

155.25

ARTICLE 10

31.20

ARTICLE 2

155.26

ENERGY POLICY

31.21

COMMERCE

155.27 Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

155.28 Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission
155.29 to study and to make recommendations for legislation concerning issues related to its duties
155.30 under subdivision 3.

156.1 (b) The commission consists of:

156.2 (1) ~~ten~~ five members of the house of representatives, three of whom are appointed by
156.3 the speaker of the house, ~~four~~ and two of whom ~~must be from~~ are appointed by the leader
156.4 of the minority caucus; ~~and including the chair of the committee with primary jurisdiction~~
156.5 ~~over energy policy; the chair or another member of each of the committees with primary~~
156.6 ~~jurisdiction over environmental policy, agricultural policy, and transportation policy; and~~

156.7 (2) ~~ten~~ five members of the senate ~~to be,~~ three of whom are appointed by the
156.8 ~~Subcommittee on Committees~~ leader of the majority caucus, ~~four~~ and two of whom ~~must~~
156.9 ~~be from~~ are appointed by the leader of the minority caucus; ~~and including the chair of the~~
156.10 ~~committee with primary jurisdiction over energy policy; and the chair or another member~~
156.11 ~~of each of the committees with primary jurisdiction over environmental policy, agricultural~~
156.12 ~~policy, and transportation policy.~~

156.13 (c) The commission may employ full-time and part-time staff, contract for consulting
156.14 services, and may reimburse the expenses of persons requested to assist it in its duties. The
156.15 director of the Legislative Coordinating Commission shall assist the commission in
156.16 administrative matters. The commission shall elect cochairs, one member of the house of
156.17 representatives and one member of the senate from among the committee and subcommittee
156.18 chairs named to the commission. The commission members from the house of representatives
156.19 shall elect the house of representatives cochair, and the commission members from the
156.20 senate shall elect the senate cochair.

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

156.22 Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

156.23 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

- 156.26 ~~(b) "Made in Minnesota" means the manufacture in this state of:~~
- 156.27 ~~(1) components of a solar thermal system certified by the Solar Rating and Certification~~
 156.28 ~~Corporation; or~~
- 156.29 ~~(2) solar photovoltaic modules that:~~
- 156.30 ~~(i) are manufactured at a manufacturing facility in Minnesota that is registered and~~
 156.31 ~~authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,~~
 156.32 ~~CSA International, Intertek, or an equivalent independent testing agency;~~
- 157.1 ~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek,~~
 157.2 ~~or an equivalent independent testing agency; and~~
- 157.3 ~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses~~
 157.4 ~~(1), (5), and (6):~~
- 157.5 ~~For the purposes of clause (2), "manufactured" has the meaning given in section~~
 157.6 ~~116C.7791, subdivision 1, paragraph (b), clauses (1) and (2):~~
- 157.7 ~~(b)~~ (b) "Major renovation" means a substantial addition to an existing building, or a
 157.8 substantial change to the interior configuration or the energy system of an existing building.
- 157.9 ~~(c)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed
 157.10 in conjunction with a solar thermal system.
- 157.11 ~~(d)~~ (d) "Solar Photovoltaic module" ~~(d) "Photovoltaic device"~~ has the meaning given in
 157.12 section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 16.
- 157.13 ~~(e)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project"
 157.14 in section 216B.2411, subdivision 2, paragraph (e).
- 157.15 ~~(f)~~ (f) "State building" means a building whose construction or renovation is paid wholly
 157.16 or in part by the state from the bond proceeds fund.
- 157.17 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for
 157.18 the construction or major renovation of a state building, after the completion of a cost-benefit
 157.19 analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of up to 40
 157.20 kilowatts capacity on, adjacent, or in proximity to the state building.

157.21 (b) The capacity of a solar energy system must be less than 40 kilowatts to the extent
157.22 necessary to match the electrical load of the building or to the extent necessary to keep the
157.23 costs for the installation below the five percent maximum set by paragraph (c).

157.24 (c) The cost of the solar energy system must not exceed five percent of the appropriations
157.25 from the bond proceeds fund for the construction or renovation of the state building. Purchase
157.26 and installation of a solar thermal system may account for no more than 25 percent of the
157.27 cost of a solar energy system installation.

157.28 (d) A project subject to this section is ineligible to receive a rebate for the installation
157.29 of a solar energy system under section 116C.7791 or from any utility.

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

158.1 Sec. 3. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to
158.2 read:

158.3 **Subd. 7. Clean Air Act settlement money.** "Clean Air Act settlement money" means
158.4 money required to be paid to the state as a result of litigation or settlements of alleged
158.5 violations of the federal Clean Air Act, United States Code, title 42, section 7401, et seq.,
158.6 or rules adopted thereunder, by an automobile manufacturer. Clean Air Act settlement
158.7 money may not be spent until it is specifically appropriated by law.

158.8 Sec. 4. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

158.9 Subdivision 1. ~~Renewable development~~ **Energy fund account.** (a) The energy fund
158.10 account is established as a separate account in the special revenue fund in the state treasury.
158.11 Appropriations and transfers to the account are credited to the account. Earnings, such as
158.12 interest, dividends, and any other earnings arising from assets of the account, are credited
158.13 to the account. Funds remaining in the account at the end of a fiscal year do not cancel to
158.14 the general fund, but remain in the account until expended.

158.15 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
158.16 plant must transfer all funds in the renewable development account previously established
158.17 under this subdivision and managed by the public utility to the energy fund account
158.18 established in paragraph (a). Funds awarded to grantees in previous grant cycles that have
158.19 not yet been expended and unencumbered funds required to be paid in calendar year 2017
158.20 under sections 116C.7791, 116C.7792, and 216C.41 are not subject to transfer under this
158.21 paragraph.

158.22 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
158.23 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating

158.24 plant must transfer to a ~~renewable development~~ the energy fund account \$500,000 each
158.25 year for each dry cask containing spent fuel that is located at the Prairie Island power plant
158.26 for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation
158.27 if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made
158.28 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie
158.29 Island for any part of a year.

158.30 ~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
158.31 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
158.32 plant must transfer to the ~~renewable development~~ energy fund account \$350,000 each year
158.33 for each dry cask containing spent fuel that is located at the Monticello nuclear power plant
158.34 for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation
159.1 if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made
159.2 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at
159.3 Monticello for any part of a year.

159.4 (e) Each year, the public utility must withhold from the funds transferred to the energy
159.5 fund account under paragraphs (c) and (d) the amount necessary to pay its obligations under
159.6 sections 116C.7791, 116C.7792, and 216C.41 for that calendar year.

159.7 ~~(f)~~ (f) After discontinuation of operation of the Prairie Island nuclear plant or the
159.8 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
159.9 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
159.10 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
159.11 facility for any year in which the commission finds, by the preponderance of the evidence,
159.12 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
159.13 at the facility to a permanent or interim storage site out of the state. This determination shall
159.14 be made at least every two years.

159.15 (g) Funds in the account may only be expended to support projects that:

159.16 (1) result in lower rates for Xcel's Minnesota retail electricity customers;

159.17 (2) result in reduced air emissions from Xcel's Minnesota electric generating facilities;

159.18 and

159.19 (3) provide incentives for the development of new energy technologies that meet the
159.20 conditions of clause (1) or (2).

159.21 Except as provided in section 116C.7793, subdivision 7, expenditures from the fund must
159.22 only benefit Minnesota ratepayers receiving electric service from the utility that owns a

159.23 nuclear-powered electric generating plant in this state or the Prairie Island Indian community
 159.24 or its members.

159.25 ~~(d) Funds in the account may be expended only for any of the following purposes:~~

159.26 ~~(1) to increase the market penetration within the state of renewable electric energy~~
 159.27 ~~resources at reasonable costs;~~

159.28 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects~~
 159.29 ~~and companies within the state;~~

159.30 ~~(3) to stimulate research and development within the state into renewable electric energy~~
 159.31 ~~technologies; and~~

160.1 ~~(4) to develop near-commercial and demonstration scale renewable electric projects or~~
 160.2 ~~near-commercial and demonstration scale electric infrastructure delivery projects if those~~
 160.3 ~~delivery projects enhance the delivery of renewable electric energy.~~

160.4 ~~The utility that owns a nuclear-generating plant is eligible to apply for renewable development~~
 160.5 ~~account grants.~~

160.6 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~
 160.7 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~
 160.8 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~
 160.9 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise not in~~
 160.10 ~~the public interest, and may, if agreed to by the public utility, modify proposed expenditures.~~
 160.11 ~~The commission may approve reasonable and necessary expenditures for administering the~~
 160.12 ~~account in an amount not to exceed five percent of expenditures. Commission approval is~~
 160.13 ~~not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or~~
 160.14 ~~other law.~~

160.15 ~~(f) The account shall be managed by the public utility but the public utility must consult~~
 160.16 ~~about account expenditures with an advisory group that includes, among others,~~
 160.17 ~~representatives of its ratepayers. The commission may require that other interests be~~
 160.18 ~~represented on the advisory group. The advisory group must be consulted with respect to~~
 160.19 ~~the general scope of expenditures in designing a request for proposal and in evaluating~~
 160.20 ~~projects submitted in response to a request for proposals. In addition to consulting with the~~
 160.21 ~~advisory group, the public utility must utilize an independent third-party expert to evaluate~~
 160.22 ~~proposals submitted in response to a request for proposal, including all proposals made by~~
 160.23 ~~the public utility. A request for proposal for research and development under paragraph (d),~~
 160.24 ~~clause (3), may be limited to or include a request to higher education institutions located in~~
 160.25 ~~Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for~~

160.26 ~~multiple projects may include a provision that exempts the projects from the third-party~~
160.27 ~~expert review and instead provides for project evaluation and selection by a merit peer~~
160.28 ~~review grant system. The utility should attempt to reach agreement with the advisory group~~
160.29 ~~after consulting with it but the utility has full and sole authority to determine which~~
160.30 ~~expenditures shall be submitted to the commission for commission approval. In the process~~
160.31 ~~of determining request for proposal scope and subject and in evaluating responses to request~~
160.32 ~~for proposals, the public utility must strongly consider, where reasonable, potential benefit~~
160.33 ~~to Minnesota citizens and businesses and the utility's ratepayers.~~

161.1 ~~(g) Funds in the account may not be directly appropriated by the legislature by a law~~
161.2 ~~enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date~~
161.3 ~~may be expended only pursuant to an order of the commission according to this subdivision.~~

161.4 ~~(h) A request for proposal for renewable energy generation projects must, when feasible~~
161.5 ~~and reasonable, give preference to projects that are most cost-effective for a particular energy~~
161.6 ~~source.~~

161.7 ~~(i) The public utility must annually, by February 15, report to the chairs and ranking~~
161.8 ~~minority members of the legislative committees with jurisdiction over energy policy on~~
161.9 ~~projects funded by the account for the prior year and all previous years. The report must,~~
161.10 ~~to the extent possible and reasonable, itemize the actual and projected financial benefit to~~
161.11 ~~the public utility's ratepayers of each project.~~

161.12 ~~(j) A project receiving funds from the account must produce a written final report that~~
161.13 ~~includes sufficient detail for technical readers and a clearly written summary for nontechnical~~
161.14 ~~readers. The report must include an evaluation of the project's financial, environmental, and~~
161.15 ~~other benefits to the state and the public utility's ratepayers.~~

161.16 ~~(k) Final reports, any mid-project status reports, and renewable development account~~
161.17 ~~financial reports must be posted online on a public Web site designated by the commission.~~

161.18 ~~(l) All final reports must acknowledge that the project was made possible in whole or~~
161.19 ~~part by the Minnesota renewable development fund, noting that the fund is financed by the~~
161.20 ~~public utility's ratepayers.~~

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

161.22 Sec. 5. Minnesota Statutes 2016, section 116C.779, is amended by adding a subdivision
161.23 to read:

161.24 Subd. 1a. **Payment termination.** (a) The commissioner shall track the cumulative
161.25 transfers made to the account and its predecessor, the renewable development account, each

161.26 year since 1999 for each dry cask containing spent fuel that is stored at an independent
161.27 spent-fuel storage facility at Prairie Island or Monticello. During the time when state law
161.28 required the public utility to transfer a specific amount of funds to the account for all the
161.29 casks stored, the per-cask allocation shall be calculated by dividing the total amount
161.30 transferred by the number of casks stored that year.

161.31 (b) When the commissioner determines that the cumulative transfers calculated under
161.32 paragraph (a) for a specific cask reach \$10,000,000, the commissioner shall notify the public
161.33 utility that no additional transfers to the account for that cask shall be made.

162.1 (c) This subdivision does not affect any provisions of subdivision 1, paragraph (c) or
162.2 (d), with respect to transfers to the account made after a plant has ceased operation.

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

162.4 Sec. 6. Minnesota Statutes 2016, section 116C.7792, is amended to read:

162.5 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

162.6 The utility subject to section 116C.779 shall operate a program to provide solar energy
162.7 production incentives for solar energy systems of no more than a total nameplate capacity
162.8 of 20 kilowatts direct current. The program shall be operated for five consecutive calendar
162.9 years commencing in 2014. \$5,000,000 shall be allocated for each of the five years from
162.10 the ~~renewable development~~ energy fund account established in section 116C.779 to a separate
162.11 account for the purpose of the solar production incentive program. The solar system must
162.12 be sized to less than 120 percent of the customer's on-site annual energy consumption. The
162.13 production incentive must be paid for ten years commencing with the commissioning of
162.14 the system. The utility must file a plan to operate the program with the commissioner of
162.15 commerce. The utility may not operate the program until it is approved by the commissioner.

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

162.17 Sec. 7. **[116C.7793] LEGISLATIVE RENEWABLE ENERGY COUNCIL.**

162.18 Subdivision 1. **Establishment.** (a) The Legislative Renewable Energy Council of 11
162.19 members is established in the legislative branch, consisting of:

162.20 (1) five members of the house of representatives appointed by the speaker of the house,
162.21 three of whom are from the majority caucus and two of whom are from the minority caucus;
162.22 and

- 162.23 (2) five members of the senate appointed by the Subcommittee on Committees of the
162.24 Committee on Rules and Administration, three of whom are from the majority caucus and
162.25 two of whom are from the minority caucus; and
- 162.26 (3) one representative of the Prairie Island Indian Community appointed by that
162.27 community's tribal council.
- 162.28 (b) Eight legislative members appointed to the council must represent legislative districts
162.29 in which at least 60 percent of residents receive electric service from the utility that owns
162.30 a nuclear powered electric generating plant in this state. No member may be appointed to
162.31 the council from a legislative district that does not contain any electric retail customers of
163.1 the utility that owns a nuclear powered electric generating plant in this state. Council
163.2 members must be geographically balanced to represent the entire electric service area of
163.3 that utility.
- 163.4 (c) Council members shall elect a chair, a vice-chair, and other officers as determined
163.5 by the council. The chair may convene meetings as necessary to conduct the duties prescribed
163.6 by this section.
- 163.7 (d) The Legislative Coordinating Commission may appoint nonpartisan staff and contract
163.8 with consultants as necessary to support the functions of the council. The council has final
163.9 approval authority to hire an executive director. Up to one-half of one percent of the money
163.10 appropriated from the fund may be used to pay for the council's administrative expenses.
- 163.11 Subd. 2. **Council recommendations.** (a) The council must make recommendations to
163.12 the legislature on appropriations from the energy fund account established under section
163.13 116C.779 that are consistent with that section and state law. The council's recommendations
163.14 must be submitted no later than December 15 each year. The council must present its
163.15 recommendations to the senate and house of representatives committees with jurisdiction
163.16 over energy policy and finance by February 15 in odd-numbered years, and within the first
163.17 four weeks of the legislative session in even-numbered years.
- 163.18 (b) Recommendations of the council, including approval of recommendations for
163.19 expenditures from the energy fund account, require an affirmative vote of at least eight
163.20 members of the council.
- 163.21 (c) The council must develop and implement a decision-making process that ensures
163.22 citizens and potential recipients of funds are included at each stage of the process. The
163.23 process must include a fair, equitable, and thorough method to review funding requests,
163.24 and a clear and easily understood process to rank projects.

163.25 Subd. 3. **Conflict of interest.** (a) A council member may not be an advocate for or
163.26 against a council action or vote on any action that may be a conflict of interest. A conflict
163.27 of interest must be disclosed as soon as it is discovered. The council must follow the policies
163.28 and requirements related to conflicts of interest developed by the Office of Grants
163.29 Management under section 16B.98.

163.30 (b) For the purposes of this section, a conflict of interest exists when a person has an
163.31 organizational conflict of interest or a direct financial conflict of interest, and the conflict
163.32 of interest presents the appearance that it will be difficult for the person to impartially fulfill
163.33 the person's duties as a member of the council. An organizational conflict of interest exists
163.34 when a person has an affiliation with an organization subject to council activities that presents
164.1 the appearance of a conflict between organizational interests and the council member's
164.2 duties under this section. An organizational conflict of interest does not exist if the person's
164.3 only affiliation with an organization is being a member of the organization.

164.4 Subd. 4. **Audit.** The legislative auditor must audit energy fund account expenditures
164.5 recommended by the council, including administrative and staffing expenditures, to ensure
164.6 the money is spent in compliance with all applicable laws.

164.7 Subd. 5. **Recipient requirements.** (a) A recipient of a direct appropriation from the
164.8 energy fund account recommended by the council must compile and submit all information
164.9 for funded projects or programs, including proposed measurable outcomes required by the
164.10 council.

164.11 (b) A recipient's future eligibility to receive funds from the energy fund account is
164.12 contingent upon the recipient satisfying all applicable requirements under this section, as
164.13 well as any additional requirements contained in applicable law. If the Office of the
164.14 Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient
164.15 of funds from the energy fund account has not complied with the laws, rules, or regulations
164.16 under this section or other laws applicable to the recipient, the recipient is not eligible for
164.17 future funding from the energy fund account until the recipient demonstrates compliance
164.18 to the legislative auditor.

164.19 (c) A recipient of a direct appropriation from the energy fund account pursuant to a
164.20 recommendation by the council may not receive funds from another direct appropriation
164.21 from the council until four years after completion of the project funded by the prior direct
164.22 appropriation.

164.23 Subd. 6. **Accomplishment plans.** As a condition of accepting funds appropriated from
164.24 the energy fund account on the council's recommendation, a recipient must agree to submit
164.25 an accomplishment plan and periodic accomplishment reports to the council in the form
164.26 determined by the council. The accomplishment plan must identify the project manager
164.27 responsible for expending the appropriation and the final product. The accomplishment plan

164.28 must account for the use of the appropriation, identify outcomes of the expenditure, and
164.29 include an evaluation of results.

164.30 Subd. 7. **Expenditures.** (a) The council's recommendations regarding expenditures from
164.31 the energy fund account may include but are not limited to research and development
164.32 projects, demonstration projects, and statewide programs and financial incentives.

164.33 (b) If general fund money is transferred to the energy fund account, the council may
164.34 recommend the expenditure of, and the legislature may appropriate, funds from the account
165.1 up to the amount of general fund money present in the account for purposes that do not
165.2 exclusively benefit Minnesota ratepayers receiving electric service from the utility that owns
165.3 a nuclear powered generating plant in this state.

165.4 Subd. 8. **Administration.** The council shall develop administrative procedures for the
165.5 submission and review of proposals seeking funding from the council.

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

165.7 Sec. 8. Minnesota Statutes 2016, section 216A.03, subdivision 1, is amended to read:

165.8 Subdivision 1. **Members.** (a) The Public Utilities Commission shall consist of five
165.9 members. The terms of members shall be six years and until their successors have been
165.10 appointed and qualified. ~~Each commissioner shall be appointed by the governor by and with~~
165.11 ~~the advice and consent of the senate.~~ Not more than three commissioners shall belong to
165.12 the same political party. At least one commissioner must have been domiciled at the time
165.13 of appointment outside the seven-county metropolitan area. If the membership of the
165.14 commission ~~after July 31, 1986,~~ does not consist of at least one member domiciled at the
165.15 time of appointment outside the seven-county metropolitan area, the membership shall
165.16 conform to this requirement following normal attrition of the present commissioners. ~~The~~
165.17 ~~governor~~ When selecting commissioners, the appropriating authorities under paragraph (c)
165.18 shall give consideration to persons learned in the law or persons who have engaged in the
165.19 profession of engineering, public accounting, property and utility valuation, finance, physical
165.20 or natural sciences, production agriculture, or natural resources as well as being representative
165.21 of the general public.

165.22 (b) For purposes of this subdivision, "seven-county metropolitan area" means Anoka,
165.23 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

165.24 (c) The legislature and the governor shall appoint members of the commission as follows:

165.25 (1) the speaker of the house of representatives shall appoint one member;

165.26 (2) the leader of the majority caucus in the senate shall appoint one member;

165.27 (3) the leader of the minority caucus in the house of representatives shall appoint one
165.28 member;

165.29 (4) the leader of the minority caucus in the senate shall appoint one member; and

165.30 (5) the governor shall appoint one member.

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

166.1 Sec. 9. Minnesota Statutes 2016, section 216A.03, is amended by adding a subdivision to
166.2 read:

166.3 Subd. 1b. **Transition.** (a) This subdivision governs the membership of the commission
166.4 between July 1, 2017, and July 1, 2019.

166.5 (b) On or before July 1, 2017, the leaders of the senate majority and minority caucuses
166.6 shall each appoint one commissioner to serve a term ending July 1, 2023, to replace
166.7 commissioners whose terms expire in 2022 and 2023.

166.8 (c) On or before February 1, 2019, the governor shall appoint a commissioner to serve
166.9 a term ending July 1, 2025, to replace a commissioner whose term ends in 2021.

166.10 (d) On or before July 1, 2019, the leaders of the house majority and minority caucuses
166.11 shall each appoint one commissioner to serve a term ending July 1, 2025, to replace
166.12 commissioners whose terms expire in 2019 and 2020.

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

166.14 Sec. 10. Minnesota Statutes 2016, section 216B.03, is amended to read:

166.15 **216B.03 REASONABLE RATE.**

166.16 Every rate made, demanded, or received by any public utility, or by any two or more
166.17 public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably
166.18 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,
166.19 and consistent in application to a class of consumers. To the maximum reasonable extent,
166.20 the commission shall set rates to encourage economic growth, job retention, energy
166.21 conservation and, renewable energy use, and to further the goals of sections 216B.164,
166.22 216B.1696, 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in
166.23 favor of the consumer. For rate-making purposes a public utility may treat two or more

166.24 municipalities served by it as a single class wherever the populations are comparable in size
166.25 or the conditions of service are similar.

166.26 **EFFECTIVE DATE.** This section is effective the day following final enactment and
166.27 applies immediately to all proceedings pending before the commission.

166.28 Sec. 11. Minnesota Statutes 2016, section 216B.16, subdivision 1a, is amended to read:

166.29 Subd. 1a. **Settlement.** (a) When a public utility submits a general rate filing, the Office
166.30 of Administrative Hearings, before conducting a contested case hearing, shall convene a
166.31 settlement conference including all of the parties for the purpose of encouraging settlement
167.1 of any or all of the issues in the contested case. If a stipulated settlement is not reached
167.2 before the contested case hearing, the Office of Administrative Hearings may reconvene
167.3 the settlement conference during or after completion of the contested case hearing at its
167.4 discretion or a party's request. The Office of Administrative Hearings or the commission
167.5 may, upon the request of any party and the public utility, extend the procedural schedule
167.6 of the contested case in order to permit the parties to engage in settlement discussions. An
167.7 extension must be for a definite period of time not to exceed 60 days.

167.8 (b) If the applicant and all intervening parties agree to a stipulated settlement of the case
167.9 or parts of the case, the settlement must be submitted to the commission. The commission
167.10 shall accept or reject the settlement in its entirety and, at any time until its final order is
167.11 issued in the case, may require the Office of Administrative Hearings to conduct a contested
167.12 case hearing. The commission may accept the settlement on finding that ~~to do so the~~
167.13 settlement is supported by substantial evidence and approving the settlement is in the public
167.14 interest and is supported by substantial evidence. The analysis must consider the impact of
167.15 the proposed settlement on the economy, job growth, and job retention. If the commission
167.16 does not accept the settlement, it may issue an order modifying the settlement subject to
167.17 the approval of the parties. Each party shall have ten days in which to reject the proposed
167.18 modification. If no party rejects the proposed modification, the commission's order becomes
167.19 final. If the commission rejects the settlement, or a party rejects the commission's proposed
167.20 modification, a contested case hearing must be completed.

167.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and
167.22 applies immediately to all proceedings pending before the commission.

167.23 Sec. 12. Minnesota Statutes 2016, section 216B.16, subdivision 6, is amended to read:

167.24 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers
167.25 under this chapter to determine just and reasonable rates for public utilities, shall give due
167.26 consideration to the public need for adequate, efficient, and reasonable service, as well as
167.27 the need for competitive electric rates, job preservation, and economic growth, and to the
167.28 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing

167.29 the service, including adequate provision for depreciation of its utility property used and
 167.30 useful in rendering service to the public, and to earn a fair and reasonable return upon the
 167.31 investment in such property. In determining the rate base upon which the utility is to be
 167.32 allowed to earn a fair rate of return, the commission shall give due consideration to evidence
 167.33 of the cost of the property when first devoted to public use, to prudent acquisition cost to
 167.34 the public utility less appropriate depreciation on each, to construction work in progress, to
 168.1 offsets in the nature of capital provided by sources other than the investors, and to other
 168.2 expenses of a capital nature. For purposes of determining rate base, the commission shall
 168.3 consider the original cost of utility property included in the base and shall make no allowance
 168.4 for its estimated current replacement value. If the commission orders a generating facility
 168.5 to terminate its operations before the end of the facility's physical life in order to comply
 168.6 with a specific state or federal energy statute or policy, the commission may allow the public
 168.7 utility to recover any positive net book value of the facility as determined by the commission.

168.8 EFFECTIVE DATE. This section is effective the day following final enactment and
 168.9 applies immediately to all proceedings pending before the commission.

34.23 Sec. 8. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

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

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

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

35.2 Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision~~
 35.3 ~~5;~~ and with respect to municipal electric utilities only, the term "commission" means the
 35.4 governing body of each municipal electric utility that adopts and has in effect rules
 35.5 implementing this section which are consistent with the rules adopted by the Minnesota
 35.6 Public Utilities Commission under subdivision 6. As used in this subdivision, the governing
 35.7 body of a municipal electric utility means the city council of that municipality; except that,
 35.8 if another board, commission, or body is empowered by law or resolution of the city council
 35.9 or by its charter to establish and regulate rates and days for the distribution of electric energy
 35.10 within the service area of the city, that board, commission, or body shall be considered the
 35.11 governing body of the municipal electric utility.

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

35.13 Sec. 10. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision
35.14 to read:

35.15 **Subd. 11. Cooperative electric association.** (a) For purposes of this section only, the
35.16 term "commission" means the board of directors of a cooperative association that (1) elects,
35.17 by resolution, to assume the authority delegated to the Public Utilities Commission over
35.18 cooperative electric associations under this section, and (2) adopts and has in effect rules
35.19 implementing this section. The rules must provide for a process to resolve disputes that
35.20 arise under this section, and must include a provision that a request by either party for
35.21 mediation of the dispute by an independent third party must be implemented. A cooperative
35.22 electric association that has adopted a resolution and rules under this subdivision is exempt
35.23 from regulation by the Public Utilities Commission under this section.

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

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

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

36.4 Sec. 11. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

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

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

168.10 Sec. 13. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

169.7 ~~(g)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under
 169.8 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 169.9 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 169.10 solar standard under this subdivision.

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

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

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

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

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

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

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

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

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

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

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

37.1 ~~(g)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under
 37.2 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 37.3 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 37.4 solar standard under this subdivision.

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

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

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

169.19 Sec. 14. **[216B.1697] STATE-MANDATED ENERGY PURCHASES; PUBLIC**
169.20 **INFORMATION.**

169.21 A utility serving Minnesota customers at retail must, within 30 days of entering into an
169.22 agreement to purchase energy that is used to meet a requirement under state law to purchase
169.23 or generate certain amounts and types of energy, including, but not limited to, requirements
169.24 in sections 216B.1691, 216B.2423, and 216B.2424, post the following information contained
169.25 in the agreement on the utility's Web site:

169.26 (1) the wholesale price per unit of energy over the term of the agreement, including any
169.27 escalator clauses or inflation factors; and

169.28 (2) the amount of energy to be purchased each year by the utility over the term of the
169.29 agreement.

169.30 **EFFECTIVE DATE.** This section is effective immediately and applies to all power
169.31 purchase agreements entered into on or after July 1, 2017.

170.1 Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

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

37.13 Sec. 12. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

37.14 Subd. 3. **Staging and permitting.** (a) A Natural gas-fired plant that is located on one
37.15 site designated as an innovative energy project site under subdivision 1, clause (3), is
37.16 accorded the regulatory incentives granted to an innovative energy project under subdivision
37.17 2, clauses (1) to (3), and may exercise the authorities therein.

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

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

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

170.2 Subd. 1b. **Conservation improvement by cooperative association or municipality.**

170.3 (a) This subdivision applies to:

170.4 (1) a cooperative electric association that provides retail service to ~~its~~ more than 5,000
170.5 members;

170.6 (2) a municipality that provides electric service to more than 1,000 retail customers; and

170.7 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales
170.8 to natural gas ~~to~~ retail customers.

170.9 (b) Each cooperative electric association and municipality subject to this subdivision
170.10 shall spend and invest for energy conservation improvements under this subdivision the
170.11 following amounts:

170.12 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas
170.13 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross
170.14 operating revenues from electric and gas service provided in the state to large electric
170.15 customer facilities; and

170.16 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues
170.17 from service provided in the state, excluding gross operating revenues from service provided
170.18 in the state to large electric customer facilities indirectly through a distribution cooperative
170.19 electric association.

170.20 (c) Each municipality and cooperative electric association subject to this subdivision
170.21 shall identify and implement energy conservation improvement spending and investments
170.22 that are appropriate for the municipality or association, except that a municipality or
170.23 association may not spend or invest for energy conservation improvements that directly
170.24 benefit a large energy facility or a large electric customer facility for which the commissioner
170.25 has issued an exemption under subdivision 1a, paragraph (b).

170.26 (d) Each municipality and cooperative electric association subject to this subdivision
170.27 may spend and invest annually up to ten percent of the total amount required to be spent
170.28 and invested on energy conservation improvements under this subdivision on research and
170.29 development projects that meet the definition of energy conservation improvement in
170.30 subdivision 1 and that are funded directly by the municipality or cooperative electric
170.31 association.

170.32 (e) Load-management activities may be used to meet 50 percent of the conservation
170.33 investment and spending requirements of this subdivision.

171.1 (f) A generation and transmission cooperative electric association that provides energy
171.2 services to cooperative electric associations that provide electric service at retail to consumers
171.3 may invest in energy conservation improvements on behalf of the associations it serves and
171.4 may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate
171.5 basis. A municipal power agency or other not-for-profit entity that provides energy service
171.6 to municipal utilities that provide electric service at retail may invest in energy conservation
171.7 improvements on behalf of the municipal utilities it serves and may fulfill the conservation,
171.8 spending, reporting, and energy-savings goals on an aggregate basis, under an agreement
171.9 between the municipal power agency or not-for-profit entity and each municipal utility for
171.10 funding the investments.

171.11 (g) Each municipality or cooperative shall file energy conservation improvement plans
171.12 by June 1 on a schedule determined by order of the commissioner, but at least every three
171.13 years. Plans received by June 1 must be approved or approved as modified by the
171.14 commissioner by December 1 of the same year. The municipality or cooperative shall
171.15 provide an evaluation to the commissioner detailing its energy conservation improvement
171.16 spending and investments for the previous period. The evaluation must briefly describe
171.17 each conservation program and must specify the energy savings or increased efficiency in
171.18 the use of energy within the service territory of the utility or association that is the result of
171.19 the spending and investments. The evaluation must analyze the cost-effectiveness of the
171.20 utility's or association's conservation programs, using a list of baseline energy and capacity
171.21 savings assumptions developed in consultation with the department. The commissioner
171.22 shall review each evaluation and make recommendations, where appropriate, to the
171.23 municipality or association to increase the effectiveness of conservation improvement
171.24 activities.

171.25 ~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

171.26 ~~(h)~~ (h) The commissioner shall consider and may require a utility, association, or other
171.27 entity providing energy efficiency and conservation services under this section to undertake
171.28 a program suggested by an outside source, including a political subdivision, nonprofit
171.29 corporation, or community organization.

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

171.31 Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

171.32 Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving
171.33 goals for energy conservation improvement expenditures and shall evaluate an energy
171.34 conservation improvement program on how well it meets the goals set.

172.1 (b) Each individual utility and association shall have an annual energy-savings goal
172.2 equivalent to 1.5 percent of gross annual retail energy sales unless modified by the
172.3 commissioner under paragraph (d). The savings goals must be calculated based on the most
172.4 recent three-year weather-normalized average. A utility or association may elect to carry
172.5 forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar
172.6 years, except that savings from electric utility infrastructure projects allowed under paragraph
172.7 (d) may be carried forward for five years. A particular energy savings can be used only for
172.8 one year's goal.

172.9 (c) The commissioner must adopt a filing schedule that is designed to have all utilities
172.10 and associations operating under an energy-savings plan by calendar year 2010.

172.11 (d) In its energy conservation improvement plan filing, a utility or association may
172.12 request the commissioner to adjust its annual energy-savings percentage goal based on its
172.13 historical conservation investment experience, customer class makeup, load growth, a
172.14 conservation potential study, or other factors the commissioner determines warrants an
172.15 adjustment. The commissioner may not approve a plan of a public utility that provides for
172.16 an annual energy-savings goal of less than one percent of gross annual retail energy sales
172.17 from energy conservation improvements.

172.18 A utility or association may include in its energy conservation plan energy savings from
172.19 electric utility infrastructure projects approved by the commission under section 216B.1636
172.20 or waste heat recovery converted into electricity projects that may count as energy savings
172.21 in addition to a minimum energy-savings goal of at least one percent for energy conservation
172.22 improvements. Energy savings from electric utility infrastructure projects, as defined in
172.23 section 216B.1636, may be included in the energy conservation plan of a municipal utility
172.24 or cooperative electric association. Electric utility infrastructure projects must result in
172.25 increased energy efficiency greater than that which would have occurred through normal
172.26 maintenance activity.

172.27 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure
172.28 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
172.29 energy-savings goal established in this subdivision.

172.30 (f) An association or utility is not required to make energy conservation investments to
172.31 attain the energy-savings goals of this subdivision that are not cost-effective even if the
172.32 investment is necessary to attain the energy-savings goals. For the purpose of this paragraph,
172.33 in determining cost-effectiveness, the commissioner shall consider the costs and benefits
172.34 to ratepayers, the utility, participants, and society. In addition, the commissioner shall
173.1 consider the rate at which an association or municipal utility is increasing its energy savings
173.2 and its expenditures on energy conservation.

173.3 (g) On an annual basis, the commissioner shall produce and make publicly available a
173.4 report on the annual energy savings and estimated carbon dioxide reductions achieved by
173.5 the energy conservation improvement programs for the two most recent years for which
173.6 data is available. The commissioner shall report on program performance both in the
173.7 aggregate and for each entity filing an energy conservation improvement plan for approval
173.8 or review by the commissioner.

173.9 (h) By January 15, 2010, the commissioner shall report to the legislature whether the
173.10 spending requirements under subdivisions 1a and 1b are necessary to achieve the
173.11 energy-savings goals established in this subdivision.

173.12 (i) This subdivision does not apply to:

173.13 (1) a cooperative electric association with fewer than 5,000 members;

173.14 (2) a municipal utility with fewer than 1,000 retail electric customers; or

173.15 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales
173.16 to retail natural gas customers.

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

173.18 Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

173.19 Subd. 2. **Programs.** (a) The commissioner may require public utilities to make
173.20 investments and expenditures in energy conservation improvements, explicitly setting forth
173.21 the interest rates, prices, and terms under which the improvements must be offered to the
173.22 customers. The required programs must cover no more than a three-year period. Public
173.23 utilities shall file conservation improvement plans by June 1, on a schedule determined by
173.24 order of the commissioner, but at least every three years. Plans received by a public utility
173.25 by June 1 must be approved or approved as modified by the commissioner by December 1
173.26 of that same year. The commissioner shall evaluate the program on the basis of
173.27 cost-effectiveness and the reliability of technologies employed. The commissioner's order
173.28 must provide to the extent practicable for a free choice, by consumers participating in the
173.29 program, of the device, method, material, or project constituting the energy conservation
173.30 improvement and for a free choice of the seller, installer, or contractor of the energy
173.31 conservation improvement, provided that the device, method, material, or project seller,
173.32 installer, or contractor is duly licensed, certified, approved, or qualified, including under
173.33 the residential conservation services program, where applicable.

174.1 (b) The commissioner may require a utility subject to subdivision 1c to make an energy
174.2 conservation improvement investment or expenditure whenever the commissioner finds

174.3 that the improvement will result in energy savings at a total cost to the utility less than the
174.4 cost to the utility to produce or purchase an equivalent amount of new supply of energy.
174.5 The commissioner shall nevertheless ensure that every public utility operate one or more
174.6 programs under periodic review by the department.

174.7 (c) Each public utility subject to subdivision 1a may spend and invest annually up to ten
174.8 percent of the total amount required to be spent and invested on energy conservation
174.9 improvements under this section by the utility on research and development projects that
174.10 meet the definition of energy conservation improvement in subdivision 1 and that are funded
174.11 directly by the public utility.

174.12 (d) A public utility may not spend for or invest in energy conservation improvements
174.13 that directly benefit a large energy facility or a large electric customer facility for which the
174.14 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The
174.15 commissioner shall consider and may require a utility to undertake a program suggested by
174.16 an outside source, including a political subdivision, a nonprofit corporation, or community
174.17 organization.

174.18 (e) A utility, a political subdivision, or a nonprofit or community organization that has
174.19 suggested a program, the attorney general acting on behalf of consumers and small business
174.20 interests, or a utility customer that has suggested a program and is not represented by the
174.21 attorney general under section 8.33 may petition the commission to modify or revoke a
174.22 department decision under this section, and the commission may do so if it determines that
174.23 the program is not cost-effective, does not adequately address the residential conservation
174.24 improvement needs of low-income persons, has a long-range negative effect on one or more
174.25 classes of customers, or is otherwise not in the public interest. The commission shall reject
174.26 a petition that, on its face, fails to make a reasonable argument that a program is not in the
174.27 public interest.

174.28 (f) The commissioner may order a public utility to include, with the filing of the utility's
174.29 annual status report, the results of an independent audit of the utility's conservation
174.30 improvement programs and expenditures performed by the department or an auditor with
174.31 experience in the provision of energy conservation and energy efficiency services approved
174.32 by the commissioner and chosen by the utility. The audit must specify the energy savings
174.33 or increased efficiency in the use of energy within the service territory of the utility that is
174.34 the result of the spending and investments. The audit must evaluate the cost-effectiveness
174.35 of the utility's conservation programs.

175.1 (g) A gas utility may not spend for or invest in energy conservation improvements that
175.2 directly benefit a large customer facility or commercial gas customer facility for which the
175.3 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or
175.4 (e). The commissioner shall consider and may require a utility to undertake a program

175.5 suggested by an outside source, including a political subdivision, a nonprofit corporation,
175.6 or a community organization.

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

175.8 Sec. 18. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

175.9 Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric
175.10 association, and municipal utility that provides electric service to retail customers and is
175.11 subject to subdivision 1c shall include as part of its conservation improvement activities a
175.12 program to strongly encourage the use of fluorescent and high-intensity discharge lamps.
175.13 The program must include at least a public information campaign to encourage use of the
175.14 lamps and proper management of spent lamps by all customer classifications.

175.15 (b) A public utility that provides electric service at retail to 200,000 or more customers
175.16 shall establish, either directly or through contracts with other persons, including lamp
175.17 manufacturers, distributors, wholesalers, and retailers and local government units, a system
175.18 to collect for delivery to a reclamation or recycling facility spent fluorescent and
175.19 high-intensity discharge lamps from households and from small businesses as defined in
175.20 section 645.445 that generate an average of fewer than ten spent lamps per year.

175.21 (c) A collection system must include establishing reasonably convenient locations for
175.22 collecting spent lamps from households and financial incentives sufficient to encourage
175.23 spent lamp generators to take the lamps to the collection locations. Financial incentives may
175.24 include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash
175.25 back system, or any other financial incentive or group of incentives designed to collect the
175.26 maximum number of spent lamps from households and small businesses that is reasonably
175.27 feasible.

175.28 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,
175.29 a cooperative electric association, or a municipal utility that provides electric service at
175.30 retail to customers may establish a collection system under paragraphs (b) and (c) as part
175.31 of conservation improvement activities required under this section.

175.32 (e) The commissioner of the Pollution Control Agency may not, unless clearly required
175.33 by federal law, require a public utility, cooperative electric association, or municipality that
176.1 establishes a household fluorescent and high-intensity discharge lamp collection system
176.2 under this section to manage the lamps as hazardous waste as long as the lamps are managed
176.3 to avoid breakage and are delivered to a recycling or reclamation facility that removes
176.4 mercury and other toxic materials contained in the lamps prior to placement of the lamps
176.5 in solid waste.

176.6 (f) If a public utility, cooperative electric association, or municipal utility contracts with
176.7 a local government unit to provide a collection system under this subdivision, the contract
176.8 must provide for payment to the local government unit of all the unit's incremental costs of
176.9 collecting and managing spent lamps.

176.10 (g) All the costs incurred by a public utility, cooperative electric association, or municipal
176.11 utility for promotion and collection of fluorescent and high-intensity discharge lamps under
176.12 this subdivision are conservation improvement spending under this section.

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

176.14 Sec. 19. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

176.15 Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

176.16 (1) "utility" means a public utility, municipal utility, or cooperative electric association
176.17 subject to subdivision 1c that provides electric or natural gas service to retail customers;
176.18 and

176.19 (2) "on-bill repayment program" means a program in which a utility collects on a
176.20 customer's bill repayment of a loan to the customer by an eligible lender to finance the
176.21 customer's investment in eligible energy conservation or renewable energy projects, and
176.22 remits loan repayments to the lender.

176.23 (b) A utility may include as part of its conservation improvement plan an on-bill
176.24 repayment program to enable a customer to finance eligible projects with installment loans
176.25 originated by an eligible lender. An eligible project is one that is either an energy conservation
176.26 improvement, or a project installed on the customer's site that uses an eligible renewable
176.27 energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b),
176.28 but does not include mixed municipal solid waste or refuse-derived fuel from mixed
176.29 municipal solid waste. An eligible renewable energy source also includes solar thermal
176.30 technology that collects the sun's radiant energy and uses that energy to heat or cool air or
176.31 water, and meets the requirements of section 216C.25. To be an eligible lender, a lender
176.32 must:

176.33 (1) have a federal or state charter and be eligible for federal deposit insurance;

177.1 (2) be a government entity, including an entity established under chapter 469, that has
177.2 authority to provide financial assistance for energy efficiency and renewable energy projects;

177.3 (3) be a joint venture by utilities established under section 452.25; or

177.4 (4) be licensed, certified, or otherwise have its lending activities overseen by a state or
177.5 federal government agency.

177.6 The commissioner must allow a utility broad discretion in designing and implementing an
177.7 on-bill repayment program, provided that the program complies with this subdivision.

177.8 (c) A utility may establish an on-bill repayment program for all customer classes or for
177.9 a specific customer class.

177.10 (d) A public utility that implements an on-bill repayment program under this subdivision
177.11 must enter into a contract with one or more eligible lenders that complies with the
177.12 requirements of this subdivision and contains provisions addressing capital commitments,
177.13 loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance
177.14 of loans returned due to delinquency or default.

177.15 (e) A public utility's contract with a lender must require the lender to comply with all
177.16 applicable federal and state laws, rules, and regulations related to lending practices and
177.17 consumer protection; to conform to reasonable and prudent lending standards; and to provide
177.18 businesses that sell, maintain, and install eligible projects the ability to participate in an
177.19 on-bill repayment program under this subdivision on a nondiscriminatory basis.

177.20 (f) A public utility's contract with a lender may provide:

177.21 (1) for the public utility to purchase loans from the lender with a condition that the lender
177.22 must purchase back loans in delinquency or default; or

177.23 (2) for the lender to retain ownership of loans with the public utility servicing the loans
177.24 through on-bill repayment as long as payments are current.

177.25 The risk of default must remain with the lender. The lender shall not have recourse against
177.26 the public utility except in the event of negligence or breach of contract by the utility.

177.27 (g) If a public utility customer makes a partial payment on a utility bill that includes a
177.28 loan installment, the partial payment must be credited first to the amount owed for utility
177.29 service, including taxes and fees. A public utility may not suspend or terminate a customer's
177.30 utility service for delinquency or default on a loan that is being serviced through the public
177.31 utility's on-bill repayment program.

178.1 (h) An outstanding balance on a loan being repaid under this subdivision is a financial
178.2 obligation only of the customer who is signatory to the loan, and not to any subsequent
178.3 customer occupying the property associated with the loan. If the public utility purchases
178.4 loans from the lender as authorized under paragraph (f), clause (1), the public utility must

178.5 return to the lender a loan not repaid when a customer borrower no longer occupies the
178.6 property.

178.7 (i) Costs incurred by a public utility under this subdivision are recoverable as provided
178.8 in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs
178.9 for billing system modifications necessary to implement and operate an on-bill repayment
178.10 program and for ongoing costs to operate the program. Costs in a plan approved by the
178.11 commissioner may be counted toward a utility's conservation spending requirements under
178.12 subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting
178.13 from this section may be counted toward satisfying a utility's energy-savings goals under
178.14 subdivision 1c.

178.15 (j) This subdivision does not require a utility to terminate or modify an existing financing
178.16 program and does not prohibit a utility from establishing an on-bill financing program in
178.17 which the utility provides the financing capital.

178.18 (k) A municipal utility or cooperative electric association that implements an on-bill
178.19 repayment program shall design the program to address the issues identified in paragraphs
178.20 (d) through (h) as determined by the governing board of the utility or association.

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

178.22 Sec. 20. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

178.23 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility
178.24 and association subject to subdivision 1c provides low-income programs. When approving
178.25 spending and energy-savings goals for low-income programs, the commissioner shall
178.26 consider historic spending and participation levels, energy savings for low-income programs,
178.27 and the number of low-income persons residing in the utility's service territory. A municipal
178.28 utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing
178.29 gas service must spend at least 0.4 percent, of its most recent three-year average gross
178.30 operating revenue from residential customers in the state on low-income programs. A utility
178.31 or association that furnishes electric service must spend at least 0.1 percent of its gross
178.32 operating revenue from residential customers in the state on low-income programs. For a
178.33 generation and transmission cooperative association, this requirement shall apply to each
178.34 association's members' aggregate gross operating revenue from sale of electricity to residential
179.1 customers in the state. Beginning in 2010, a utility or association that furnishes electric
179.2 service must spend 0.2 percent of its gross operating revenue from residential customers in
179.3 the state on low-income programs.

179.4 (b) To meet the requirements of paragraph (a), a utility or association may contribute
179.5 money to the energy and conservation account. An energy conservation improvement plan
179.6 must state the amount, if any, of low-income energy conservation improvement funds the

179.7 utility or association will contribute to the energy and conservation account. Contributions
179.8 must be remitted to the commissioner by February 1 of each year.

179.9 (c) The commissioner shall establish low-income programs to utilize money contributed
179.10 to the energy and conservation account under paragraph (b). In establishing low-income
179.11 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and
179.12 community organizations, especially organizations engaged in providing energy and
179.13 weatherization assistance to low-income persons. Money contributed to the energy and
179.14 conservation account under paragraph (b) must provide programs for low-income persons,
179.15 including low-income renters, in the service territory of the utility or association providing
179.16 the money. The commissioner shall record and report expenditures and energy savings
179.17 achieved as a result of low-income programs funded through the energy and conservation
179.18 account in the report required under subdivision 1c, paragraph (g). The commissioner may
179.19 contract with a political subdivision, nonprofit or community organization, public utility,
179.20 municipality, or cooperative electric association to implement low-income programs funded
179.21 through the energy and conservation account.

179.22 (d) A utility or association may petition the commissioner to modify its required spending
179.23 under paragraph (a) if the utility or association and the commissioner have been unable to
179.24 expend the amount required under paragraph (a) for three consecutive years.

179.25 (e) The costs and benefits associated with any approved low-income gas or electric
179.26 conservation improvement program that is not cost-effective when considering the costs
179.27 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation
179.28 of net economic benefits for purposes of calculating the financial incentive to the utility.
179.29 The energy and demand savings may, at the discretion of the utility, be applied toward the
179.30 calculation of overall portfolio energy and demand savings for purposes of determining
179.31 progress toward annual goals and in the financial incentive mechanism.

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

180.1 Sec. 21. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

180.2 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with
180.3 the commission periodically in accordance with rules adopted by the commission. The
180.4 commission shall approve, reject, or modify the plan of a public utility, as defined in section
180.5 216B.02, subdivision 4, consistent with the public interest. The analysis must consider the
180.6 economy, job growth, and job retention.

37.28 Sec. 13. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

37.29 Subd. 2. **Resource plan filing and approval.** A utility shall file a resource plan with
37.30 the commission periodically in accordance with rules adopted by the commission. The
37.31 commission shall approve, reject, or modify the plan of a public utility, as defined in section
37.32 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings
38.1 of all other utilities, the commission's order shall be advisory and the order's findings and
38.2 conclusions shall constitute prima facie evidence which may be rebutted by substantial
38.3 evidence in all other proceedings. With respect to utilities other than those defined in section
38.4 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions
38.5 in any comparable proceedings in another jurisdiction. As a part of its resource plan filing,
38.6 a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs

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

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

180.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.
 180.18 Paragraphs (a) and (b) apply immediately to all proceedings pending before the commission.
 180.19 Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

180.20 Sec. 22. Minnesota Statutes 2016, section 216B.2422, subdivision 3, is amended to read:

180.21 Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable,
 180.22 quantify and establish a range of environmental costs associated with each method of
 180.23 electricity generation, including, but not limited to, the costs of air emissions and water
 180.24 degradation. A utility shall use the values established by the commission in conjunction
 180.25 with other external factors, including socioeconomic costs, when evaluating and selecting
 180.26 resource options in all proceedings before the commission, including resource plan and
 180.27 certificate of need proceedings. As part of the resource options and socioeconomic cost
 180.28 analysis under this section, the utility must calculate the impact of resource options on
 180.29 customers' bills and utility rates. Any doubt regarding the various resource options before
 180.30 the commission must be resolved in favor of supporting the economy, job growth, and job
 180.31 retention.

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

181.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 181.5 applies immediately to all proceedings pending before the commission.

181.6 Sec. 23. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

38.7 from both new and refurbished capacity needs generating facilities through a combination
 38.8 of conservation and renewable energy resources.

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

38.11 Sec. 14. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

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

181.13 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
 181.14 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
 181.15 the solar energy standard under section 216B.1691, subdivision 2f₂;

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

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

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

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

181.24 Sec. 24. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

38.18 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
 38.19 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
 38.20 the solar energy standard under section 216B.1691, subdivision 2f₂;

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

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

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

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

- 182.7 (4) a high-voltage transmission line of one mile or less required to connect a new or
182.8 upgraded substation to an existing, new, or upgraded high-voltage transmission line;
- 182.9 (5) conversion of the fuel source of an existing electric generating plant to using natural
182.10 gas;
- 182.11 (6) the modification of an existing electric generating plant to increase efficiency, as
182.12 long as the capacity of the plant is not increased more than ten percent or more than 100
182.13 megawatts, whichever is greater;
- 182.14 (7) a wind energy conversion system or solar electric generation facility if the system
182.15 or facility is owned and operated by an independent power producer and the electric output
182.16 of the system or facility is not sold to an entity that provides retail service in Minnesota or
182.17 wholesale electric service to another entity in Minnesota other than an entity that is a federally
182.18 recognized regional transmission organization or independent system operator; ~~or~~
- 182.19 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
182.20 2, or a solar energy generating large energy facility, as defined in section ~~216B.2421,~~
182.21 ~~subdivision 2~~ 216E.01, subdivision 9a, engaging in a repowering project that:
- 182.22 (i) will not result in the facility exceeding the nameplate capacity under its most recent
182.23 interconnection agreement; or
- 182.24 (ii) will result in the facility exceeding the nameplate capacity under its most recent
182.25 interconnection agreement, provided that the Midcontinent Independent System Operator
182.26 has provided a signed generator interconnection agreement that reflects the expected net
182.27 power increase;
- 182.28 (9) a large wind energy conversion system, as defined in section 216F.01, subdivision
182.29 2;
- 182.30 (10) a solar energy generating system, as defined in section 216E.01, subdivision 9a,
182.31 with a capacity of five megawatts or more;
- 182.32 (11) a pipeline transporting crude oil or refined petroleum products;
- 183.1 (12) a pipeline transporting natural gas or propane; or
- 183.2 (13) a replacement pipeline.
- 183.3 (b) For the purpose of this subdivision, the following terms have the meanings given:

183.4 (1) "repowering project" means:

183.5 (i) modifying a large wind energy conversion system or a solar energy generating
183.6 large energy facility to increase its efficiency without increasing its nameplate capacity;

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

183.9 (iii) increasing the nameplate capacity of a large wind energy conversion system;
183.10 and

183.11 (2) "replacement pipeline" means a pipeline constructed in a new or existing right-of-way
183.12 that replaces service provided by an existing pipeline that will be permanently removed
183.13 from service within 180 days of the date of initial service of the replacement pipeline.

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

38.29 Sec. 15. Minnesota Statutes 2016, section 216B.62, subdivision 3b, is amended to read:

38.30 Subd. 3b. **Assessment for department regional and national duties.** In addition to
38.31 other assessments in subdivision 3, the department may assess up to ~~\$1,000,000~~ \$500,000
38.32 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount
39.1 in this subdivision shall be assessed to energy utilities in proportion to their respective gross
39.2 operating revenues from retail sales of gas or electric service within the state during the last
39.3 calendar year and shall be deposited into an account in the special revenue fund and is
39.4 appropriated to the commissioner of commerce for the purposes of section 216A.07,
39.5 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
39.6 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
39.7 an "energy utility" means public utilities, generation and transmission cooperative electric
39.8 associations, and municipal power agencies providing natural gas or electric service in the
39.9 state. This subdivision expires June 30, ~~2017~~ 2021.

183.15 Sec. 25. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

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

183.17 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
183.18 electricity and natural gas be achieved through cost-effective energy efficiency;

183.19 (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the
183.20 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;
183.21 ~~and~~

183.22 (3) 25 percent of the total energy used in the state be derived from renewable energy
183.23 resources by the year 2025; and

183.24 (4) retail electricity rates be at least ten percent below the national average for commercial
183.25 customers and at least five percent below the national average for all other customer classes.

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

183.27 Sec. 26. Minnesota Statutes 2016, section 216C.41, subdivision 2, is amended to read:

183.28 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made
183.29 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner
184.1 or operator of a qualified hydropower facility or qualified wind energy conversion facility
184.2 for electric energy generated and sold by the facility, (3) a publicly owned hydropower
184.3 facility for electric energy that is generated by the facility and used by the owner of the
184.4 facility outside the facility, or (4) the owner of a publicly owned dam that is in need of
184.5 substantial repair, for electric energy that is generated by a hydropower facility at the dam
184.6 and the annual incentive payments will be used to fund the structural repairs and replacement
184.7 of structural components of the dam, or to retire debt incurred to fund those repairs.

184.8 (b) Payment may only be made upon receipt by the commissioner of commerce of an
184.9 incentive payment application that establishes that the applicant is eligible to receive an
184.10 incentive payment and that satisfies other requirements the commissioner deems necessary.
184.11 The application must be in a form and submitted at a time the commissioner establishes.

184.12 (c) There is annually appropriated from the ~~renewable development energy fund~~ renewable development energy fund account
184.13 established under section 116C.779 to the commissioner of commerce sums sufficient to
184.14 make the payments required under this section, in addition to the amounts funded by the
184.15 ~~renewable development energy fund~~ renewable development energy fund account as specified in subdivision 5a.

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

184.17 Sec. 27. Minnesota Statutes 2016, section 216C.41, subdivision 5a, is amended to read:

184.18 Subd. 5a. ~~Renewable development account~~ **Payment authorization.** The Department
184.19 of Commerce shall authorize payment of the renewable energy production incentive to wind
184.20 energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to
184.21 on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive

184.22 shall be made from the ~~renewable energy development fund~~ account as provided under
184.23 section 116C.779, subdivision 2.

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

184.25 Sec. 28. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA"**

184.26 **SOLAR ENERGY PRODUCTION INCENTIVES.**

184.27 **Subdivision 1. General provisions.** Payment of a "Made in Minnesota" solar energy
184.28 production incentive to an owner whose application was approved by the commissioner of
184.29 commerce under section 216C.415 prior to the effective date of this section must be
184.30 administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413;
184.31 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made
185.1 under this section to an owner whose application was approved by the commissioner after
185.2 the effective date of this section.

185.3 **Subd. 2. Appropriation.** (a) Unspent money remaining in the account established under
185.4 Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the
185.5 energy fund account in the special revenue fund established under section 116C.779,
185.6 subdivision 1.

185.7 (b) There is annually appropriated from the energy fund account in the special revenue
185.8 fund established in section 116C.779 to the commissioner of commerce money sufficient
185.9 to make the incentive payments required under Minnesota Statutes 2016, section 216C.415.

185.10 (c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of
185.11 this appropriation may be used for administrative costs.

185.12 **Subd. 3. Eligibility window; payment duration.** (a) Payments may be made under this
185.13 subdivision only for solar photovoltaic module installations that meet the requirements of
185.14 subdivision 1 and that first begin generating electricity between January 1, 2014, and
185.15 December 31, 2017.

185.16 (b) The payment eligibility window of the incentive begins and runs consecutively from
185.17 the date the solar photovoltaic module first begins generating electricity.

185.18 (c) An owner of solar photovoltaic modules may receive payments under this section
185.19 for a particular module for a period of ten years, provided that sufficient funds are available
185.20 in the account.

185.21 (d) No payment may be made under this section for electricity generated after December
185.22 31, 2027.

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

185.24 Sec. 29. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
185.25 to read:

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

185.29 Sec. 30. Minnesota Statutes 2016, section 216E.03, subdivision 3, is amended to read:

185.30 Subd. 3. **Application.** Any person seeking to construct a large electric power generating
185.31 plant or a high-voltage transmission line must apply to the commission for a site or route
186.1 permit. The application shall contain such information as the commission may require. The
186.2 applicant ~~shall~~ may propose at least two sites for a large electric power generating plant and
186.3 two routes for a high-voltage transmission line. Neither of the two proposed routes may be
186.4 designated as a preferred route and all proposed routes must be numbered and designated
186.5 as alternatives. The commission shall determine whether an application is complete and
186.6 advise the applicant of any deficiencies within ten days of receipt. An application is not
186.7 incomplete if information not in the application can be obtained from the applicant during
186.8 the first phase of the process and that information is not essential for notice and initial public
186.9 meetings.

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

186.11 Sec. 31. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

186.12 Subd. 9. **Timing.** The commission shall make a final decision on an application within
186.13 60 days after receipt of the report of the administrative law judge. A final decision on the
186.14 request for a site permit or route permit shall be made within one year after the commission's
186.15 determination that an application is complete. The commission may extend this time limit
186.16 for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

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

186.18 Sec. 32. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

186.19 Subd. 7. **Timing.** The commission shall make a final decision on an application within
186.20 60 days after completion of the public hearing. A final decision on the request for a site

39.10 Sec. 16. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
39.11 to read:

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

186.21 permit or route permit under this section shall be made within six months after the
186.22 commission's determination that an application is complete. The commission may extend
186.23 this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the
186.24 applicant.

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

186.26 Sec. 33. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

186.27 Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy
186.28 conversion system" or "LWECS" means any combination of WECS with a combined
186.29 nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated
186.30 with the LWECS that are necessary to interconnect the LWECS to the transmission system.

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

187.1 Sec. 34. Minnesota Statutes 2016, section 216F.011, is amended to read:

187.2 **216F.011 SIZE DETERMINATION.**

187.3 (a) The total size of a combination of wind energy conversion systems for the purpose
187.4 of determining what jurisdiction has siting authority under this chapter must be determined
187.5 according to this section. The nameplate capacity of one wind energy conversion system
187.6 must be combined with the nameplate capacity of any other wind energy conversion system
187.7 that:

187.8 (1) is located within five miles of the wind energy conversion system;

187.9 (2) is constructed within the same 12-month period as the wind energy conversion
187.10 system; and

187.11 (3) exhibits characteristics of being a single development, including, but not limited to,
187.12 ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing
187.13 arrangements, and common debt or equity financing.

187.14 (b) The commissioner shall provide forms and assistance for project developers to make
187.15 a request for a size determination. Upon written request of a project developer, the
187.16 commissioner of commerce shall provide a written size determination within 30 days of
187.17 receipt of the request and of any information needed to complete the size determination that
187.18 has been requested by the commissioner. In the case of a dispute, the chair of the Public
187.19 Utilities Commission shall make the final size determination.

187.20 (c) An application to a county for a permit under this chapter for a wind energy conversion
187.21 system is not complete without a size determination made under this section.

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

187.23 Sec. 35. Minnesota Statutes 2016, section 216F.04, is amended to read:

187.24 **216F.04 SITE PERMIT.**

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

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

187.30 (c) The commission shall make a final decision on an application for a site permit for
187.31 an LWECS within 180 days after acceptance of a complete application by the commission.
188.1 The commission may extend this deadline ~~for cause~~ if the proposer agrees to an extension
188.2 in writing.

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

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

188.6 Sec. 36. **[216G.025] ALTERNATIVE PIPELINE ROUTES; RESTRICTION.**

188.7 Notwithstanding section 116D.04, subdivisions 2a and 6, and any other law or rule, no
188.8 environmental analysis of alternative routes for a pipeline seeking a routing permit may
188.9 include an alternative route that does not connect the pipeline's termini as proposed by the
188.10 applicant.

188.11 Sec. 37. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

188.12 Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless
188.13 preempted by federal law, until a comprehensive and enforceable state law or rule pertaining
188.14 to greenhouse gases that directly limits and substantially reduces, over time, statewide power
188.15 sector carbon dioxide emissions is enacted and in effect, and except as allowed in
188.16 subdivisions 4 to 7, on and after August 1, 2009, no person shall:

188.17 ~~(1)~~ construct within the state a new large energy facility that would contribute to statewide
188.18 power sector carbon dioxide emissions;

188.19 ~~(2) import or commit to import from outside the state power from a new large energy~~
188.20 ~~facility that would contribute to statewide power sector carbon dioxide emissions; or~~

188.21 ~~(3) enter into a new long-term power purchase agreement that would increase statewide~~
188.22 ~~power sector carbon dioxide emissions. For purposes of this section, a long-term power~~
188.23 ~~purchase agreement means an agreement to purchase 50 megawatts of capacity or more for~~
188.24 ~~a term exceeding five years.~~

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

188.26 Sec. 38. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

188.27 Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions in~~ prohibition
188.28 under subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public
188.29 Utilities Commission's satisfaction that it will offset the new contribution to statewide power
188.30 sector carbon dioxide emissions with a carbon dioxide reduction project identified in
188.31 paragraph (b) and in compliance with paragraph (c).

189.1 (b) A project proponent may offset in an amount equal to or greater than the proposed
189.2 new contribution to statewide power sector carbon dioxide emissions in either, or a
189.3 combination of both, of the following ways:

189.4 (1) by reducing an existing facility's contribution to statewide power sector carbon
189.5 dioxide emissions; or

189.6 (2) by purchasing carbon dioxide allowances from a state or group of states that has a
189.7 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

189.8 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide
189.9 reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide
189.10 power sector carbon dioxide emissions unless the proposed offsets are permanent,
189.11 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section
189.12 does not exempt emissions that have been offset under this subdivision and emissions
189.13 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

189.15 Sec. 39. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

189.16 Subd. 7. **Other exemptions.** The ~~prohibitions in~~ prohibition under subdivision 3 ~~de~~ does
189.17 not apply to:

189.18 (1) a new large energy facility under consideration by the Public Utilities Commission
189.19 pursuant to proposals or applications filed with the Public Utilities Commission before April
189.20 1, 2007, or to any power purchase agreement related to a facility described in this clause.
189.21 The exclusion of pending proposals and applications from the prohibitions in subdivision
189.22 3 does not limit the applicability of any other law and is not an expression of legislative
189.23 intent regarding whether any pending proposal or application should be approved or denied;

189.24 (2) a contract not subject to commission approval that was entered into prior to April 1,
189.25 2007, to purchase power from a new large energy facility that was approved by a comparable
189.26 authority in another state prior to that date, for which municipal or public power district
189.27 bonds have been issued, and on which construction has begun;

189.28 (3) a new large energy facility ~~or a power purchase agreement between a Minnesota~~
189.29 ~~utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public
189.30 Utilities Commission has determined is essential to ensure the long-term reliability of
189.31 Minnesota's electric system, to allow electric service for increased industrial demand, or to
189.32 avoid placing a substantial financial burden on Minnesota ratepayers. An order of the
189.33 commission granting an exemption under this clause is stayed until the June 1 following
190.1 the next regular or annual session of the legislature that begins after the date of the
190.2 commission's final order; or

190.3 (4) a new large energy facility with a combined electric generating capacity of less than
190.4 100 megawatts, which did not require a Minnesota certificate of need, which received an
190.5 air pollution control permit to construct from an adjoining state before January 1, 2008, and
190.6 on which construction began before July 1, 2008, or to any power purchase agreement
190.7 related to a facility described in this clause.

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

190.9 **Sec. 40. RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**
190.10 **FORCE PROGRAMS.**

190.11 Subdivision 1. Establishment. The Residential PACE Consumer Protection Legislation
190.12 Task Force shall develop recommendations for consumer protection legislation for any
190.13 energy improvements financing program implemented under Minnesota Statutes, sections
190.14 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,
190.15 "residential PACE" or "PACE" means energy improvement financing programs for
190.16 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435
190.17 to 216C.436.

42.20 **Sec. 24. RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**
42.21 **FORCE.**

42.22 Subdivision 1. Establishment. The Residential PACE Consumer Protection Legislation
42.23 Task Force shall develop recommendations for consumer protection legislation for any
42.24 energy improvements financing program implemented under Minnesota Statutes, sections
42.25 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,
42.26 "residential PACE" or "PACE" means energy improvement financing programs for
42.27 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435
42.28 to 216C.436.

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

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

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

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

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

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

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

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

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

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

190.28 (10) one member appointed by AARP Minnesota;

190.29 (11) one member appointed by Fresh Energy;

190.30 (12) one member appointed by the Citizens Utility Board of Minnesota;

191.1 (13) one member appointed by Clean Energy Economy Minnesota;

191.2 (14) one member appointed by the Minnesota Land Title Association;

191.3 (15) one member appointed by an organization with experience implementing residential
191.4 PACE programs in other states; and

191.5 (16) the commissioner of commerce or a designee.

191.6 (b) Any public member can designate a substitute from the same organization to replace
191.7 that member at a meeting of the task force.

191.8 Subd. 3. **Duties.** The task force must develop recommendations to:

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

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

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

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

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

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

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43.9 (11) one member appointed by Fresh Energy;

43.10 (12) one member appointed by the Citizens Utility Board of Minnesota;

43.11 (13) one member appointed by Clean Energy Economy Minnesota;

43.12 (14) one member appointed by the Minnesota Land Title Association;

43.13 (15) one member appointed by an organization with experience implementing residential
43.14 PACE programs in other states; and

43.15 (16) the commissioner of commerce or a designee.

43.16 (b) Any public member can designate a substitute from the same organization to replace
43.17 that member at a meeting of the task force.

43.18 Subd. 3. **Duties.** The task force must develop recommendations to:

191.9 (1) address concerns regarding the possible constraints on free alienation of residential
 191.10 property caused by existence and amount of the PACE liens;

191.11 (2) reduce and minimize any point-of-sale confusion in transactions involving
 191.12 PACE-encumbered homes;

191.13 (3) ensure conspicuous and meaningful disclosure of, among other things:

191.14 (i) all costs and fees of a residential PACE loan; and

191.15 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
 191.16 PACE loans relative to other financing mechanisms;

191.17 (4) ensure that the ability to repay standard uses commonly accepted underwriting
 191.18 principles;

191.19 (5) ensure that consumer provisions required of and protections that apply to conventional
 191.20 loans and other financing options, including but not limited to the Truth in Lending Act and
 191.21 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

191.22 (6) address any unique protections necessary for elderly, low-income homeowners and
 191.23 other financially vulnerable homeowners;

191.24 (7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy
 191.25 improvements; and

191.26 (8) address any other issues the task force identifies that are necessary to protect
 191.27 consumers.

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

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

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

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

43.19 (1) address concerns regarding the possible constraints on free alienation of residential
 43.20 property caused by existence and amount of the PACE liens;

43.21 (2) reduce and minimize any point-of-sale confusion in transactions involving
 43.22 PACE-encumbered homes;

43.23 (3) ensure conspicuous and meaningful disclosure of, among other things:

43.24 (i) all costs and fees of a residential PACE loan; and

43.25 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
 43.26 PACE loans relative to other financing mechanisms;

43.27 (4) ensure that the ability to repay standard uses commonly accepted underwriting
 43.28 principles;

44.1 (5) ensure that consumer provisions required of and protections that apply to conventional
 44.2 loans and other financing options, including but not limited to the Truth in Lending Act and
 44.3 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

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 44.5 other financially vulnerable homeowners;

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 44.7 improvements; and

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 44.9 consumers.

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 44.15 serve as chair.

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

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

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

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

192.19 Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the
 192.20 report required in this section, whichever is earlier.

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

192.22 Sec. 41. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
 192.23 **THERMAL REBATES.**

192.24 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
 192.25 of a solar thermal system whose application was approved by the commissioner of commerce
 192.26 after the effective date of this section.

192.27 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
 192.28 section 216C.416, as of July 2, 2017, must be transferred to the energy fund account
 192.29 established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

193.1 Sec. 42. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**
 193.2 **UNEXPENDED GRANT FUNDS.**

193.3 (a) No later than 30 days after the effective date of this section, the utility subject to
 193.4 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person
 193.5 who received a grant funded from the renewable development account previously established
 193.6 under that subdivision:

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

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

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 44.27 subdivision 3, no programs for the financing of energy improvements on a single-family
 44.28 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,
 44.29 may be operated after the effective date of this section.

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

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

- 193.7 (1) after January 1, 2012; and
- 193.8 (2) before January 1, 2012, if the funded project remains incomplete as of the effective
193.9 date of this section.
- 193.10 The notice must contain the provisions of this section and instructions directing grant
193.11 recipients how unexpended funds can be transferred to the energy fund account.
- 193.12 (b) A recipient of a grant from the renewable development account previously established
193.13 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after
193.14 receiving the notice required under paragraph (a), transfer any grant funds that remain
193.15 unexpended as of the effective date of this section to the energy fund account if, by that
193.16 effective date, all of the following conditions are met:
- 193.17 (1) the grant was awarded more than five years before the effective date of this section;
- 193.18 (2) the grant recipient has failed to obtain control of the site on which the project is to
193.19 be constructed;
- 193.20 (3) the grant recipient has failed to secure all necessary permits or approvals from any
193.21 unit of government with respect to the project; and
- 193.22 (4) construction of the project has not begun.
- 193.23 (c) A recipient of a grant from the renewable development account previously established
193.24 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds
193.25 that remain unexpended five years after the grant funds are received by the grant recipient
193.26 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant
193.27 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary
193.28 of the receipt of the grant funds.
- 193.29 (d) A person who transfers funds to the energy fund account under this section is eligible
193.30 to apply for funding from the Legislative Renewable Energy Council under Minnesota
193.31 Statutes, section 116C.7793.
- 193.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 194.1 Sec. 43. **PIPELINE REPLACEMENT PROJECT; ROUTE.**
- 194.2 Notwithstanding Minnesota Statutes, section 216G.02, and Minnesota Rules, chapter
194.3 7852, an applicant may, at its sole discretion, construct, after July 1, 2017, own, and operate
194.4 a 36-inch diameter, approximately 340 mile-long replacement pipeline, as defined in

194.5 Minnesota Statutes, section 216B.243, subdivision 8, and associated facilities along the
194.6 preferred route the applicant proposed to the Public Utilities Commission in Docket No.
194.7 PL-9/PPL-15-137.

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

194.9 Sec. 44. **REPEALER.**

194.10 (a) Laws 2013, chapter 85, article 6, section 11, is repealed.

194.11 (b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and
194.12 216B.815, are repealed.

194.13 (c) Minnesota Statutes 2016, sections 3.8852; 116C.779, subdivision 3; and 216C.29,
194.14 are repealed.

194.15 (d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413;
194.16 216C.414; 216C.415; and 216C.416, are repealed.

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