY DEVICE; CONSENT.**

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

104.4 (b) "Electric utility" has the meaning given in section 216B.38, subdivision 5.

104.5 (c) "Smart meter gateway device" means any electric utility meter, electric utility meter
104.6 component, electric utility load control device, or device ancillary to the electric utility
104.7 meter that is located at an end user's residence or business and: (1) serves as a
104.8 communications gateway or portal to electrical appliances, electrical equipment, or electrical
104.9 devices within the end user's residence or business; or (2) otherwise communicates with,
104.10 monitors, or controls electrical appliances, electrical equipment, or electrical devices within
104.11 the end user's residence or business.

104.12 Subd. 2. **Property owner consent required.** (a) An electric utility that sells or provides
104.13 electricity in Minnesota is prohibited from installing a smart meter gateway device on or
104.14 in a person's home or business without the written consent of the person who owns the home
104.15 or business.

104.16 (b) An electric utility must create a form that the person who owns the home or business
104.17 must sign to opt in to having a smart meter gateway device installed on or in the person's
104.18 home or business. The form must be in 12-point, boldface type and state that:

104.19 (1) the opt-in is optional and the person's service is not affected if the person elects to
104.20 not opt in; and

160.23 environmental, and other benefits to the state and the public utility's ratepayers. A project
160.24 receiving funds from the account must submit a report that meets the requirements of section
160.25 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

160.29 ~~(s)~~ (s) All final reports must acknowledge that the project was made possible in whole
160.30 or part by the Minnesota renewable development account, noting that the account is financed
160.31 by the public utility's ratepayers.

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

161.1 ~~(u)~~ (u) Construction projects receiving funds from this account are subject to the
161.2 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements
161.3 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and
161.4 177.45.

104.21 (2) the device is a smart meter gateway device, and include the definition in subdivision
104.22 1, paragraph (c).

104.23 Subd. 3. **Smart meter gateway device; disclosure.** When an electric utility enrolls a
104.24 homeowner or business owner for electrical service at the person's home or business, the
104.25 electric utility must: (1) disclose in writing whether a smart meter gateway device has been
104.26 installed; and (2) upon written request of the homeowner or business owner, remove or
104.27 allow the removal of all smart meter gateway devices.

104.28 Sec. 3. Minnesota Statutes 2022, section 216B.098, is amended by adding a subdivision
104.29 to read:

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

105.3 Sec. 4. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

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

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

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

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

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

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

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

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

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

161.5 Sec. 2. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

162.5 (d) No later than March 1, 2025, and each March 1 thereafter, a public utility providing
162.6 fuel-switching incentives under this subdivision must submit a written report annually to
162.7 the chairs and ranking minority members of the senate and house of representatives
162.8 committees with jurisdiction over energy policy containing information on:

162.9 (1) the nature and amount of fuel-switching incentives offered by the utility;

162.10 (2) the number of customers receiving fuel-switching incentives; and

162.11 (3) the amount of fuel-switching incentives paid to customers, and the specific appliance
162.12 or end use whose fuel is being switched.

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

148.28 Section 1. Minnesota Statutes 2022, section 216B.16, subdivision 7b, is amended to read:

148.29 Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of
148.30 this chapter, the commission may approve a tariff mechanism for the automatic annual
148.31 adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

149.1 (1) new transmission facilities that have been separately filed and reviewed and approved
149.2 by the commission under section 216B.243 or new transmission or distribution facilities
149.3 that are certified as a priority project or deemed to be a priority transmission project under
149.4 section 216B.2425;

149.5 (2) new transmission facilities approved by the regulatory commission of the state in
149.6 which the new transmission facilities are to be constructed, to the extent approval is required
149.7 by the laws of that state, and determined by the Midcontinent Independent System Operator
149.8 to benefit the utility or integrated transmission system; and

149.9 (3) charges incurred by a utility under a federally approved tariff that accrue from other
149.10 transmission owners' regionally planned transmission projects that have been determined
149.11 by the Midcontinent Independent System Operator to benefit the utility or integrated
149.12 transmission system.

- 149.13 (b) Upon filing by a public utility or utilities providing transmission service, the
149.14 commission may approve, reject, or modify, after notice and comment, a tariff that:
- 149.15 (1) allows the utility to recover on a timely basis the costs net of revenues of facilities
149.16 approved under section 216B.243 or certified or deemed to be certified under section
149.17 216B.2425 or exempt from the requirements of section 216B.243;
- 149.18 (2) allows the utility to recover charges incurred under a federally approved tariff that
149.19 accrue from other transmission owners' regionally planned transmission projects that have
149.20 been determined by the Midcontinent Independent System Operator to benefit the utility or
149.21 integrated transmission system. These charges must be reduced or offset by revenues received
149.22 by the utility and by amounts the utility charges to other regional transmission owners, to
149.23 the extent those revenues and charges have not been otherwise offset;
- 149.24 (3) allows the utility to recover on a timely basis the costs net of revenues of facilities
149.25 approved by the regulatory commission of the state in which the new transmission facilities
149.26 are to be constructed and determined by the Midcontinent Independent System Operator to
149.27 benefit the utility or integrated transmission system;
- 149.28 (4) allows the utility to recover costs associated with distribution planning required under
149.29 section 216B.2425;
- 149.30 (5) allows the utility to recover costs associated with investments in distribution facilities
149.31 to modernize the utility's grid that have been certified by the commission under section
149.32 216B.2425;
- 150.1 (6) allows the utility to recover on a timely basis the costs of upgrades to distribution
150.2 facilities that are not allocated to participating owners of distributed generation facilities
150.3 under the cost-sharing interconnection process established by the commission order required
150.4 under section 3 of this article;
- 150.5 (7) allows a return on investment at the level approved in the utility's last general rate
150.6 case, unless a different return is found to be consistent with the public interest;
- 150.7 ~~(7)~~ (8) provides a current return on construction work in progress, provided that recovery
150.8 from Minnesota retail customers for the allowance for funds used during construction is
150.9 not sought through any other mechanism;
- 150.10 ~~(8)~~ (9) allows for recovery of other expenses if shown to promote a least-cost project
150.11 option or is otherwise in the public interest;
- 150.12 ~~(9)~~ (10) allocates project costs appropriately between wholesale and retail customers;
- 150.13 ~~(10)~~ (11) provides a mechanism for recovery above cost, if necessary to improve the
150.14 overall economics of the project or projects or is otherwise in the public interest; and
- 150.15 ~~(11)~~ (12) terminates recovery once costs have been fully recovered or have otherwise
150.16 been reflected in the utility's general rates.

106.7 Sec. 5. Minnesota Statutes 2022, section 216B.16, subdivision 8, is amended to read:

106.8 Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any

106.9 **rate which makes an allowance directly or indirectly for expenses incurred by a public utility**

106.10 **to provide a public advertisement which:**

106.11 (1) is designed to influence or has the effect of influencing public attitudes toward

106.12 **legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed**

106.13 **authorization of the Public Utilities Commission or other agency of government responsible**

106.14 **for regulating a public utility;**

106.15 (2) is designed to justify or otherwise support or defend a rate, proposed rate, practice

106.16 **or proposed practice of a public utility;**

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

106.18 (4) is designed primarily to promote good will for the public utility or improve the

106.19 **utility's public image; or**

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

106.21 **facility.**

106.22 (b) The commission may approve a rate which makes an allowance for expenses incurred

106.23 **by a public utility to disseminate information which:**

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

106.25 (2) is designed to promote safety; or

150.17 (c) A public utility may file annual rate adjustments to be applied to customer bills paid

150.18 **under the tariff approved in paragraph (b). In its filing, the public utility shall provide:**

150.19 (1) a description of and context for the facilities included for recovery;

150.20 (2) a schedule for implementation of applicable projects;

150.21 (3) the utility's costs for these projects;

150.22 (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the

150.23 **project; and**

150.24 (5) calculations to establish that the rate adjustment is consistent with the terms of the

150.25 **tariff established in paragraph (b).**

150.26 (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in

150.27 **paragraph (b), the commission shall approve the annual rate adjustments provided that, after**

150.28 **notice and comment, the costs included for recovery through the tariff were or are expected**

150.29 **to be prudently incurred and achieve transmission system improvements at the lowest**

150.30 **feasible and prudent cost to ratepayers.**

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

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

107.1 Sec. 6. Minnesota Statutes 2023 Supplement, section 216B.1691, subdivision 1, is amended
107.2 to read:

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

107.5 (b) "Carbon-free" means a technology that generates electricity without emitting carbon
107.6 dioxide. Carbon-free includes a technology that, as of the effective date of this act and
107.7 thereafter, generates at least 50 percent of a utility's annual retail electricity sales in Minnesota
107.8 by combusting wood chips derived from:

107.9 (1) limbs, branches, and other by-products of timber harvesting operations conducted
107.10 to obtain wood for nonenergy purposes; or

107.11 (2) discarded wood products.

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

107.14 (1) solar;

107.15 (2) wind;

107.16 (3) hydroelectric with a capacity of: (i) less than 100 megawatts; or (ii) 100 megawatts
107.17 or more, provided that the facility is in operation as of February 8, 2023;

107.18 (4) hydrogen generated from the resources listed in this paragraph; or

107.19 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
107.20 system; the predominantly organic components of wastewater effluent, sludge, or related
107.21 by-products from publicly owned treatment works, but not including incineration of
107.22 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an
107.23 energy recovery facility used to capture the heat value of mixed municipal solid waste or
107.24 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

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

Senate Language S4942-3	SF 4942 - Energy Policy	May 13, 2024 02:12 PM	House Language UES4942-1
<p>107.29 (e) "Environmental justice area" means an area in Minnesota that, based on the most 107.30 recent data published by the United States Census Bureau, meets one or more of the following 107.31 criteria:</p>	<p>107.32 (1) 40 percent or more of the area's total population is nonwhite; 108.1 (2) 35 percent or more of households in the area have an income that is at or below 200 108.2 percent of the federal poverty level; 108.3 (3) 40 percent or more of the area's residents over the age of five have limited English 108.4 proficiency; or 108.5 (4) the area is located within Indian country, as defined in United State Code, title 18, 108.6 section 1151.</p>	<p>108.7 (f) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by 108.8 an electric utility to retail customers of the electric utility or to a distribution utility for 108.9 distribution to the retail customers of the distribution utility.</p>	<p>162.15 Sec. 3. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision 162.16 to read:</p>
<p>108.12 Subd. 3a. Data mining facility. "Data mining facility" means all buildings, structures, 108.13 equipment, and installations at a single site where electricity is used primarily by computers 108.14 to process transactions involving digital currency not issued by a central authority.</p>		<p>162.17 Subd. 3a. Data mining facility. "Data mining facility" means all buildings, structures, 162.18 equipment, and installations at a single site where electricity is used primarily by computers 162.19 to process transactions involving digital currency that is not issued by a central authority.</p>	<p>162.20 Sec. 4. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:</p>
	<p>162.21 Subd. 4. Efficient fuel-switching improvement. "Efficient fuel-switching improvement" 162.22 means a project that:</p>	<p>162.23 (1) replaces a fuel used by a customer with electricity or natural gas delivered at retail 162.24 by a utility subject to section 216B.2403 or 216B.241;</p>	<p>162.25 (2) results in a net increase in the use of electricity or natural gas and a net decrease in 162.26 source energy consumption on a fuel-neutral basis;</p>
<p>162.27 (3) otherwise meets the criteria established for consumer-owned utilities in section 162.28 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 162.29 and 12; and</p>	<p>162.30 (4) requires the installation of equipment that utilizes electricity or natural gas, resulting 162.31 in a reduction or elimination of the previous fuel used.</p>	<p>163.1 An efficient fuel-switching improvement is not an energy conservation improvement or 163.2 energy efficiency even if the efficient fuel-switching improvement results in a net reduction 163.3 in electricity or natural gas use. An efficient fuel-switching improvement does not include, 163.4 and must not count toward any energy savings goal from, energy conservation improvements</p>	

108.15 Sec. 8. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

108.16 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means

108.17 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput

108.18 to all retail customers, including natural gas transportation customers, on a utility's

108.19 distribution system in Minnesota. Gross annual retail energy sales does not include:

108.20 (1) gas sales to:

108.21 (i) a large energy facility;

108.22 (ii) a large customer facility whose natural gas utility has been exempted by the

108.23 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural

108.24 gas sales made to the large customer facility; and

108.25 (iii) a commercial gas customer facility whose natural gas utility has been exempted by

108.26 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to

108.27 natural gas sales made to the commercial gas customer facility;

108.28 (2) electric sales to:

108.29 (i) a large customer facility whose electric utility has been exempted by the commissioner

108.30 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made

108.31 to the large customer facility; ~~or~~ and

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

109.2 (A) has provided a signed letter to the utility verifying the facility meets the definition

109.3 of a data mining facility; and

109.4 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or

109.5 greater than 40 percent of the peak electrical demand of the system, measured in the same

109.6 manner as the utility that serves the customer facility measures electric demand for billing

109.7 purposes; or

109.8 (3) the amount of electric sales prior to December 31, 2032, that are associated with a

109.9 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

109.10 assumptions developed by the department in consultation with interested stakeholders no

109.11 later than December 31, 2021. After December 31, 2032, incremental sales to electric

109.12 vehicles must be included in calculating a public utility's gross annual retail sales.

109.13 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

109.14 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual

109.15 consumer-owned electric utility subject to this section has an annual energy-savings goal

109.16 equivalent to 1.5 percent of gross annual retail energy sales and each individual

163.5 ~~when fuel switching would result in an increase of greenhouse gas emissions into the~~

163.6 ~~atmosphere on an annual basis.~~

163.7 Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

163.8 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means

163.9 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput

163.10 to all retail customers, including natural gas transportation customers, on a utility's

163.11 distribution system in Minnesota. Gross annual retail energy sales does not include:

163.12 (1) gas sales to:

163.13 (i) a large energy facility;

163.14 (ii) a large customer facility whose natural gas utility has been exempted by the

163.15 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural

163.16 gas sales made to the large customer facility; and

163.17 (iii) a commercial gas customer facility whose natural gas utility has been exempted by

163.18 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to

163.19 natural gas sales made to the commercial gas customer facility;

163.20 (2) electric sales to:

163.21 (i) a large customer facility whose electric utility has been exempted by the commissioner

163.22 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made

163.23 to the large customer facility; ~~or~~ and

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

163.25 (A) has provided a signed letter to the utility verifying the facility meets the definition

163.26 of a data mining facility; and

163.27 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or

163.28 greater than 40 percent of the peak electrical demand of the system, measured in the same

163.29 manner as the utility that serves the customer facility measures electric demand for billing

163.30 purposes; or

163.31 (3) the amount of electric sales prior to December 31, 2032, that are associated with a

163.32 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

164.1 assumptions developed by the department in consultation with interested stakeholders no

164.2 later than December 31, 2021. After December 31, 2032, incremental sales to electric

164.3 vehicles must be included in calculating a public utility's gross annual retail sales.

164.4 Sec. 6. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

164.5 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual

164.6 consumer-owned electric utility subject to this section has an annual energy-savings goal

164.7 equivalent to 1.5 percent of gross annual retail energy sales and each individual

109.17 consumer-owned natural gas utility subject to this section has an annual energy-savings
 109.18 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum
 109.19 of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90
 109.20 percent of the consumer-owned utility's gross annual retail energy sales. The balance of
 109.21 energy savings toward the annual energy-savings goal may be achieved only by the following
 109.22 consumer-owned utility activities:

109.23 (1) energy savings from additional energy conservation improvements;

109.24 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
 109.25 1, that result in increased efficiency greater than would have occurred through normal
 109.26 maintenance activity;

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

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

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

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

110.14 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a
 110.15 consumer-owned utility subject to this section on efficient fuel-switching improvements
 110.16 implemented to meet the annual energy savings goal under this section must not exceed
 110.17 ~~0.55~~ 0.6 percent per year, averaged over a three-year period, of the consumer-owned utility's
 110.18 gross annual retail energy sales.

110.19 Sec. 10. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

110.20 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)
 110.21 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
 110.22 file with the commissioner an energy conservation and optimization plan that describes the
 110.23 programs for energy conservation, efficient fuel-switching, load management, and other

164.8 consumer-owned natural gas utility subject to this section has an annual energy-savings
 164.9 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum
 164.10 of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90
 164.11 percent of the consumer-owned utility's gross annual retail energy sales. The balance of
 164.12 energy savings toward the annual energy-savings goal may be achieved only by the following
 164.13 consumer-owned utility activities:

164.14 (1) energy savings from additional energy conservation improvements;

164.15 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
 164.16 1, that result in increased efficiency greater than would have occurred through normal
 164.17 maintenance activity;

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

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

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

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

165.3 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a
 165.4 consumer-owned utility subject to this section on efficient fuel-switching improvements
 165.5 implemented to meet the annual energy savings goal under this section must not exceed
 165.6 ~~0.55~~ percent per year, averaged over a three-year period, of the consumer-owned utility's
 165.7 gross annual retail energy sales.

165.8 Sec. 7. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

165.9 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)
 165.10 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
 165.11 file with the commissioner an energy conservation and optimization plan that describes the
 165.12 programs for energy conservation, efficient fuel-switching, load management, and other

110.24 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
110.25 goal.

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

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

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

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

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

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

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

111.17 (e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility
111.18 must file: (1) an annual update identifying the status of the plan filed under this subdivision,
111.19 including: (i) total expenditures and investments made to date under the plan; and (ii) any
111.20 intended changes to the plan; and (2) a summary of the annual energy-savings achievements
111.21 under a plan. An annual filing made in the last year of a plan must contain a new plan that
111.22 complies with this section.

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

165.13 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
165.14 goal.

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

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

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

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

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

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

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

166.6 (e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility
166.7 must file: (1) an annual update identifying the status of the plan filed under this subdivision,
166.8 including: (i) total expenditures and investments made to date under the plan; and (ii) any
166.9 intended changes to the plan; and (2) a summary of the annual energy-savings achievements
166.10 under a plan. An annual filing made in the last year of a plan must contain a new plan that
166.11 complies with this section.

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

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

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

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

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

112.13 (1) increase the efficiency of the school's lighting and heating and cooling systems;
112.14 (2) recommission buildings;
112.15 (3) train building operators; and

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

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

112.24 (1) historical energy conservation improvement program achievements;
112.25 (2) customer class makeup;
112.26 (3) projected load growth;

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

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

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

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

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

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

166.34 (1) increase the efficiency of the school's lighting and heating and cooling systems;
167.1 (2) recommission buildings;
167.2 (3) train building operators; and

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

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

167.11 (1) historical energy conservation improvement program achievements;
167.12 (2) customer class makeup;
167.13 (3) projected load growth;

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

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

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

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

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

113.10 Sec. 11. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

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

113.27 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
113.28 utility may contribute money to the energy and conservation account established in section
113.29 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
113.30 of contributions the consumer-owned utility plans to make to the energy and conservation
113.31 account. Contributions to the account must be used for energy conservation programs serving
113.32 low-income households, including renters, located in the service area of the consumer-owned
113.33 utility making the contribution. Contributions must be remitted to the commissioner by
113.34 February 1 each year.

114.1 (c) The commissioner must establish energy conservation programs for low-income
114.2 households funded through contributions to the energy and conservation account under
114.3 paragraph (b). When establishing energy conservation programs for low-income households,

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

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

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

167.29 Sec. 8. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

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

168.16 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
168.17 utility may contribute money to the energy and conservation account established in section
168.18 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
168.19 of contributions the consumer-owned utility plans to make to the energy and conservation
168.20 account. Contributions to the account must be used for energy conservation programs serving
168.21 low-income households, including renters, located in the service area of the consumer-owned
168.22 utility making the contribution. Contributions must be remitted to the commissioner by
168.23 February 1 each year.

168.24 (c) The commissioner must establish energy conservation programs for low-income
168.25 households funded through contributions to the energy and conservation account under
168.26 paragraph (b). When establishing energy conservation programs for low-income households,

114.4 the commissioner must consult political subdivisions, utilities, and nonprofit and community
 114.5 organizations, including organizations providing energy and weatherization assistance to
 114.6 low-income households. The commissioner must record and report expenditures and energy
 114.7 savings achieved as a result of energy conservation programs for low-income households
 114.8 funded through the energy and conservation account in the report required under section
 114.9 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political
 114.10 subdivision, nonprofit or community organization, public utility, municipality, or
 114.11 consumer-owned utility to implement low-income programs funded through the energy and
 114.12 conservation account.

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

114.16 (e) The commissioner must develop and establish guidelines for determining the eligibility
 114.17 of multifamily buildings to participate in energy conservation programs provided to
 114.18 low-income households. Notwithstanding the definition of low-income household in section
 114.19 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
 114.20 published by the department for purposes of determining the eligibility of multifamily
 114.21 buildings to participate in low-income programs. The commissioner must convene a
 114.22 stakeholder group to review and update these guidelines by August 1, 2021, and at least
 114.23 once every five years thereafter. The stakeholder group must include but is not limited to
 114.24 representatives of public utilities; municipal electric or gas utilities; electric cooperative
 114.25 associations; multifamily housing owners and developers; and low-income advocates.

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

114.30 (g) The commissioner must, by order, establish a list of preweatherization measures
 114.31 eligible for inclusion in low-income energy conservation programs no later than March 15,
 114.32 2022.

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

168.27 the commissioner must consult political subdivisions, utilities, and nonprofit and community
 168.28 organizations, including organizations providing energy and weatherization assistance to
 168.29 low-income households. The commissioner must record and report expenditures and energy
 168.30 savings achieved as a result of energy conservation programs for low-income households
 168.31 funded through the energy and conservation account in the report required under section
 168.32 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political
 168.33 subdivision, nonprofit or community organization, public utility, municipality, or
 168.34 consumer-owned utility to implement low-income programs funded through the energy and
 168.35 conservation account.

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

169.4 (e) The commissioner must develop and establish guidelines for determining the eligibility
 169.5 of multifamily buildings to participate in energy conservation programs provided to
 169.6 low-income households. Notwithstanding the definition of low-income household in section
 169.7 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
 169.8 published by the department for purposes of determining the eligibility of multifamily
 169.9 buildings to participate in low-income programs. The commissioner must convene a
 169.10 stakeholder group to review and update these guidelines by August 1, 2021, and at least
 169.11 once every five years thereafter. The stakeholder group must include but is not limited to
 169.12 representatives of public utilities; municipal electric or gas utilities; electric cooperative
 169.13 associations; multifamily housing owners and developers; and low-income advocates.

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

169.18 (g) The commissioner must, by order, establish a list of preweatherization measures
 169.19 eligible for inclusion in low-income energy conservation programs no later than March 15,
 169.20 2022.

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

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

115.17 Sec. 12. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

115.18 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching
 115.19 improvement is deemed efficient if, applying the technical criteria established under section
 115.20 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being
 115.21 displaced:

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

115.27 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
 115.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 115.29 improvement installed by an electric consumer-owned utility, the reduction in emissions
 115.30 must be measured ~~based on the hourly emissions profile of the consumer-owned utility or~~
 115.31 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~
 115.32 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~
 115.33 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~
 115.34 ~~that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual
 116.1 average emissions factor, or (ii) if the utility elects, ~~the~~ seasonal, monthly, or more granular
 116.2 level of analysis for the electric utility system over the measure's life; and

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

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

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

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

170.5 (j) An electric cooperative's spending on efficient fuel-switching improvements made
 170.6 in low-income households may be applied to the electric cooperative's low-income
 170.7 conservation spending requirement in paragraph (a).

170.8 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

170.9 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching
 170.10 improvement is deemed efficient if, applying the technical criteria established under section
 170.11 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being
 170.12 displaced:

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

170.18 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
 170.19 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 170.20 improvement installed by an electric consumer-owned utility, the reduction in emissions
 170.21 must be measured ~~based on the hourly emissions profile of the consumer-owned utility or~~
 170.22 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~
 170.23 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~
 170.24 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~
 170.25 ~~that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual
 170.26 average emissions factor, or (ii) if the utility elects, ~~a~~ seasonal, monthly, or more granular
 170.27 level of analysis for the electric utility system over the measure's life; and

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

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

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

171.4 Sec. 10. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

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

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

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

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

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

171.29 (1) additional energy conservation improvements;

171.30 (2) electric utility infrastructure projects approved by the commission under section
171.31 216B.1636 that result in increased efficiency greater than would have occurred through
171.32 normal maintenance activity; or

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

172.4 (e) A public utility is not required to make energy conservation investments to attain
172.5 the energy-savings goals of this subdivision that are not cost-effective even if the investment
172.6 is necessary to attain the energy-savings goals. For the purpose of this paragraph, in
172.7 determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits
172.8 to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is

116.10 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

116.11 Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The

116.12 commissioner may require a public utility to make investments and expenditures in energy

116.13 conservation improvements, explicitly setting forth the interest rates, prices, and terms under

116.14 which the improvements must be offered to the customers.

116.15 (b) A public utility shall file an energy conservation and optimization plan by June 1,

116.16 on a schedule determined by order of the commissioner, but at least every three years. As

116.17 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching

116.18 improvements and load management. An individual utility program may combine elements

116.19 of energy conservation, load management, or efficient fuel-switching. The plan must estimate

116.20 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved

116.21 under the plan. A plan filed by a public utility by June 1 must be approved or approved as

116.22 modified by the commissioner by December 1 of that same year.

116.23 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the

116.24 reliability of technologies employed. The commissioner's order must provide to the extent

116.25 practicable for a free choice, by consumers participating in an energy conservation program,

116.26 of the device, method, material, or project constituting the energy conservation improvement

116.27 and for a free choice of the seller, installer, or contractor of the energy conservation

116.28 improvement, provided that the device, method, material, or project seller, installer, or

116.29 contractor is duly licensed, certified, approved, or qualified, including under the residential

116.30 conservation services program, where applicable.

116.31 (d) The commissioner may require a utility subject to subdivision 1c to make an energy

116.32 conservation improvement investment or expenditure whenever the commissioner finds

172.9 increasing both its energy savings and its expenditures on energy conservation; and (3) the

172.10 public utility's lifetime energy savings and cumulative energy savings.

172.11 (f) On an annual basis, the commissioner shall produce and make publicly available a

172.12 report on the annual energy and capacity savings and estimated carbon dioxide reductions

172.13 achieved by the programs under this section and section 216B.2403 for the two most recent

172.14 years for which data is available. The report must also include information regarding any

172.15 annual energy sales or generation capacity increases resulting from efficient fuel-switching

172.16 improvements. The commissioner shall report on program performance both in the aggregate

172.17 and for each entity filing an energy conservation improvement plan for approval or review

172.18 by the commissioner, and must estimate progress made toward the statewide energy-savings

172.19 goal under section 216B.2401.

172.20 ~~(g) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a~~

172.21 ~~public utility subject to this section on efficient fuel-switching improvements to meet energy~~

172.22 ~~savings goals under this section must not exceed 0.35 percent per year, averaged over three~~

172.23 ~~years, of the public utility's gross annual retail energy sales.~~

172.24 Sec. 11. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

172.25 Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The

172.26 commissioner may require a public utility to make investments and expenditures in energy

172.27 conservation improvements, explicitly setting forth the interest rates, prices, and terms under

172.28 which the improvements must be offered to the customers.

172.29 (b) A public utility shall file an energy conservation and optimization plan by June 1,

172.30 on a schedule determined by order of the commissioner, but at least every three years. As

172.31 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching

172.32 improvements and load management. An individual utility program may combine elements

172.33 of energy conservation, load management, or efficient fuel-switching. The plan must estimate

172.34 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved

173.1 under the plan. A plan filed by a public utility by June 1 must be approved or approved as

173.2 modified by the commissioner by December 1 of that same year.

173.3 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the

173.4 reliability of technologies employed. The commissioner's order must provide to the extent

173.5 practicable for a free choice, by consumers participating in an energy conservation program,

173.6 of the device, method, material, or project constituting the energy conservation improvement

173.7 and for a free choice of the seller, installer, or contractor of the energy conservation

173.8 improvement, provided that the device, method, material, or project seller, installer, or

173.9 contractor is duly licensed, certified, approved, or qualified, including under the residential

173.10 conservation services program, where applicable.

173.11 (d) The commissioner may require a utility subject to subdivision 1c to make an energy

173.12 conservation improvement investment or expenditure whenever the commissioner finds

117.1 that the improvement will result in energy savings at a total cost to the utility less than the
117.2 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

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

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

117.14 (g) A public utility, a political subdivision, or a nonprofit or community organization
117.15 that has suggested an energy conservation program, the attorney general acting on behalf
117.16 of consumers and small business interests, or a public utility customer that has suggested
117.17 an energy conservation program and is not represented by the attorney general under section
117.18 8.33 may petition the commission to modify or revoke a department decision under this
117.19 section, and the commission may do so if it determines that the energy conservation program
117.20 is not cost-effective, does not adequately address the residential conservation improvement
117.21 needs of low-income persons, has a long-range negative effect on one or more classes of
117.22 customers, or is otherwise not in the public interest. The commission shall reject a petition
117.23 that, on its face, fails to make a reasonable argument that an energy conservation program
117.24 is not in the public interest.

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

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

173.13 that the improvement will result in energy savings at a total cost to the utility less than the
173.14 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

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

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

173.26 (g) A public utility, a political subdivision, or a nonprofit or community organization
173.27 that has suggested an energy conservation program, the attorney general acting on behalf
173.28 of consumers and small business interests, or a public utility customer that has suggested
173.29 an energy conservation program and is not represented by the attorney general under section
173.30 8.33 may petition the commission to modify or revoke a department decision under this
173.31 section, and the commission may do so if it determines that the energy conservation program
173.32 is not cost-effective, does not adequately address the residential conservation improvement
173.33 needs of low-income persons, has a long-range negative effect on one or more classes of
173.34 customers, or is otherwise not in the public interest. The commission shall reject a petition
174.1 that, on its face, fails to make a reasonable argument that an energy conservation program
174.2 is not in the public interest.

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

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

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

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

118.15 Sec. 14. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

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

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

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

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

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

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

174.27 Sec. 12. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

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

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

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

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

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

119.14 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
 119.15 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 119.16 improvement installed by an electric utility, the reduction in emissions must be measured
 119.17 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~
 119.18 ~~in the most recent resource plan approved by the commission under section 216B.2422,~~
 119.19 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal,
 119.20 monthly, or more granular level of analysis for the electric utility system over the measure's
 119.21 life; and

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

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

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

119.28 Sec. 15. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

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

120.3 (1) the electric technology to be installed meets the criteria established under section
 120.4 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

120.7 (b) If a program is approved by the commission under this subdivision, the public utility
 120.8 may count the program's energy savings toward its energy savings goal under section
 120.9 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient
 120.10 fuel-switching achieved through programs approved under this subdivision is energy
 120.11 conservation.

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

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

175.27 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
 175.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 175.29 improvement installed by an electric utility, the reduction in emissions must be measured
 175.30 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~
 175.31 ~~in the most recent resource plan approved by the commission under section 216B.2422,~~
 175.32 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal,
 175.33 monthly or more granular level of analysis, for the electric utility system over the measure's
 175.34 life; and

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

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

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

176.7 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

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

176.15 (1) the electric technology to be installed meets the criteria established under section
 176.16 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

176.19 (b) If a program is approved by the commission under this subdivision, the public utility
 176.20 may count the program's energy savings toward its energy savings goal under section
 176.21 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient
 176.22 fuel-switching achieved through programs approved under this subdivision is energy
 176.23 conservation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

113.4 ~~(g)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous
113.5 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by
113.6 anthropogenic sources within Minnesota and from the generation of electricity imported
113.7 from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected

- 113.8 into geological formations to prevent its release to the atmosphere in compliance with
113.9 applicable laws.
- 113.10 ~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,
113.11 power-to-ammonia, carbon capture, strategic electrification, district energy, and energy
113.12 efficiency.
- 113.13 ~~(h)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas
113.14 emissions resulting from the production, processing, transmission, and consumption of an
113.15 energy resource.
- 113.16 ~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas
113.17 emissions per unit of energy delivered to an end user.
- 113.18 ~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a
113.19 utility's innovation plan under subdivision 3, paragraph (f).
- 113.20 ~~(l)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced
113.21 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity
113.22 than does natural gas produced from conventional geologic sources.
- 113.23 ~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free
113.24 resource to produce hydrogen.
- 113.25 ~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision
113.26 1.
- 113.27 ~~(o)~~ (p) "Renewable natural gas" means biogas that has been processed to be
113.28 interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural
113.29 gas produced from conventional geologic sources.
- 113.30 ~~(p)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in
113.31 section 216B.2411, subdivision 2, paragraph (d).
- 114.1 ~~(q)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in
114.2 an existing building in which natural gas is a primary or back-up fuel source, or in a newly
114.3 constructed building in which a customer receives natural gas service for one or more
114.4 end-uses, provided that the electric end-use equipment:
- 114.5 (1) results in a net reduction in statewide greenhouse gas emissions, as defined in section
114.6 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient
114.7 commercially available natural gas alternative; and
- 114.8 (2) is installed and operated in a manner that improves the load factor of the customer's
114.9 electric utility.
- 114.10 Strategic electrification does not include investments that the commissioner determines
114.11 could reasonably be included in the natural gas utility's conservation improvement program
114.12 under section 216B.241.

- 114.13 (s) "Thermal energy network" means a project that provides heating and cooling to
114.14 multiple buildings connected via underground piping containing fluids that, in concert with
114.15 heat pumps, exchange thermal energy from the earth, underground or surface waters,
114.16 wastewater, or other heat sources.
- 114.17 ~~(s)~~ (t) "Total incremental cost" means the calculation of the following components of a
114.18 utility's innovation plan approved by the commission under subdivision 2:
- 114.19 (1) the sum of:
- 114.20 (i) return of and on capital investments for the production, processing, pipeline
114.21 interconnection, storage, and distribution of innovative resources;
- 114.22 (ii) incremental operating costs associated with capital investments in infrastructure for
114.23 the production, processing, pipeline interconnection, storage, and distribution of innovative
114.24 resources;
- 114.25 (iii) incremental costs to procure innovative resources from third parties;
- 114.26 (iv) incremental costs to develop and administer programs; and
- 114.27 (v) incremental costs for research and development related to innovative resources;
- 114.28 (2) less the sum of:
- 114.29 (i) value received by the utility upon the resale of innovative resources or innovative
114.30 resource by-products, including any environmental credits included with the resale of
114.31 renewable gaseous fuels or value received by the utility when innovative resources are used
114.32 as vehicle fuel;
- 115.1 (ii) cost savings achieved through avoidance of purchases of natural gas produced from
115.2 conventional geologic sources, including but not limited to avoided commodity purchases
115.3 and avoided pipeline costs; and
- 115.4 (iii) other revenues received by the utility that are directly attributable to the utility's
115.5 implementation of an innovation plan.
- 115.6 ~~(s)~~ (u) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that
115.7 provides natural gas sales or natural gas transportation services to customers in Minnesota.
- 115.8 Sec. 2. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision
115.9 to read:
- 115.10 Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under
115.11 this section by a utility with more than 800,000 customers must include spending of at least
115.12 15 percent of the utility's proposed total incremental costs over the five-year term of the
115.13 proposed innovation plan for thermal energy networks projects. If the utility has developed
115.14 or is developing thermal energy network projects outside of an approved innovation plan,
115.15 the utility may apply the budget for the projects toward the 15 percent minimum requirement

115.16 without counting the costs against the limitations on utility customer costs under subdivision
115.17 3.

120.9 Sec. 2. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

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

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

120.13 Sec. 3. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision
120.14 to read:

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

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

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

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

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

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

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

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

121.7 (i) "Transmission line" has the meaning given to "high-voltage transmission line" in
121.8 section 216E.01, subdivision 4.

- 121.9 (j) "Transmission system" means a network of high-voltage transmission lines owned
121.10 or operated by an entity subject to this section that transports electricity to Minnesota
121.11 customers.
- 121.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 121.13 Sec. 4. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:
- 121.14 Subd. 2. **List development; transmission and grid enhancing technology projects**
121.15 **report.** (a) By November 1 of each odd-numbered year, a transmission projects report must
121.16 be submitted to the commission by each utility, organization, or company that:
- 121.17 (1) is a public utility, a municipal utility, a cooperative electric association, the generation
121.18 and transmission organization that serves each utility or association, or a transmission
121.19 company; and
- 121.20 (2) owns or operates electric transmission lines in Minnesota, except a company or
121.21 organization that owns a transmission line that serves a single customer or interconnects a
121.22 single generating facility.
- 121.23 (b) The report may be submitted jointly or individually to the commission.
- 121.24 (c) The report must:
- 121.25 (1) list specific present and reasonably foreseeable future inadequacies in the transmission
121.26 system in Minnesota;
- 121.27 (2) identify alternative means of addressing each inadequacy listed, including grid
121.28 enhancing technologies such as dynamic line rating, power flow controllers, topology
121.29 optimization, and other hardware or software that reduce congestion or enhance the flexibility
121.30 of the transmission system;
- 122.1 (3) identify general economic, environmental, and social issues associated with each
122.2 alternative; and
- 122.3 (4) provide a summary of public input related to the list of inadequacies and the role of
122.4 local government officials and other interested persons in assisting to develop the list and
122.5 analyze alternatives.
- 122.6 (d) To meet the requirements of this subdivision, reporting parties may rely on available
122.7 information and analysis developed by a regional transmission organization or any subgroup
122.8 of a regional transmission organization and may develop and include additional information
122.9 as necessary.
- 122.10 (e) In addition to providing the information required under this subdivision, a utility
122.11 operating under a multiyear rate plan approved by the commission under section 216B.16,
122.12 subdivision 19, shall identify in its report investments that it considers necessary to modernize
122.13 the transmission and distribution system by enhancing reliability, improving security against
122.14 cyber and physical threats, and by increasing energy conservation opportunities by facilitating

120.27 Sec. 16. Minnesota Statutes 2022, section 216B.243, subdivision 3b, is amended to read:

120.28 Subd. 3b. **Nuclear power plant; certain new construction prohibited; relicensing.** (a)

120.29 Except as provided in paragraph (c), the commission may not issue a certificate of need for

120.30 the construction of a new nuclear-powered electric generating plant.

120.31 (b) Any certificate of need for additional storage of spent nuclear fuel for a facility

120.32 seeking a license extension shall address the impacts of continued operations over the period

120.33 for which approval is sought.

121.1 (c) The commission may issue a certificate of need to construct a new nuclear-powered

121.2 generating plant with a maximum generation capacity of 300 megawatts.

121.3 Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

121.4 **216C.08 JURISDICTION.**

121.5 (a) The commissioner has sole authority and responsibility for the administration of

121.6 ~~sections 216C.05 to 216C.30 and 216C.375~~ to administer this chapter. Other laws

121.7 notwithstanding, the authority granted to the commissioner shall supersede under this section

121.8 supersedes the authority given any other agency whenever overlapping, duplication, or

121.9 additional administrative or legal procedures might occur in ~~the administration of sections~~

121.10 ~~216C.05 to 216C.30 and 216C.375~~ administering this chapter. The commissioner shall

121.11 consult with other state departments or agencies in matters related to energy and shall

121.12 contract with ~~them~~ the other state departments or agencies to provide appropriate services

121.13 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any

121.14 other department, agency, or official of this state or political subdivision thereof which

121.15 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~

121.16 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner

121.17 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~

121.18 ~~216C.30 and 216C.375~~ this chapter.

121.19 (b) The commissioner shall designate a liaison officer whose duty shall be to insure the

121.20 maximum possible consistency in procedures and to eliminate duplication between the

121.21 commissioner and the other agencies that may be involved in energy.

121.22 Sec. 18. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

121.23 **216C.09 COMMISSIONER DUTIES.**

121.24 (a) The commissioner shall:

122.15 communication between the utility and its customers through the use of two-way meters,

122.16 control technologies, energy storage and microgrids, technologies to enable demand response,

122.17 and other innovative technologies.

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

177.7 Sec. 14. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

177.8 **216C.08 JURISDICTION.**

177.9 (a) The commissioner has sole authority and responsibility for the administration of

177.10 ~~sections 216C.05 to 216C.30 and 216C.375~~ to administer this chapter. Other laws

177.11 notwithstanding, the authority granted to the commissioner shall supersede under this section

177.12 supersedes the authority given any other agency whenever overlapping, duplication, or

177.13 additional administrative or legal procedures might occur in ~~the administration of sections~~

177.14 ~~216C.05 to 216C.30 and 216C.375~~ administering this chapter. The commissioner shall

177.15 consult with other state departments or agencies in matters related to energy and shall

177.16 contract with ~~them~~ the other state departments or agencies to provide appropriate services

177.17 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any

177.18 other department, agency, or official of this state or political subdivision thereof which

177.19 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~

177.20 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner

177.21 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~

177.22 ~~216C.30 and 216C.375~~ this chapter.

177.23 (b) The commissioner shall designate a liaison officer whose duty shall be to insure the

177.24 maximum possible consistency in procedures and to eliminate duplication between the

177.25 commissioner and the other agencies that may be involved in energy.

177.26 Sec. 15. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

177.27 **216C.09 COMMISSIONER DUTIES.**

177.28 (a) The commissioner shall:

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

121.27 (2) prepare and adopt an emergency allocation plan specifying actions to be taken in the
 121.28 event of an impending serious shortage of energy, or a threat to public health, safety, or
 121.29 welfare;

121.30 (3) undertake a continuing assessment of trends in the consumption of all forms of energy
 121.31 and analyze the social, economic, and environmental consequences of these trends;

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

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

122.6 (6) evaluate policies governing the establishment of rates and prices for energy as related
 122.7 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~
 122.8 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies
 122.9 and rate schedules;

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

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

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

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

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

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

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

178.1 (2) prepare and adopt an emergency allocation plan specifying actions to be taken in the
 178.2 event of an impending serious shortage of energy, or a threat to public health, safety, or
 178.3 welfare;

178.4 (3) undertake a continuing assessment of trends in the consumption of all forms of energy
 178.5 and analyze the social, economic, and environmental consequences of these trends;

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

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

178.11 (6) evaluate policies governing the establishment of rates and prices for energy as related
 178.12 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~
 178.13 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies
 178.14 and rate schedules;

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

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

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

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

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

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

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

123.1 (b) Further, the commissioner may participate fully in hearings before the Public Utilities
123.2 Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,
123.3 utility conservation investments, small power production, cogeneration, and other rate issues.
123.4 The commissioner shall support the policies stated in section 216C.05 and shall prepare
123.5 and defend testimony proposed to encourage energy conservation improvements as defined
123.6 in section 216B.241.

123.7 Sec. 19. Minnesota Statutes 2022, section 216C.10, is amended to read:

123.8 **216C.10 COMMISSIONER POWERS.**

123.9 (a) The commissioner may:

123.10 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~
123.11 ~~216C.05 to 216C.30~~ this chapter;

123.12 (2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things
123.13 necessary to cooperate with the United States government, and to qualify for, accept, and
123.14 disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to
123.15 administer this chapter;

123.16 (3) provide on-site technical assistance to units of local government in order to enhance
123.17 local capabilities for dealing with energy problems;

123.18 (4) administer for the state, energy programs under federal law, regulations, or guidelines,
123.19 and coordinate the programs and activities with other state agencies, units of local
123.20 government, and educational institutions;

123.21 (5) develop a state energy investment plan with yearly energy conservation and alternative
123.22 energy development goals, investment targets, and marketing strategies;

123.23 (6) perform market analysis studies relating to conservation, alternative and renewable
123.24 energy resources, and energy recovery;

123.25 (7) assist with the preparation of proposals for innovative conservation, renewable,
123.26 alternative, or energy recovery projects;

123.27 (8) manage and disburse funds made available for the purpose of research studies or
123.28 demonstration projects related to energy conservation or other activities deemed appropriate
123.29 by the commissioner;

123.30 (9) intervene in certificate of need proceedings before the Public Utilities Commission;

124.1 (10) collect fees from recipients of loans, grants, or other financial aid from money
124.2 received from litigation or settlement of alleged violations of federal petroleum-pricing

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

179.6 (b) Further, the commissioner may participate fully in hearings before the Public Utilities
179.7 Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,
179.8 utility conservation investments, small power production, cogeneration, and other rate issues.
179.9 The commissioner shall support the policies stated in section 216C.05 and shall prepare
179.10 and defend testimony proposed to encourage energy conservation improvements as defined
179.11 in section 216B.241.

179.12 Sec. 16. Minnesota Statutes 2022, section 216C.10, is amended to read:

179.13 **216C.10 COMMISSIONER POWERS.**

179.14 (a) The commissioner may:

179.15 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~
179.16 ~~216C.05 to 216C.30~~ this chapter;

179.17 (2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things
179.18 necessary to cooperate with the United States government, and to qualify for, accept, and
179.19 disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to
179.20 administer this chapter;

179.21 (3) provide on-site technical assistance to units of local government in order to enhance
179.22 local capabilities for dealing with energy problems;

179.23 (4) administer for the state, energy programs under federal law, regulations, or guidelines,
179.24 and coordinate the programs and activities with other state agencies, units of local
179.25 government, and educational institutions;

179.26 (5) develop a state energy investment plan with yearly energy conservation and alternative
179.27 energy development goals, investment targets, and marketing strategies;

179.28 (6) perform market analysis studies relating to conservation, alternative and renewable
179.29 energy resources, and energy recovery;

179.30 (7) assist with the preparation of proposals for innovative conservation, renewable,
179.31 alternative, or energy recovery projects;

180.1 (8) manage and disburse funds made available for the purpose of research studies or
180.2 demonstration projects related to energy conservation or other activities deemed appropriate
180.3 by the commissioner;

180.4 (9) intervene in certificate of need proceedings before the Public Utilities Commission;

180.5 (10) collect fees from recipients of loans, grants, or other financial aid from money
180.6 received from litigation or settlement of alleged violations of federal petroleum-pricing

124.3 regulations, which fees must be used to pay the department's costs in administering those
124.4 financial aids; and

124.5 (11) collect fees from proposers and operators of conservation and other energy-related
124.6 programs that are reviewed, evaluated, or approved by the department, other than proposers
124.7 that are political subdivisions or community or nonprofit organizations, to cover the
124.8 department's cost in making the reviewal, evaluation, or approval and in developing additional
124.9 programs for others to operate.

124.10 (b) Notwithstanding any other law, the commissioner is designated the state agent to
124.11 apply for, receive, and accept federal or other funds made available to the state for the
124.12 purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

180.7 regulations, which fees must be used to pay the department's costs in administering those
180.8 financial aids; and

180.9 (11) collect fees from proposers and operators of conservation and other energy-related
180.10 programs that are reviewed, evaluated, or approved by the department, other than proposers
180.11 that are political subdivisions or community or nonprofit organizations, to cover the
180.12 department's cost in making the reviewal, evaluation, or approval and in developing additional
180.13 programs for others to operate.

180.14 (b) Notwithstanding any other law, the commissioner is designated the state agent to
180.15 apply for, receive, and accept federal or other funds made available to the state for the
180.16 purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

180.17 Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended
180.18 to read:

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

180.21 (b) "Aggregated customer energy use data" means customer energy use data that is
180.22 combined into one collective data point per time interval. Aggregated customer energy use
180.23 data is data with any unique identifiers or other personal information removed that a
180.24 qualifying utility collects and aggregates in at least monthly intervals for an entire building
180.25 on a covered property.

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

180.29 (d) "Benchmarking information" means data related to a building's energy use generated
180.30 by a benchmarking tool, and other information about the building's physical and operational
180.31 characteristics. Benchmarking information includes but is not limited to the building's:

180.32 (1) address;

181.1 (2) owner and, if applicable, the building manager responsible for operating the building's
181.2 physical systems;

181.3 (3) total floor area, expressed in square feet;

181.4 (4) energy use intensity;

181.5 (5) greenhouse gas emissions; and

181.6 (6) energy performance score comparing the building's energy use with that of similar
181.7 buildings.

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

- 181.10 (f) "Covered property" means any property that is served by an investor-owned utility
181.11 in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city
181.12 outside the metropolitan area with a population of over 50,000 residents, as determined by
181.13 the Minnesota State Demographic Center, served by a municipal energy utility or
181.14 investor-owned utility, and that has one or more buildings containing in sum 50,000 gross
181.15 square feet or greater. Covered property does not include:
- 181.16 (1) a residential property containing fewer than five dwelling units;
- 181.17 (2) a property that is: (i) classified as manufacturing under the North American Industrial
181.18 Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section
181.19 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an
181.20 industrial building otherwise incompatible with benchmarking in the benchmarking tool,
181.21 as determined by the commissioner;
- 181.22 (3) an agricultural building;
- 181.23 (4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying
181.24 aggregated customer usage data under subdivision 8 or is not using a customer usage data
181.25 aggregation program to supply aggregated customer usage data to the benchmarking tool;
181.26 or
- 181.27 (5) other property types that do not meet the purposes of this section, as determined by
181.28 the commissioner.
- 181.29 (g) "Customer energy use data" means data collected from utility customer meters that
181.30 reflect the quantity, quality, or timing of customers' energy use.
- 181.31 (h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide
181.32 heating, cooling, lighting, or water heating; or (2) power other end uses in a building.
- 182.1 (i) "Energy performance score" means a numerical value from one to 100 that the Energy
182.2 Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of
182.3 comparable buildings nationwide.
- 182.4 (j) "Energy Star Portfolio Manager" means an interactive resource management tool
182.5 developed by the United States Environmental Protection Agency that (1) enables the
182.6 periodic entry of a building's energy use data and other descriptive information about a
182.7 building, and (2) rates a building's energy efficiency against that of comparable buildings
182.8 nationwide.
- 182.9 (k) "Energy use intensity" means the total annual energy consumed in a building divided
182.10 by the building's total floor area.
- 182.11 (l) "Financial distress" means a covered property that, at the time benchmarking is
182.12 conducted;

- 182.13 (1) is the subject of a qualified tax lien sale or public auction due to property tax
182.14 arrearages;
- 182.15 (2) is controlled by a court-appointed receiver based on financial distress;
- 182.16 (3) is owned by a financial institution through default by the borrower;
- 182.17 (4) has been acquired by deed in lieu of foreclosure; or
- 182.18 (5) has a senior mortgage that is subject to a notice of default.
- 182.19 (m) "Local government" means a statutory or home rule municipality or county.
- 182.20 (n) "Owner" means:
- 182.21 (1) an individual or entity that possesses title to a covered property; or
- 182.22 (2) an agent authorized to act on behalf of the covered property owner.
- 182.23 (o) "Qualifying utility" means a utility serving the covered property, including:
- 182.24 (1) an electric or gas utility, including:
- 182.25 (i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota,
182.26 Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan
182.27 area with a population of over 50,000 residents, as determined by the Minnesota State
182.28 Demographic Center, and serving properties with one or more buildings containing in sum
182.29 50,000 gross square feet or greater; or
- 182.30 (ii) a municipally owned electric or gas utility serving customers in any city with a
182.31 population of over 50,000 residents, as determined by the Minnesota State Demographic
183.1 Center, and serving properties with one or more buildings containing in sum 50,000 gross
183.2 square feet or greater;
- 183.3 (2) a natural gas supplier with five or more active commercial connections, accounts,
183.4 or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin,
183.5 Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a
183.6 population of over 50,000 residents, as determined by the Minnesota State Demographic
183.7 Center, and serving properties with one or more buildings containing in sum 50,000 gross
183.8 square feet or greater; or
- 183.9 (3) a district steam, hot water, or chilled water provider serving customers in Anoka,
183.10 Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside
183.11 the metropolitan area with a population of over 50,000 residents, as determined by the
183.12 Minnesota State Demographic Center, and serving properties with one or more buildings
183.13 containing in sum 50,000 gross square feet or greater.
- 183.14 (p) "Tenant" means a person that occupies or holds possession of a building or part of
183.15 a building or premises pursuant to a lease agreement.

124.13 Sec. 20. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

124.14 Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements"
124.15 means:

124.16 (1) any new construction, renovation, or retrofitting of qualifying commercial real
124.17 property to improve energy efficiency that: (i) is permanently affixed to the property; and
124.18 (ii) results in a net reduction in energy consumption without altering the principal source
124.19 of energy, and has been identified or greenhouse gas emissions, as documented in an energy
124.20 audit as repaying the purchase and installation costs in 20 years or less, based on the amount
124.21 of future energy saved and estimated future energy prices or emissions avoided;

124.22 (2) any renovation or retrofitting of qualifying residential real property that is permanently
124.23 affixed to the property and is eligible to receive an incentive through a program offered by
124.24 the electric or natural gas utility that provides service under section 216B.241 to the property
124.25 or is otherwise determined to be a cost-effective an eligible energy improvement by the
124.26 commissioner under section 216B.241, subdivision 1d, paragraph (a);

124.27 (3) permanent installation of new or upgraded electrical circuits and related equipment
124.28 to enable electrical vehicle charging; or

124.29 (4) a solar voltaic or solar thermal energy system attached to, installed within, or
124.30 proximate to a building that generates electrical or thermal energy from a renewable energy
124.31 source that has been identified documented in an energy audit or renewable energy system
124.32 feasibility study as repaying their purchase and installation costs in 20 years or less, based
125.1 on the amount of future energy saved and estimated future energy prices, along with the
125.2 estimated amount of related renewable energy production.

125.3 Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

125.4 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"
125.5 means a person or entity that installs cost-effective energy eligible improvements financed
125.6 under a commercial PACE loan program.

183.16 (q) "Total floor area" means the sum of gross square footage inside a building's envelope,
183.17 measured between the outside exterior walls of the building. Total floor area includes covered
183.18 parking structures.

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

183.22 (s) "Whole building energy use data" means all energy consumed in a building, whether
183.23 purchased from a third party or generated at the building site or from any other source.

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

183.25 Sec. 18. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

183.26 Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements"
183.27 means:

183.28 (1) any new construction, renovation, or retrofitting of qualifying commercial real
183.29 property to improve energy efficiency that: (i) is permanently affixed to the property; and
183.30 (ii) results in a net reduction in energy consumption without altering the principal source
183.31 of energy, and has been identified or greenhouse gas emissions, as documented in an energy
184.1 audit as repaying the purchase and installation costs in 20 years or less, based on the amount
184.2 of future energy saved and estimated future energy prices or emissions avoided;

184.3 (2) any renovation or retrofitting of qualifying residential real property that is permanently
184.4 affixed to the property and is eligible to receive an incentive through a program offered by
184.5 the electric or natural gas utility that provides service under section 216B.241 to the property
184.6 or is otherwise determined to be a cost-effective an eligible energy improvement by the
184.7 commissioner under section 216B.241, subdivision 1d, paragraph (a);

184.8 (3) permanent installation of new or upgraded electrical circuits and related equipment
184.9 to enable electrical vehicle charging; or

184.10 (4) a solar voltaic or solar thermal energy system attached to, installed within, or
184.11 proximate to a building that generates electrical or thermal energy from a renewable energy
184.12 source that has been identified documented in an energy audit or renewable energy system
184.13 feasibility study as repaying their purchase and installation costs in 20 years or less, based
184.14 on the amount of future energy saved and estimated future energy prices, along with the
184.15 estimated amount of related renewable energy production.

184.16 Sec. 19. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

184.17 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"
184.18 means a person or entity that installs cost-effective energy eligible improvements financed
184.19 under a commercial PACE loan program.

125.7 Sec. 22. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
125.8 to read:

125.9 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy
125.10 improvements, resiliency improvements, or water improvements made to qualifying real
125.11 property.

125.12 Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

125.13 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
125.14 consumption of a building by a certified energy auditor, whose certification is approved by
125.15 the commissioner, for the purpose of identifying appropriate energy improvements that
125.16 could be made to the building and including an estimate of the ~~length of time a specific~~
125.17 energy improvement will take to repay its purchase and installation costs, based on the
125.18 amount of energy saved and estimated future energy prices effective useful life, the reduction
125.19 of energy consumption, and the related avoided greenhouse gas emissions resulting from
125.20 the proposed eligible improvements.

125.21 Sec. 24. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended
125.22 to read:

125.23 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
125.24 means a multifamily residential dwelling, a commercial or industrial building, or farmland,
125.25 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,
125.26 after review of an energy audit, renewable energy system feasibility study, water
125.27 improvement study, resiliency improvement study, or agronomic assessment, as defined in
125.28 section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy
125.29 installing eligible improvements or land and water improvements, as defined in section
125.30 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

126.1 Sec. 25. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

126.2 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system
126.3 feasibility study" means a written study, conducted by a contractor trained to perform that
126.4 analysis, for the purpose of determining the feasibility of installing a renewable energy
126.5 system in a building, including an estimate of the ~~length of time a specific~~ effective useful
126.6 life, the production of renewable energy, and any related avoided greenhouse gas emissions
126.7 of the proposed renewable energy system will take to repay its purchase and installation
126.8 costs, based on the amount of energy saved and estimated future energy prices. For a
126.9 geothermal energy improvement, the feasibility study must calculate net savings in terms
126.10 of nongeothermal energy and costs.

184.20 Sec. 20. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
184.21 to read:

184.22 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy
184.23 improvements, resiliency improvements, or water improvements made to qualifying real
184.24 property.

184.25 Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

184.26 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
184.27 consumption of a building by a certified energy auditor, whose certification is approved by
184.28 the commissioner, for the purpose of identifying appropriate energy improvements that
184.29 could be made to the building and including an estimate of the ~~length of time a specific~~
184.30 energy improvement will take to repay its purchase and installation costs, based on the
184.31 amount of energy saved and estimated future energy prices effective useful life, the reduction
185.1 of energy consumption, and the related avoided greenhouse gas emissions resulting from
185.2 the proposed eligible improvements.

185.3 Sec. 22. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended
185.4 to read:

185.5 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
185.6 means a multifamily residential dwelling, a commercial or industrial building, or farmland,
185.7 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,
185.8 after review of an energy audit, renewable energy system feasibility study, water
185.9 improvement study, resiliency improvement study, or agronomic assessment, as defined in
185.10 section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy
185.11 installing eligible improvements or land and water improvements, as defined in section
185.12 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

185.13 Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

185.14 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system
185.15 feasibility study" means a written study, conducted by a contractor trained to perform that
185.16 analysis, for the purpose of determining the feasibility of installing a renewable energy
185.17 system in a building, including an estimate of the ~~length of time a specific~~ effective useful
185.18 life, the production of renewable energy, and any related avoided greenhouse gas emissions
185.19 of the proposed renewable energy system will take to repay its purchase and installation
185.20 costs, based on the amount of energy saved and estimated future energy prices. For a
185.21 geothermal energy improvement, the feasibility study must calculate net savings in terms
185.22 of nongeothermal energy and costs.

126.11 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
126.12 to read:

126.13 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more
126.14 installations or modifications to eligible commercial real property that are designed to
126.15 improve a property's resiliency by improving the eligible real property's:

126.16 (1) structural integrity for seismic events;

126.17 (2) indoor air quality;

126.18 (3) durability to resist wind, fire, and flooding;

126.19 (4) ability to withstand an electric power outage;

126.20 (5) stormwater control measures, including structural and nonstructural measures to
126.21 mitigate stormwater runoff;

126.22 (6) ability to mitigate the impacts of extreme temperatures; or

126.23 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

126.24 Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
126.25 to read:

126.26 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement
126.27 feasibility study" means a written study that is conducted by a contractor trained to perform
126.28 the analysis to: (1) determine the feasibility of installing a resiliency improvement; (2)
126.29 document the improved resiliency capabilities of the property; and (3) estimate the effective
126.30 useful life of the proposed resiliency improvements.

127.1 Sec. 28. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
127.2 to read:

127.3 Subd. 14. **Water improvement.** "Water improvement" means one or more installations
127.4 or modifications to qualifying commercial real property that are designed to improve water
127.5 efficiency or water quality by:

127.6 (1) reducing water consumption;

127.7 (2) improving the quality, potability, or safety of water for the qualifying property; or

127.8 (3) conserving or remediating water, in whole or in part, on qualifying real property.

185.23 Sec. 24. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
185.24 to read:

185.25 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more
185.26 installations or modifications to eligible commercial real property that are designed to
185.27 improve a property's resiliency by improving the eligible real property's:

185.28 (1) structural integrity for seismic events;

185.29 (2) indoor air quality;

185.30 (3) durability to resist wind, fire, and flooding;

185.31 (4) ability to withstand an electric power outage;

186.1 (5) stormwater control measures, including structural and nonstructural measures to
186.2 mitigate stormwater runoff;

186.3 (6) ability to mitigate the impacts of extreme temperatures; or

186.4 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

186.5 Sec. 25. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
186.6 to read:

186.7 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement
186.8 feasibility study" means a written study that is conducted by a contractor trained to perform
186.9 the analysis to:

186.10 (1) determine the feasibility of installing a resiliency improvement;

186.11 (2) document the improved resiliency capabilities of the property; and

186.12 (3) estimate the effective useful life of the proposed resiliency improvements.

186.13 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
186.14 to read:

186.15 Subd. 14. **Water improvement.** "Water improvement" means one or more installations
186.16 or modifications to qualifying commercial real property that are designed to improve water
186.17 efficiency or water quality by:

186.18 (1) reducing water consumption;

186.19 (2) improving the quality, potability, or safety of water for the qualifying property; or

186.20 (3) conserving or remediating water, in whole or in part, on qualifying real property.

127.9 Sec. 29. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
127.10 to read:

127.11 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"
127.12 means a written study that is conducted by a contractor trained to perform the analysis to:
127.13 (1) determine the appropriate water improvements that could be made to the building; and
127.14 (2) estimate the effective useful life, the reduction of water consumption, and any
127.15 improvement in water quality resulting from the proposed water improvements.

127.16 Sec. 30. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

127.17 Subdivision 1. **Program purpose and authority.** An implementing entity may establish
127.18 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency
127.19 improvements to enable owners of qualifying commercial real property to pay for ~~the~~
127.20 ~~cost-effective energy~~ eligible improvements to the qualifying real property with the net
127.21 proceeds and interest earnings of revenue bonds authorized in this section. An implementing
127.22 entity may limit the number of qualifying commercial real properties for which a property
127.23 owner may receive program financing.

127.24 Sec. 31. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is
127.25 amended to read:

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

127.28 (b) "Agronomic assessment" means a study by an independent third party that assesses
127.29 the environmental impacts of proposed land and water improvements on farmland.

127.30 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under
127.31 section 273.13, subdivision 23.

128.1 (d) "Land and water improvement" means:

128.2 (1) an improvement to farmland that:

128.3 (i) is permanent;

128.4 (ii) results in improved agricultural profitability or resiliency;

128.5 (iii) reduces the environmental impact of agricultural production; and

128.6 (iv) if the improvement affects drainage, complies with the most recent versions of the
128.7 applicable following conservation practice standards issued by the United States Department
128.8 of Agriculture's Natural Resources Conservation Service: Drainage Water Management
128.9 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and
128.10 Constructed Wetland (Code 656); or

186.21 Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
186.22 to read:

186.23 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"
186.24 means a written study that is conducted by a contractor trained to perform the analysis to:

186.25 (1) determine the appropriate water improvements that could be made to the building;
186.26 and

186.27 (2) estimate the effective useful life, the reduction of water consumption, and any
186.28 improvement in water quality resulting from the proposed water improvements.

187.1 Sec. 28. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

187.2 Subdivision 1. **Program purpose and authority.** An implementing entity may establish
187.3 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency
187.4 improvements to enable owners of qualifying commercial real property to pay for ~~the~~
187.5 ~~cost-effective energy~~ eligible improvements to the qualifying real property with the net
187.6 proceeds and interest earnings of revenue bonds authorized in this section. An implementing
187.7 entity may limit the number of qualifying commercial real properties for which a property
187.8 owner may receive program financing.

187.9 Sec. 29. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is
187.10 amended to read:

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

187.13 (b) "Agronomic assessment" means a study by an independent third party that assesses
187.14 the environmental impacts of proposed land and water improvements on farmland.

187.15 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under
187.16 section 273.13, subdivision 23.

187.17 (d) "Land and water improvement" means:

187.18 (1) an improvement to farmland that:

187.19 (i) is permanent;

187.20 (ii) results in improved agricultural profitability or resiliency;

187.21 (iii) reduces the environmental impact of agricultural production; and

187.22 (iv) if the improvement affects drainage, complies with the most recent versions of the
187.23 applicable following conservation practice standards issued by the United States Department
187.24 of Agriculture's Natural Resources Conservation Service: Drainage Water Management
187.25 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and
187.26 Constructed Wetland (Code 656); or

128.11 (2) water conservation and quality measures, which include permanently affixed
 128.12 equipment, appliances, or improvements that reduce a property's water consumption or that
 128.13 enable water to be managed more efficiently.

128.14 (e) "Resiliency" means:

128.15 (1) the ability of farmland to maintain and enhance profitability, soil health, and water
 128.16 quality;

128.17 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real
 128.18 property; or

128.19 (3) an increase in building resilience through flood mitigation, stormwater management,
 128.20 wildfire and wind resistance, energy storage use, or microgrid use.

128.21 Sec. 32. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended
 128.22 to read:

128.23 Subd. 2. **Program requirements.** A commercial PACE loan program must:

128.24 (1) impose requirements and conditions on financing arrangements to ensure timely
 128.25 repayment;

128.26 (2) require an energy audit, renewable energy system feasibility study, resiliency
 128.27 improvement study, water improvement study, or agronomic or soil health assessment to
 128.28 be conducted on the qualifying commercial real property and reviewed by the implementing
 128.29 entity prior to approval of the financing;

129.1 (3) require the inspection ~~or verification of all installations and a performance verification~~
 129.2 ~~of at least ten percent of the cost-effective energy eligible~~ improvements or land and water
 129.3 improvements financed by the program;

129.4 (4) not prohibit the financing of all ~~cost-effective energy eligible~~ improvements or land
 129.5 and water improvements not otherwise prohibited by this section;

129.6 (5) require that all ~~cost-effective energy eligible~~ improvements or land and water
 129.7 improvements be made to a qualifying commercial real property prior to, or in conjunction
 129.8 with, an applicant's repayment of financing for ~~cost-effective energy eligible~~ improvements
 129.9 or land and water improvements for ~~that~~ the qualifying commercial real property;

129.10 (6) have ~~cost-effective energy eligible~~ improvements or land and water improvements
 129.11 financed by the program performed by a licensed contractor as required by chapter 326B
 129.12 or other law or ordinance;

129.13 (7) require disclosures in the loan document to borrowers by the implementing entity
 129.14 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency
 129.15 results from a default; and (ii) all the terms and conditions of the commercial PACE loan
 129.16 and the installation of ~~cost-effective energy eligible~~ improvements or land and water
 129.17 improvements, including the interest rate being charged on the loan;

187.27 (2) water conservation and quality measures, which include permanently affixed
 187.28 equipment, appliances, or improvements that reduce a property's water consumption or that
 187.29 enable water to be managed more efficiently.

187.30 (e) "Resiliency" means:

188.1 (1) the ability of farmland to maintain and enhance profitability, soil health, and water
 188.2 quality;

188.3 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real
 188.4 property; or

188.5 (3) an increase in building resilience through flood mitigation, stormwater management,
 188.6 wildfire and wind resistance, energy storage use, or microgrid use.

188.7 Sec. 30. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended
 188.8 to read:

188.9 Subd. 2. **Program requirements.** A commercial PACE loan program must:

188.10 (1) impose requirements and conditions on financing arrangements to ensure timely
 188.11 repayment;

188.12 (2) require an energy audit, renewable energy system feasibility study, resiliency
 188.13 improvement study, water improvement study, or agronomic or soil health assessment to
 188.14 be conducted on the qualifying commercial real property and reviewed by the implementing
 188.15 entity prior to approval of the financing;

188.16 (3) require the inspection ~~or verification of all installations and a performance verification~~
 188.17 ~~of at least ten percent of the cost-effective energy eligible~~ improvements or land and water
 188.18 improvements financed by the program;

188.19 (4) not prohibit the financing of all ~~cost-effective energy eligible~~ improvements or land
 188.20 and water improvements not otherwise prohibited by this section;

188.21 (5) require that all ~~cost-effective energy eligible~~ improvements or land and water
 188.22 improvements be made to a qualifying commercial real property prior to, or in conjunction
 188.23 with, an applicant's repayment of financing for ~~cost-effective energy eligible~~ improvements
 188.24 or land and water improvements for ~~that~~ the qualifying commercial real property;

188.25 (6) have ~~cost-effective energy eligible~~ improvements or land and water improvements
 188.26 financed by the program performed by a licensed contractor as required by chapter 326B
 188.27 or other law or ordinance;

188.28 (7) require disclosures in the loan document to borrowers by the implementing entity
 188.29 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency
 188.30 results from a default; and (ii) all the terms and conditions of the commercial PACE loan
 188.31 and the installation of ~~cost-effective energy eligible~~ improvements or land and water
 188.32 improvements, including the interest rate being charged on the loan;

129.18 (8) provide financing only to those who demonstrate an ability to repay;

129.19 (9) not provide financing for a qualifying commercial real property in which the owner

129.20 is not current on mortgage or real property tax payments;

129.21 (10) require a petition to the implementing entity by all owners of the qualifying

129.22 commercial real property requesting collections of repayments as a special assessment under

129.23 section 429.101;

129.24 (11) provide that payments and assessments are not accelerated due to a default and that

129.25 a tax delinquency exists only for assessments not paid when due;

129.26 (12) require that liability for special assessments related to the financing runs with the

129.27 qualifying commercial real property; and

129.28 (13) prior to financing any improvements to or imposing any assessment upon qualifying

129.29 commercial real property, require notice to and written consent from the mortgage lender

129.30 of any mortgage encumbering or otherwise secured by the qualifying commercial real

129.31 property.

130.1 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

130.2 Subd. 4. **Financing terms.** Financing provided under this section must have:

130.3 (1) a cost-weighted average maturity not exceeding the useful life of the energy eligible

130.4 improvements installed, as determined by the implementing entity, but in no event may a

130.5 term exceed 20 30 years;

130.6 (2) a principal amount not to exceed the lesser of:

130.7 (i) the greater of 20 30 percent of the assessed value of the real property on which the

130.8 improvements are to be installed or 20 30 percent of the real property's appraised value,

130.9 accepted or approved by the mortgage lender; or

130.10 (ii) the actual cost of installing the energy eligible improvements, including the costs of

130.11 necessary equipment, materials, and labor; the costs of each related energy audit or,

130.12 renewable energy system feasibility study, water improvement study, or resiliency

130.13 improvement study; and the cost of verification of installation; and

130.14 (3) an interest rate sufficient to pay the financing costs of the program, including the

130.15 issuance of bonds and any financing delinquencies.

130.16 Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

130.17 Subd. 7. **Repayment.** An implementing entity that finances an energy eligible

130.18 improvement under this section must:

130.19 (1) secure payment with a lien against the qualifying commercial real property; and

189.1 (8) provide financing only to those who demonstrate an ability to repay;

189.2 (9) not provide financing for a qualifying commercial real property in which the owner

189.3 is not current on mortgage or real property tax payments;

189.4 (10) require a petition to the implementing entity by all owners of the qualifying

189.5 commercial real property requesting collections of repayments as a special assessment under

189.6 section 429.101;

189.7 (11) provide that payments and assessments are not accelerated due to a default and that

189.8 a tax delinquency exists only for assessments not paid when due;

189.9 (12) require that liability for special assessments related to the financing runs with the

189.10 qualifying commercial real property; and

189.11 (13) prior to financing any improvements to or imposing any assessment upon qualifying

189.12 commercial real property, require notice to and written consent from the mortgage lender

189.13 of any mortgage encumbering or otherwise secured by the qualifying commercial real

189.14 property.

189.15 Sec. 31. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

189.16 Subd. 4. **Financing terms.** Financing provided under this section must have:

189.17 (1) a cost-weighted average maturity not exceeding the useful life of the energy eligible

189.18 improvements installed, as determined by the implementing entity, but in no event may a

189.19 term exceed 20 30 years;

189.20 (2) a principal amount not to exceed the lesser of:

189.21 (i) the greater of 20 30 percent of the assessed value of the real property on which the

189.22 improvements are to be installed or 20 30 percent of the real property's appraised value,

189.23 accepted or approved by the mortgage lender; or

189.24 (ii) the actual cost of installing the energy eligible improvements, including the costs of

189.25 necessary equipment, materials, and labor; the costs of each related energy audit or,

189.26 renewable energy system feasibility study, water improvement study, or resiliency

189.27 improvement study; and the cost of verification of installation; and

189.28 (3) an interest rate sufficient to pay the financing costs of the program, including the

189.29 issuance of bonds and any financing delinquencies.

190.1 Sec. 32. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

190.2 Subd. 7. **Repayment.** An implementing entity that finances an energy eligible

190.3 improvement under this section must:

190.4 (1) secure payment with a lien against the qualifying commercial real property; and

130.20 (2) collect repayments as a special assessment as provided for in section 429.101 or by
 130.21 charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual
 130.22 installments.

130.23 If the implementing entity is an authority, the local government that authorized the
 130.24 authority to act as implementing entity shall impose and collect special assessments necessary
 130.25 to pay debt service on bonds issued by the implementing entity under subdivision 8, and
 130.26 shall transfer all collections of the assessments upon receipt to the authority.

130.27 Sec. 35. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

130.28 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue
 130.29 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,
 130.30 provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of
 130.31 issuance.

131.1 (b) The bonds must be payable as to both principal and interest solely from the revenues
 131.2 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

131.3 (c) No holder of bonds issued under this subdivision may compel any exercise of the
 131.4 taxing power of the implementing entity that issued the bonds to pay principal or interest
 131.5 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
 131.6 compel any exercise of the taxing power of the local government. Bonds issued under this
 131.7 subdivision are not a debt or obligation of the issuer or any local government that issued
 131.8 them, nor is the payment of the bonds enforceable out of any money other than the revenue
 131.9 pledged to the payment of the bonds.

131.10 Sec. 36. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

131.11 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible
 131.12 improvement financed under a PACE loan program, including all equipment purchased in
 131.13 whole or in part with loan proceeds under a loan program, is deemed real property or a
 131.14 fixture attached to the real property.

95.28 Sec. 3. **[216C.47] GEOTHERMAL HEAT EXCHANGE SYSTEM REBATE**
 95.29 **PROGRAM.**

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

95.32 (b) "Eligible applicant" means a person, business, nonprofit, government entity, federally
 95.33 recognized Tribe in Minnesota, or religious institution who provides evidence to the
 96.1 commissioner's satisfaction demonstrating that the person has received or has applied for
 96.2 a geothermal heat exchange system rebate available from the federal Department of Treasury
 96.3 under the Inflation Reduction Act of 2022, Public Law 117-189, for a commercial or
 96.4 multifamily building located in Minnesota.

190.5 (2) collect repayments as a special assessment as provided for in section 429.101 or by
 190.6 charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual
 190.7 installments.

190.8 If the implementing entity is an authority, the local government that authorized the
 190.9 authority to act as implementing entity shall impose and collect special assessments necessary
 190.10 to pay debt service on bonds issued by the implementing entity under subdivision 8, and
 190.11 shall transfer all collections of the assessments upon receipt to the authority.

190.12 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

190.13 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue
 190.14 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,
 190.15 provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of
 190.16 issuance.

190.17 (b) The bonds must be payable as to both principal and interest solely from the revenues
 190.18 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

190.19 (c) No holder of bonds issued under this subdivision may compel any exercise of the
 190.20 taxing power of the implementing entity that issued the bonds to pay principal or interest
 190.21 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
 190.22 compel any exercise of the taxing power of the local government. Bonds issued under this
 190.23 subdivision are not a debt or obligation of the issuer or any local government that issued
 190.24 them, nor is the payment of the bonds enforceable out of any money other than the revenue
 190.25 pledged to the payment of the bonds.

190.26 Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

190.27 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible
 190.28 improvement financed under a PACE loan program, including all equipment purchased in
 190.29 whole or in part with loan proceeds under a loan program, is deemed real property or a
 190.30 fixture attached to the real property.

96.5 (c) "Geothermal heat exchange system" means a heating or cooling exchange mechanism
96.6 composed of a mechanism to collect or reject heat from or to the underground.

96.7 (d) "Commissioner" means the commissioner of the Department of Commerce.

96.8 Subd. 2. **Establishment.** A geothermal heat exchange system rebate program is
96.9 established in the department to provide financial assistance to eligible applicants that install
96.10 geothermal heat exchange technology in the applicant's building.

96.11 Subd. 3. **Application.** (a) An application for a rebate under this section must be made
96.12 to the commissioner on a form developed by the commissioner. The application must be
96.13 accompanied by documentation, as required by the commissioner, demonstrating:

96.14 (1) that the applicant is an eligible applicant;

96.15 (2) that the applicant owns the Minnesota building in which the geothermal exchange
96.16 system is to be installed;

96.17 (3) that an energy audit of the building in which the geothermal exchange system is to
96.18 be installed has been conducted within the 18 months preceding the application date by a
96.19 person with a building analyst technician certification issued by the Building Performance
96.20 Institute, Inc., or an equivalent certification as determined by the commissioner;

96.21 (4) that the applicant has installed a geothermal heat exchange system of the capacity
96.22 recommended by the auditor or contractor, and has had the heat pump installed by a
96.23 contractor with sufficient training and experience in installing heat pumps, as determined
96.24 by the commissioner; and

96.25 (5) the total cost to install the geothermal heat exchange system in the applicant's building
96.26 and the associated geothermal loop installed and located outside of the building.

96.27 (b) The commissioner must develop administrative procedures governing the application
96.28 and rebate award processes.

96.29 (c) The commissioner may modify program requirements under this section when
96.30 necessary to align with comparable federal programs administered by the department under
96.31 the federal Inflation Reduction Act of 2022, Public Law 117-189.

97.1 Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lower
97.2 of:

97.3 (1) ten percent of geothermal heat exchange system costs, not to exceed \$100,000 for a
97.4 single project; or

97.5 (2) the total cost to purchase and install the heat exchange system in an eligible applicant's
97.6 building net of any financial support received for the system from other federal, state, or
97.7 utility programs.

97.8 Subd. 5. **Prioritization.** In evaluating applications under this program, the commissioner
97.9 must give priority to applications that:

97.10 (1) are located in environmental justice communities, as defined by section 115A.03,
97.11 subdivision 10b;

97.12 (2) have submitted a workforce plan demonstrating the intention to use registered
97.13 apprenticeships; or

97.14 (3) are multifamily housing or commercial buildings that:

97.15 (i) are owned by a non-profit or government entity; and

97.16 (ii) meet the definition of low-income rental property under section 273.128.

97.17 Subd. 6. **Account established.** (a) The geothermal heat exchange system rebate account
97.18 is established as a separate account in the special revenue fund in the state treasury. The
97.19 commissioner must credit appropriations and transfers to the account. Earnings, including
97.20 interest, dividends, and any other earnings arising from assets of the account, must be
97.21 credited to the account. Money remaining in the account at the end of a fiscal year does not
97.22 cancel to the general fund, but remains in the account until expended. The commissioner
97.23 must manage the account.

97.24 (b) Money in the account is appropriated to the commissioner for the purposes of this
97.25 section and to reimburse the reasonable costs incurred by the department to administer this
97.26 section. Any money remaining in the account on January 1, 2033, cancels to the renewable
97.27 development account.

115.18 Sec. 3. **[216C.47] GEOTHERMAL PLANNING GRANTS.**

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

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

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

115.26 (1) a bored geothermal heat exchanger, as defined in section 1031.005;

115.27 (2) a groundwater thermal exchange device, as defined in section 1031.005; and

115.28 (3) a submerged closed loop heat exchanger, as defined in section 1031.005.

115.29 Subd. 2. **Establishment.** A geothermal planning grant program is established in the
115.30 department to provide financial assistance to eligible applicants to examine the technical
115.31 and economic feasibility of installing geothermal energy systems.

116.1 Subd. 3. **Account established.** (a) The geothermal planning grant account is established
116.2 as a separate account in the special revenue fund in the state treasury. The commissioner
116.3 must credit to the account appropriations and transfers to the account. Earnings, including
116.4 interest, dividends, and any other earnings arising from assets of the account, must be
116.5 credited to the account. Money remaining in the account at the end of a fiscal year does not
116.6 cancel to the general fund, but remains in the account until June 30, 2029. The commissioner
116.7 must manage the account.

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

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

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

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

116.20 (c) Grants may be awarded under this section only to projects whose work is completed
116.21 after July 1, 2024.

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

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

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

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

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

- 117.1 Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors
117.2 performing work funded with a grant awarded under this section must have experience
117.3 installing geothermal energy systems.
- 117.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 151.1 Sec. 2. **[216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE;**
151.2 **TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.**
- 151.3 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
151.4 the meanings given.
- 151.5 (b) "Energy storage system" has the meaning given in section 216B.2422, subdivision
151.6 1.
- 151.7 (c) "Permitting authority" means a unit of local government in Minnesota that has
151.8 authority to review and issue permits to install residential solar projects and solar plus energy
151.9 storage system projects within the unit of local government's jurisdiction.
- 151.10 (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.
- 151.11 (e) "Residential solar project" means the installation of a photovoltaic device at a
151.12 residence located in Minnesota.
- 151.13 (f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing
151.14 Plus software, developed by the National Renewable Energy Laboratory and available free
151.15 to permitting authorities from the United States Department of Energy, that uses a web-based
151.16 portal to automate the solar project plan review and permit issuance processes for residential
151.17 solar projects that are compliant with applicable building and electrical codes.
- 151.18 (g) "Solar plus energy storage system project" means a residential solar project installed
151.19 in conjunction with an energy storage system at the same residence.
- 151.20 Subd. 2. **Program establishment.** A program is established in the department to provide
151.21 technical assistance and financial incentives to local units of government that issue permits
151.22 for residential solar projects and solar plus energy storage system projects in order to
151.23 incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate,
151.24 and streamline the review and permitting process.
- 151.25 Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting
151.26 authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting
151.27 authority's website.
- 151.28 Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial
151.29 incentive under this section to the commissioner on a form developed by the commissioner.
- 151.30 (b) An application may be submitted for a financial incentive under this section after
151.31 SolarAPP+ has become operational in the permitting authority's jurisdiction.

- 152.1 Subd. 5. **Review and grant award process.** The commissioner must develop
152.2 administrative procedures to govern the application review and incentive award process
152.3 under this section.
- 152.4 Subd. 6. **Incentive awards.** Beginning no later than March 1, 2025, the commissioner
152.5 may award a financial incentive to a permitting authority under this section only if the
152.6 commissioner has determined that the permitting authority meets verification requirements
152.7 established by the commissioner that ensure a permitting authority has made SolarAPP+
152.8 operational within the permitting authority's jurisdiction and that SolarAPP+ is available
152.9 on the permitting authority's website.
- 152.10 Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less
152.11 than \$5,000 and no greater than \$20,000.
- 152.12 (b) The commissioner may vary the amount of an incentive awarded under this section
152.13 by considering the following factors:
- 152.14 (1) the population of the permitting authority;
- 152.15 (2) the number of permits for solar projects issued by the permitting authority using
152.16 conventional review processes;
- 152.17 (3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been
152.18 integrated with other permit management software utilized by the permitting authority; and
- 152.19 (4) whether the permitting jurisdiction has participated in other sustainability programs,
152.20 including but not limited to GreenStep Cities and the United States Department of Energy's
152.21 SolSmart and Charging Smart programs.
- 152.22 Subd. 8. **Technical assistance.** The department must provide technical assistance to
152.23 eligible permitting authorities seeking to apply for an incentive under this section.
- 152.24 Subd. 9. **Program promotion.** The department must develop an education and outreach
152.25 program to make permitting authorities aware of the incentive offered under this section,
152.26 including by convening workshops, producing educational materials, and using other
152.27 mechanisms to promote the program, including but not limited to utilizing the efforts of the
152.28 League of Minnesota Cities, the Association of Minnesota Counties, the Community Energy
152.29 Resource Teams established under section 216C.385, and similar organizations to reach
152.30 permitting authorities.
- 152.31 Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in
152.32 the special revenue account in the state treasury. The commissioner must credit to the account
152.33 appropriations and transfers to the account. Earnings, including interest, dividends, and any
153.1 other earnings arising from assets of the account, must be credited to the account. Money
153.2 remaining in the account at the end of a fiscal year does not cancel to the general fund but
153.3 remains in the account until June 30, 2028. The commissioner must manage the account.

97.28 Sec. 4. **ULTRAEFFICIENT VEHICLE DEVELOPMENT GRANTS.**

97.29 Subdivision 1. **Program establishment.** (a) A grant program is established in the
97.30 Department of Commerce to provide financial assistance to developers and producers of
97.31 ultraefficient vehicles that use proprietary technology.

98.1 (b) For purposes of this section, "ultraefficient vehicle" means a fully closed compartment
98.2 vehicle designed to carry at least one adult passenger that achieves:

98.3 (1) at least 75 miles per gallon while operating on gasoline;

98.4 (2) at least 75 miles per gallon equivalent while operating as a hybrid electric-gasoline;
98.5 or

98.6 (3) at least 75 miles per gallon equivalent while operating as a fully electric vehicle.

98.7 Subd. 2. **Application process.** Applicants seeking a grant under this section must submit
98.8 an application to the commissioner of commerce on a form developed by the commissioner.
98.9 The commissioner is responsible for receiving and reviewing grant applications and awarding
98.10 grants under this subdivision. The commissioner must develop administrative procedures
98.11 to govern the application, evaluation, and grant-award process.

98.12 Subd. 3. **Grant awards.** (a) The maximum grant award for each eligible applicant
98.13 awarded a grant under this section is \$250,000. In awarding grants under this section, the
98.14 department must:

98.15 (1) give priority to ultraefficient vehicle projects that are deemed to be near production
98.16 ready; and

98.17 (2) give priority to ultraefficient vehicle projects that maximize the use of electricity to
98.18 charge and run the vehicle.

98.19 (b) Grant recipients must demonstrate that the grant will be matched by an equal amount
98.20 of nonstate money before receiving any grant money.

98.21 Subd. 4. **Account established.** An ultraefficient vehicle development grant account is
98.22 established in the special revenue fund in the state treasury. The commissioner of commerce
98.23 must credit to the account appropriations made for ultraefficient vehicle development grants.
98.24 Earnings, including interest, arising from assets in the account, must be credited to the
98.25 account. Money in the account is available until June 30, 2028. Any amount in the account
98.26 after June 30, 2028, cancels to the renewable development account. The commissioner of
98.27 commerce must manage the account.

153.4 (b) Money in the account is appropriated to the commissioner for the purposes of this
153.5 section and to reimburse the reasonable costs incurred by the department to administer this
153.6 section.

98.28 Subd. 5. **Appropriation; expenditures.** Money in the account established in subdivision
98.29 4 is appropriated to the commissioner of commerce and must be used only:

98.30 (1) to make grant awards under this section; and

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

99.1 Subd. 6. **Report.** On January 15, 2026, and on January 15, 2029, the commissioner of
99.2 commerce must submit a report to the chairs and ranking minority members of the legislative
99.3 committees with jurisdiction over energy policy and finance on the grant awards under this
99.4 section.

131.15 Sec. 37. **ADVANCED NUCLEAR TECHNOLOGIES STUDY.**

131.16 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
131.17 the meanings given:

131.18 (1) "advanced nuclear reactor" means a small modular reactor or a molten sodium reactor;

131.19 (2) "molten sodium reactor" means a nuclear fission reactor that uses a fluid fuel in the
131.20 form of very hot fluoride or chloride salt; and

131.21 (3) "small modular reactor" means a nuclear fission reactor that (i) has a capacity of 300
131.22 megawatts or less, and (ii) can be factory assembled and transported as a unit.

131.23 Subd. 2. **Study required.** (a) The commissioner of commerce must conduct a study
131.24 evaluating the potential costs, benefits, and impacts of advanced nuclear reactors operating
131.25 in Minnesota.

131.26 (b) At a minimum, the study must analyze the impacts the operation of advanced nuclear
131.27 reactors have on:

131.28 (1) air emissions from electric generating facilities in Minnesota;

131.29 (2) retail electricity prices;

131.30 (3) reliability of Minnesota's electric grid;

132.1 (4) the state's air resources, water resources, land resources, and public health, including
132.2 the impact of any waste material generated by the reactors;

132.3 (5) new employment opportunities for Minnesota workers;

132.4 (6) local economic development;

132.5 (7) Minnesota's eligible energy technology standard under Minnesota Statutes, section
132.6 216B.1691, subdivision 2a; and

132.7 (8) Minnesota's carbon-free standard under Minnesota Statutes, section 216B.1691,
132.8 subdivision 2g.

- 132.9 (c) The study must also identify Minnesota statutes and administrative rules that would
132.10 require modifications in order to enable the construction and operation of advanced nuclear
132.11 reactors.
- 132.12 (d) The study must evaluate the technologies and methods most likely to minimize the
132.13 environmental impacts of nuclear waste and the costs of managing nuclear waste.
- 132.14 Subd. 3. **Report.** The commissioner of commerce must submit the results of the study
132.15 under subdivision 2 to the chairs and ranking minority members of the legislative committees
132.16 having jurisdiction over energy finance and policy no later than January 31, 2025.

132.17 Sec. 38. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

- 132.18 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint
132.19 a thermal energy network deployment work group to examine the potential regulatory
132.20 opportunities for regulated natural gas utilities to deploy thermal energy networks and
132.21 potential barriers to development. The work group must examine the public benefits, costs,
132.22 and impacts of deployment of thermal energy networks, as well as examine rate design
132.23 options.
- 132.24 Subd. 2. **Membership.** (a) The work group consists of at least the following:
- 132.25 (1) representatives of the Department of Commerce;
- 132.26 (2) representatives of the Department of Health;
- 132.27 (3) representatives of the Pollution Control Agency;
- 132.28 (4) representatives of the Department of Natural Resources;
- 132.29 (5) representatives of the Office of the Attorney General;
- 132.30 (6) representatives from utilities;
- 133.1 (7) representatives from clean energy advocacy organizations;

191.1 Sec. 35. **DECOMMISSIONING AND REPURPOSING PLAN.**

- 191.2 A public utility that owns an electric generation facility powered by coal that the public
191.3 utility has scheduled for retirement must include, in the public utility's next integrated
191.4 resource plan filed under Minnesota Statutes, section 216B.2422, subdivision 2, a schedule
191.5 for the retirement and a plan for the repurposing of each coal-powered facility. The public
191.6 utility must provide a copy of the plan and schedule to the governing body of the municipality
191.7 where the electric generation facility is located on the same date the plan is submitted to
191.8 the Public Utilities Commission. If a resource plan is not filed or required before February
191.9 1, 2026, the plan and schedule must be submitted to the Public Utilities Commission as a
191.10 separate filing and to the municipality by February 1, 2026.

117.5 Sec. 4. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

- 117.6 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint
117.7 a thermal energy network deployment work group to examine (1) the potential regulatory
117.8 opportunities for regulated natural gas utilities to deploy thermal energy networks, and (2)
117.9 potential barriers to development. The work group must examine the public benefits, costs,
117.10 and impacts of deployment of thermal energy networks, as well as examine rate design
117.11 options.
- 117.12 Subd. 2. **Membership.** (a) The work group consists of at least the following:
- 117.13 (1) representatives of the Department of Commerce;
- 117.14 (2) representatives of the Department of Health;
- 117.15 (3) representatives of the Pollution Control Agency;
- 117.16 (4) representatives of the Department of Natural Resources;
- 117.17 (5) representatives of the Office of the Attorney General;
- 117.18 (6) representatives from utilities;
- 117.19 (7) representatives from clean energy advocacy organizations;

133.2 (8) representatives from labor organizations;
133.3 (9) geothermal technology providers;
133.4 (10) representatives from consumer protection organizations;
133.5 (11) representatives from cities; and
133.6 (12) representatives from low-income communities.
133.7 (b) The executive **director** may invite others to participate in one or more meetings of
133.8 the work group.

133.9 Subd. 3. **Duties.** The work group must prepare a report containing findings and
133.10 recommendations regarding how to deploy thermal energy networks within a regulated
133.11 context in a manner that protects the public interest and considers reliability, affordability,
133.12 environmental impacts, and socioeconomic impacts.

133.13 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work
133.14 group's findings and recommendations to the chairs and ranking minority members of the
133.15 legislative committees and divisions with jurisdiction over energy policy and finance by
133.16 December 31, 2025. The work group terminates the day after the report under this subdivision
133.17 is submitted.

133.18 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities
133.19 Commission must file the completed report in Public Utilities Commission Docket No.
133.20 G-999/CI-21-565 and provide notice to all docket participants and other interested persons
133.21 that comments on the findings and recommendations may be filed in the docket.

133.22 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means
133.23 a project that provides heating and cooling to multiple buildings connected via underground
133.24 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from
133.25 the earth and underground or surface waters.

133.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.
133.27 Sec. 39. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**
133.28 (a) The Department of Commerce **must** conduct or contract for a study to determine the
133.29 suitability of sites to deploy thermal energy networks statewide.

133.30 (b) The study must:
134.1 (1) identify areas more and less suitable for deployment of thermal energy networks
134.2 statewide; and

117.20 (8) representatives from labor organizations;
117.21 (9) geothermal technology providers;
117.22 (10) representatives from consumer protection organizations;
117.23 (11) representatives from cities; and
117.24 (12) representatives from low-income communities.
117.25 (b) The executive **secretary of the Public Utilities Commission** may invite others to
117.26 participate in one or more meetings of the work group.

117.27 (c) In appointing members to the work group, the Public Utilities Commission shall
117.28 endeavor to ensure that all geographic regions of Minnesota are represented.

118.1 Subd. 3. **Duties.** The work group must prepare a report containing findings and
118.2 recommendations regarding how to deploy thermal energy networks within a regulated
118.3 context in a manner that protects the public interest and considers reliability, affordability,
118.4 environmental impacts, and socioeconomic impacts.

118.5 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work
118.6 group's findings and recommendations to the chairs and ranking minority members of the
118.7 legislative committees and divisions with jurisdiction over energy policy and finance by
118.8 December 31, 2025. The work group terminates the day after the report under this subdivision
118.9 is submitted.

118.10 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities
118.11 Commission must file the completed report in Public Utilities Commission Docket No.
118.12 G-999/CI-21-565 and provide notice to all docket participants and other interested persons
118.13 that comments on the findings and recommendations may be filed in the docket.

118.14 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means
118.15 a project that provides heating and cooling to multiple buildings connected via underground
118.16 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from
118.17 the earth, underground or surface waters, wastewater, or other heat sources.

118.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.
118.19 Sec. 5. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**
118.20 (a) The Department of Commerce **shall** conduct or contract for a study to determine the
118.21 suitability of sites to deploy thermal energy networks statewide.

118.22 (b) The study must:
118.23 (1) identify areas more and less suitable for deployment of thermal energy networks
118.24 statewide; and

134.3 (2) identify potential barriers to thermal energy networks and potential ways to address
134.4 the barriers.

134.5 (c) In determining site suitability, the study must consider:

134.6 (1) geologic or hydrologic access to thermal storage;

134.7 (2) existing built environment, including but not limited to age, density, building uses,
134.8 existing heating and cooling systems, and existing electrical services;

134.9 (3) the condition of existing natural gas infrastructure;

134.10 (4) road and street conditions, including planned replacement or maintenance;

134.11 (5) local land use regulation;

134.12 (6) area permitting requirements; and

134.13 (7) whether the area is an environmental justice area, as defined in Minnesota Statutes,
134.14 section 116.065, subdivision 1, paragraph (e).

134.15 (c) No later than January 15, 2026, the Department of Commerce must submit a written
134.16 report documenting the study's findings to the chairs and ranking minority members of the
134.17 senate and house of representatives committees with jurisdiction over energy policy and
134.18 finance.

118.25 (2) identify potential barriers to the deployment of thermal energy networks and potential
118.26 ways to address the barriers.

118.27 (c) In determining site suitability, the study must consider:

118.28 (1) geologic or hydrologic access to thermal storage;

118.29 (2) the existing built environment, including but not limited to age, density, building
118.30 uses, existing heating and cooling systems, and existing electrical services;

118.31 (3) the condition of existing natural gas infrastructure;

119.1 (4) road and street conditions, including planned replacement or maintenance;

119.2 (5) local land use regulations;

119.3 (6) area permitting requirements; and

119.4 (7) whether the area is an environmental justice area, as defined in section 116.065,
119.5 subdivision 1, paragraph (e).

119.6 (d) No later than January 15, 2026, the Department of Commerce must submit a written
119.7 report documenting the study's findings to the chairs and ranking minority members of the
119.8 senate and house of representatives committees with jurisdiction over energy policy and
119.9 finance.

119.10 (e) For the purposes of this section, "thermal energy network" means a project that
119.11 provides heating and cooling to multiple buildings connected via underground piping
119.12 containing fluids that, in concert with heat pumps, exchange thermal energy from the earth,
119.13 underground or surface waters, wastewater, or other heat sources.

145.29 Sec. 19. GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES
145.30 COMMISSION ORDER.

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

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

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

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

146.8 (e) "Grid enhancing technology" means hardware or software that reduces congestion
146.9 or enhances the flexibility of the transmission system by increasing the capacity of a
146.10 high-voltage transmission line or rerouting electricity from overloaded to uncongested lines.

- 146.11 while maintaining industry safety standards. Grid enhancing technologies include but are
146.12 not limited to dynamic line rating, advanced power flow controllers, and topology
146.13 optimization.
- 146.14 (f) "Line rating methodology" means a methodology used to calculate the maximum
146.15 amount of electricity that can be carried by a transmission line without exceeding thermal
146.16 limits designed to ensure safety.
- 146.17 (g) "Power flow controller" means hardware and software used to reroute electricity
146.18 from overloaded transmission lines to underutilized transmission lines.
- 146.19 (h) "Thermal limit" means the temperature a transmission line reaches when heat from
146.20 the electric current flow within the transmission line causes excessive sagging of the
146.21 transmission line.
- 146.22 (i) "Topology optimization" means a software technology that uses mathematical models
146.23 to identify reconfigurations in the transmission grid in order to reroute electricity from
146.24 overloaded transmission lines to underutilized transmission lines.
- 146.25 (j) "Transmission line" has the meaning given to "high-voltage transmission line" in
146.26 section 216E.01. subdivision 4.
- 146.27 (k) "Transmission system" means a network of high-voltage transmission lines owned
146.28 or operated by an entity subject to this section that transports electricity to Minnesota
146.29 customers.
- 146.30 Subd. 2. **Report; content.** An entity that owns more than 750 miles of transmission
146.31 lines in Minnesota, as reported in the state transmission report submitted to the Public
146.32 Utilities Commission under Minnesota Statutes, section 216B.2425, by November 1, 2025,
146.33 must include in that report information that:
- 147.1 (1) identifies, during each of the last three years, locations that experienced 168 hours
147.2 or more of congestion, or the ten locations at which the most costly congestion occurred,
147.3 whichever measure produces the greater number of locations;
- 147.4 (2) estimates the frequency of congestion at each location and the increased cost to
147.5 ratepayers resulting from the substitution of higher-priced electricity;
- 147.6 (3) identifies locations on each transmission system that are likely to experience high
147.7 levels of congestion during the next five years;
- 147.8 (4) evaluates the technical feasibility and estimates the cost of installing one or more
147.9 grid enhancing technologies to address each instance of grid congestion identified in clause
147.10 (1), and projects the grid enhancing technology's efficacy in reducing congestion;
- 147.11 (5) analyzes the cost-effectiveness of installing grid enhancing technologies to address
147.12 each instance of congestion identified in clause (1) by using the information developed in

- 147.13 clause (2) to calculate the payback period of each installation, using a methodology developed
147.14 by the commission;
- 147.15 (6) proposes an implementation plan, including a schedule and cost estimate, to install
147.16 grid enhancing technologies at each congestion point identified in clause (1) at which the
147.17 payback period is less than or equal to a value determined by the commission, in order to
147.18 maximize transmission system capacity; and
- 147.19 (7) explains the transmission owner's current line rating methodology.
- 147.20 Subd. 3. **Commission review; order.** (a) The commission shall review the
147.21 implementation plans proposed by each reporting entity as required in subdivision 2, clause
147.22 (6), and must:
- 147.23 (1) review, and may approve, reject, or modify, the plan; and
- 147.24 (2) issue an order requiring implementation of an approved plan.
- 147.25 (b) Within 90 days of the commission's issuance of an order under this subdivision each
147.26 public utility shall file with the commission a plan containing a workplan, cost estimate,
147.27 and schedule for implementing the elements of the plan approved by the commission that
147.28 are located within the public utility's electric service area. For each entity required to report
147.29 under this section that is not a public utility, the commission's order is advisory.
- 147.30 Subd. 4. **Cost recovery.** Notwithstanding any other provision of this chapter, the
147.31 commission may approve cost recovery under Minnesota Statutes, section 216B.16, including
147.32 an appropriate rate of return, of any prudent and reasonable investments made or expenses
148.1 incurred by a public utility to administer and implement a grid enhancing technologies plan
148.2 approved by the commission under this section.
- 148.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 153.7 Sec. 3. **INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.**
- 153.8 (a) No later than September 1, 2024, the commission must initiate a proceeding to
153.9 establish by order generic standards for the sharing of utility costs necessary to upgrade a
153.10 utility's distribution system by increasing hosting capacity or applying other necessary
153.11 distribution system upgrades at a congested or constrained location in order to allow for the
153.12 interconnection of distributed generation facilities at the congested or constrained location
153.13 and to advance the achievement of the state's renewable and carbon-free energy goals in
153.14 Minnesota Statutes, section 216B.1691 and greenhouse gas emissions reduction goals in
153.15 Minnesota Statutes, section 216H.02. The tariff standards must reflect an interconnection
153.16 process designed to, at a minimum:
- 153.17 (1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution
153.18 system by ensuring that the cost of upgrades is shared fairly among owners of distributed

- 153.19 generation projects seeking interconnection on a pro rata basis according to the amount of
153.20 the expanded capacity utilized by each interconnected distributed generation facility;
- 153.21 (2) reduce the capital burden on owners of trigger projects seeking interconnection;
- 153.22 (3) establish a minimum level of upgrade costs an expansion of hosting capacity must
153.23 reach in order to be eligible to participate in the cost-share process and below which a trigger
153.24 project must bear the full cost of the upgrade;
- 153.25 (4) establish a distributed generation facility's pro rata cost-share amount as the utility's
153.26 total cost of the upgrade divided by the incremental capacity resulting from the upgrade,
153.27 and multiplying the result by the capacity of the distributed generation facility seeking
153.28 interconnection;
- 153.29 (5) establish a minimum proportion of the total upgrade cost that a utility must receive
153.30 from one or more distributed generation facilities before initiating constructing an upgrade;
- 153.31 (6) allow trigger projects and any other distributed generation facilities to pay a utility
153.32 more than the trigger project's or distributed generation facility's pro rata cost-share amount
153.33 only if needed to meet the minimum threshold established in clause (6) and to receive refunds
154.1 for amounts paid beyond the trigger project's or distributed generation facility's pro rata
154.2 share of expansion costs from distributed generation projects that subsequently interconnect
154.3 at the applicable location, after which pro rata payments are paid to the utility for distribution
154.4 to ratepayers;
- 154.5 (7) prohibit owners of distributed generation facilities from using any unsubscribed
154.6 capacity at an interconnection that has undergone an upgrade without the distributed
154.7 generation owners paying the distributed generation owner's pro rata cost of the upgrade;
154.8 and
- 154.9 (8) establish an annual limit or a formula for determining an annual limit for the total
154.10 cost of upgrades that are not allocated to owners of participating generation facilities and
154.11 may be recovered from ratepayers under section 216B.16, subdivision 7b, clause (6).
- 154.12 (b) For the purposes of this section, the following terms have the meanings given:
- 154.13 (1) "distributed generation project" means an energy generating system with a capacity
154.14 no greater than ten megawatts;
- 154.15 (2) "hosting capacity" means the maximum capacity of a utility distribution system to
154.16 transport electricity at a specific location without compromising the safety or reliability of
154.17 the distribution system;
- 154.18 (3) "trigger project" means the initial distributed generation project whose application
154.19 for interconnection of a distributed generation project alerts a utility that an upgrade is
154.20 needed in order to accommodate the trigger project and any future interconnections at the
154.21 applicable location;

154.22 (4) "upgrade" means a modification of a utility's distribution system at a specific location
154.23 that is necessary to allow the interconnection of distributed generation projects by increasing
154.24 hosting capacity at the applicable location, including but not limited to installing or modifying
154.25 equipment at a substation or along a distribution line. Upgrade does not mean an expansion
154.26 of hosting capacity dedicated solely to the interconnection of a single distributed generation
154.27 project; and

154.28 (5) "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02,
154.29 subdivision 4, that provides electric service.

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

155.1 Sec. 4. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

155.2 Subdivision 1. **Position; duties.** (a) The Public Utilities Commission's Consumer Affairs
155.3 Office must establish a new full-time equivalent interconnection ombudsperson position to
155.4 assist applicants seeking to interconnect distributed generation projects to utility distribution
155.5 systems under the generic statewide standards developed by the commission under section
155.6 2. The Public Utilities Commission must (1) appoint a person to the position who possesses
155.7 mediation skills and technical expertise related to interconnection and interconnection
155.8 procedures, and (2) authorize the person to request and review all interconnection data from
155.9 utilities and applicants that are necessary to fulfill the duties of the position described in
155.10 this subdivision.

155.11 (b) The duties of the interconnection ombudsperson include but are not limited to:

155.12 (1) tracking interconnection disputes between applicants and utilities;

155.13 (2) facilitating the efficient and fair resolution of disputes between customers seeking
155.14 to interconnect and utilities;

155.15 (3) reviewing utility interconnection policies to assess opportunities to reduce
155.16 interconnection disputes, while considering the equitable distribution of distributed generation
155.17 facilities;

155.18 (4) convening stakeholder groups as necessary to facilitate effective communication
155.19 among interconnection stakeholders; and

155.20 (5) preparing reports that detail the number, type, resolution timelines, and outcome of
155.21 interconnection disputes.

155.22 (c) A utility must provide information requested under this section that the interconnection
155.23 ombudsperson determines is necessary to effectively carry out the duties of the position.

155.24 Subd. 2. **Definition.** For the purposes of this section, "utility" means a public utility, as
155.25 defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

155.26 Subd. 3. **Position; funding.** (a) A utility must assess and collect a surcharge of \$50 on
155.27 each application interconnection filed by an owner of a distributed generation facility located

155.28 in Minnesota. A utility must remit the full surcharge to the Public Utilities Commission
155.29 monthly, in a manner determined by the Public Utilities Commission, for each interconnection
155.30 application filed with the utility during the previous month.

155.31 (b) The interconnection ombudsperson account is established in the special revenue
155.32 account in the state treasury. The Public Utilities Commission must manage the account.
156.1 The Public Utilities Commission must deposit in the account all revenues received from
156.2 utilities from the surcharge on interconnection applications established under this section.
156.3 Money is appropriated from the account to the Public Utilities Commission for the sole
156.4 purpose of funding the ombudsperson position established in subdivision 1.

156.5 (c) The Public Utilities Commission must review the amount of revenues collected from
156.6 the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1)
156.7 sufficient money is available to support the position, and (2) the reserve in the account does
156.8 not reach more than ten percent of the amount necessary to fully fund the position.

156.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
156.10 applies to applications for interconnections filed with a utility on or after that date.