

151.1 **ARTICLE 11**151.2 **MISCELLANEOUS ENERGY POLICY**

151.3 Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 7, is amended to read:

151.4 Subd. 7. **Assessment; appropriation.** (a) Upon request by the cochairs of the
151.5 commission, the commissioner of commerce shall assess the amount requested for the
151.6 operation of the commission, not to exceed ~~\$250,000~~ \$150,000 in a fiscal year, from the
151.7 following sources:

151.8 (1) 50 percent of the assessment must come from all public utilities, municipal
151.9 utilities, electric cooperative associations, generation and transmission cooperative electric
151.10 associations, and municipal power agencies providing electric or natural gas services
151.11 in Minnesota; and

151.12 (2) 50 percent of the assessment must come from all bulk terminals located in this
151.13 state from which petroleum products and liquid petroleum gas are dispensed.

151.14 (b) The commissioner of commerce shall apportion the assessment amount requested
151.15 among the entities in paragraph (a), clause (1), in proportion to their respective gross
151.16 operating revenues from energy sold within the state during the most recent calendar year.

151.17 (c) The commissioner of commerce shall apportion the assessment amount requested
151.18 equally among the referenced entities in paragraph (a), clause (2).

151.19 (d) The entities in paragraph (a), clause (1), must provide information to the
151.20 commissioner of commerce to allow for calculation of the assessment.

151.21 (e) The assessments under this subdivision are in addition to assessments made
151.22 under section 216B.62. The amount assessed under this section must be deposited in
151.23 the Legislative Energy Commission account in the special revenue fund. Funds in the
151.24 Legislative Energy Commission account are appropriated to the director of the Legislative
151.25 Coordinating Commission for the purposes of this section, and are available until
151.26 expended. Utilities selling gas and electric service at retail must be assessed and billed
151.27 in accordance with the procedures provided in section 216B.62, to the extent that these
151.28 procedures do not conflict with this subdivision.

151.29 (f) The commission shall provide a detailed report of its income and expenses in the
151.30 prior calendar year by January 1 of each year to the standing committees of the house of
151.31 representatives and the senate with jurisdiction over energy issues.

151.32 Sec. 2. Minnesota Statutes 2014, section 12A.15, subdivision 1, is amended to read:

151.33 Subdivision 1. **State cost-share for federal assistance.** State appropriations may be
151.34 used to pay 100 percent of the nonfederal share for state agencies ~~and~~ local governments,
152.1 and utility cooperatives under section 12.221. An appropriation from the bond proceeds
152.2 fund may be used as cost-share for federal disaster assistance for publicly owned capital
152.3 improvement projects.

152.4 Sec. 3. Minnesota Statutes 2014, section 216B.16, subdivision 6, is amended to read:

152.5 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its
152.6 powers under this chapter to determine just and reasonable rates for public utilities, shall
152.7 give due consideration to the public need for adequate, efficient, and reasonable service
152.8 and to the need of the public utility for revenue sufficient to enable it to meet the cost of
152.9 furnishing the service, including adequate provision for depreciation of its utility property
152.10 used and useful in rendering service to the public, and to earn a fair and reasonable return
152.11 upon the investment in such property. In determining the rate base upon which the utility
152.12 is to be allowed to earn a fair rate of return, the commission shall give due consideration to
152.13 evidence of the cost of the property when first devoted to public use, to prudent acquisition
152.14 cost to the public utility less appropriate depreciation on each, to construction work in
152.15 progress, to offsets in the nature of capital provided by sources other than the investors,
152.16 and to other expenses of a capital nature. For purposes of determining rate base, the
152.17 commission shall consider the original cost of utility property included in the base and
152.18 shall make no allowance for its estimated current replacement value. Upon petition by
152.19 a public utility, if the commission determines that an order it issued has the effect of
152.20 terminating the operation of a generating facility before the end of the facility's book life
152.21 in order to comply with a specific state or federal energy or environmental statute or
152.22 policy, the commission may allow the public utility to recover any positive net book value
152.23 of the facility as determined by the commission.

152.24 Sec. 4. Minnesota Statutes 2014, section 216B.16, subdivision 7b, is amended to read:

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

152.28 (i) new transmission facilities that have been separately filed and reviewed and
152.29 approved by the commission under section 216B.243 or new transmission or distribution
152.30 facilities that are certified as a priority project or deemed to be a priority transmission
152.31 project under section 216B.2425;

152.32 (ii) new transmission facilities approved by the regulatory commission of the state
152.33 in which the new transmission facilities are to be constructed, to the extent approval
153.1 is required by the laws of that state, and determined by the Midcontinent Independent
153.2 System Operator to benefit the utility or integrated transmission system; and

153.3 (iii) charges incurred by a utility under a federally approved tariff that accrue
153.4 from other transmission owners' regionally planned transmission projects that have been
153.5 determined by the Midcontinent Independent System Operator to benefit the utility or
153.6 integrated transmission system.

153.7 (b) Upon filing by a public utility or utilities providing transmission service, the
153.8 commission may approve, reject, or modify, after notice and comment, a tariff that:

153.9 (1) allows the utility to recover on a timely basis the costs net of revenues of
153.10 facilities approved under section 216B.243 or certified or deemed to be certified under
153.11 section 216B.2425 or exempt from the requirements of section 216B.243;

153.12 (2) allows the utility to recover charges incurred under a federally approved tariff that
153.13 accrue from other transmission owners' regionally planned transmission projects that have
153.14 been determined by the Midcontinent Independent System Operator to benefit the utility
153.15 or integrated transmission system. These charges must be reduced or offset by revenues
153.16 received by the utility and by amounts the utility charges to other regional transmission
153.17 owners, to the extent those revenues and charges have not been otherwise offset;

153.18 (3) allows the utility to recover on a timely basis the costs net of revenues of facilities
153.19 approved by the regulatory commission of the state in which the new transmission
153.20 facilities are to be constructed and determined by the Midcontinent Independent System
153.21 Operator to benefit the utility or integrated transmission system;

153.22 (4) allows the utility to recover costs associated with investments in distribution
153.23 facilities to modernize the utility's grid that have been certified by the commission under
153.24 section 216B.2425;

153.25 (5) allows a return on investment at the level approved in the utility's last general
153.26 rate case, unless a different return is found to be consistent with the public interest;

153.27 ~~(5)~~ (6) provides a current return on construction work in progress, provided that
153.28 recovery from Minnesota retail customers for the allowance for funds used during
153.29 construction is not sought through any other mechanism;

153.30 ~~(6)~~ (7) allows for recovery of other expenses if shown to promote a least-cost project
153.31 option or is otherwise in the public interest;

153.32 ~~(7)~~ (8) allocates project costs appropriately between wholesale and retail customers;

153.33 ~~(8)~~ (9) provides a mechanism for recovery above cost, if necessary to improve the
153.34 overall economics of the project or projects or is otherwise in the public interest; and

153.35 ~~(9)~~ (10) terminates recovery once costs have been fully recovered or have otherwise
153.36 been reflected in the utility's general rates.

154.1 (c) A public utility may file annual rate adjustments to be applied to customer bills
154.2 paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

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

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

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

154.6 (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for
154.7 the project; and

154.8 (5) calculations to establish that the rate adjustment is consistent with the terms
154.9 of the tariff established in paragraph (b).

154.10 (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in
154.11 paragraph (b), the commission shall approve the annual rate adjustments provided that,
154.12 after notice and comment, the costs included for recovery through the tariff were or are
154.13 expected to be prudently incurred and achieve transmission system improvements at the
154.14 lowest feasible and prudent cost to ratepayers.

154.15 Sec. 5. Minnesota Statutes 2014, section 216B.16, subdivision 8, is amended to read:

154.16 Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of
154.17 any rate which makes an allowance directly or indirectly for expenses incurred by a public
154.18 utility to provide a public advertisement which:

154.19 (1) is designed to influence or has the effect of influencing public attitudes toward
154.20 legislation or proposed legislation, or toward a rule, proposed rule, authorization or
154.21 proposed authorization of the Public Utilities Commission or other agency of government
154.22 responsible for regulating a public utility;

154.23 (2) is designed to justify or otherwise support or defend a rate, proposed rate,
154.24 practice or proposed practice of a public utility;

154.25 (3) is designed primarily to promote consumption of the services of the utility,
154.26 except for the promotion of:

154.27 (i) electric vehicles;

154.28 (ii) electric water heaters that are electronically activated by a utility to operate when
154.29 low-priced electricity generated from a renewable source is available;

154.30 (iii) ground or air source heat pumps that displace propane or fuel oil; or

154.31 (iv) vehicles fueled with compressed natural gas;

154.32 (4) is designed primarily to promote good will for the public utility or improve the
154.33 utility's public image; or

154.34 (5) is designed to promote the use of nuclear power or to promote a nuclear waste
154.35 storage facility.

155.1 (b) The commission may approve a rate which makes an allowance for expenses
155.2 incurred by a public utility to disseminate information which:

155.3 (1) is designed to encourage conservation of energy supplies;

155.4 (2) is designed to promote safety; or

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

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

155.10 (d) For the purposes of this subdivision:

155.11 (1) "electric vehicle" has the meaning given in section 169.011, subdivision 26a; and

155.12 (2) "renewable source" has the meaning given to "eligible energy technology" in

155.13 section 216B.1691, subdivision 1.

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

155.15 Sec. 6. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

155.16 Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file
155.17 with the commission a resolution of its governing body requesting exemption from the
155.18 provisions of this section for a public utility that is under a franchise with the municipality
155.19 to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in
155.20 the municipality as long as the public utility serves no more than a total of ~~2,000~~ 5,000
155.21 customers.

155.22 (b) The commission shall grant an exemption from this section for that portion of
155.23 a public utility's business that is requested by each municipality it serves. Furthermore,
155.24 the commission shall also grant the public utility an exemption from this section for any
155.25 service provided outside of a municipality's border that is considered by the commission
155.26 to be incidental. The public utility shall file with the commission and the department
155.27 all initial and subsequent changes in rates, tariffs, and contracts for service outside the
155.28 municipality at least 30 days in advance of implementation.

155.29 (c) However, the commission shall require the utility to adopt the commission's
155.30 policies and procedures governing disconnection during cold weather. The utility shall
155.31 annually submit a copy of its municipally approved rates to the commission.

155.32 (d) In all cases covered by this subdivision in which an exemption for service outside
155.33 of a municipality is granted, the commission may initiate an investigation under section
155.34 216B.17, on its own motion or upon complaint from a customer.

156.1 (e) If a municipality files with the commission a resolution of its governing body
156.2 rescinding the request for exemption, the commission shall regulate the public utility's
156.3 business in that municipality under this section.

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

156.5 Sec. 7. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

156.6 Subd. 19. **Multiyear rate plan.** (a) A public utility may propose, and the
156.7 commission may approve, approve as modified, or reject, a multiyear rate plan as provided
156.8 in this subdivision. The term "multiyear rate plan" refers to a plan establishing the rates
156.9 the utility may charge for each year of the specified period of years, which cannot exceed
156.10 ~~three~~ five years, to be covered by the plan.

156.11 (b) A utility proposing a multiyear rate plan shall provide a general description of
156.12 the utility's major planned investments over the plan period. The commission may also
156.13 require the utility to provide a set of reasonable performance measures and incentives that
156.14 are quantifiable, verifiable, and consistent with state energy policies. The commission
156.15 may allow the utility to adjust recovery of its cost of capital or other costs in a reasonable
156.16 manner within the plan period.

156.17 (c) The utility may propose:

156.18 (1) recovery of the utility's forecasted rate base, based on a formula, a budget
156.19 forecast, or a fixed escalation rate, individually or in combination. The forecasted rate
156.20 base must include the utility's planned capital investments and investment-related costs,
156.21 including income tax impacts, depreciation and property taxes, as well as forecasted
156.22 capacity-related costs from purchased power agreements that are not recovered through
156.23 section 216B.16, subdivision 7;

156.24 (2) recovery of operations and maintenance expenses, based on an electricity-related
156.25 price index or other formula;

156.26 (3) tariffs that expand the products and services available to customers, including
156.27 but not limited to an affordability rate for low-income residential customers; and

156.28 (4) procedures under which a utility may request that the commission make
156.29 adjustments to the rates approved under the multiyear plan, including, but not limited to,
156.30 changes in the cost of operating its nuclear facilities or other significant investments
156.31 not addressed in the plan.

156.32 (d) A utility that has filed a petition with the commission to approve a multiyear
156.33 rate plan may request to be allowed to implement interim rates for the first and second
156.34 years of the multiyear plan. If the commission approves the request, interim rates shall be
156.35 implemented in the same manner as allowed under subdivision 3.

157.1 (e) The commission may approve a multiyear rate plan only if it finds that the plan
157.2 establishes just and reasonable rates for the utility, applying the factors described in
157.3 subdivision 6. Consistent with subdivision 4, the burden of proof to demonstrate that the
157.4 multiyear rate plan is just and reasonable is on the public utility proposing the plan.

157.5 ~~(b)~~ (f) Rates charged under the multiyear rate plan must be based only upon the
157.6 utility's reasonable and prudent costs of service over the term of the plan, as determined
157.7 by the commission, provided that the costs are not being recovered elsewhere in rates.
157.8 Rate adjustments authorized under subdivisions 6b and 7 may continue outside of a plan
157.9 authorized under this subdivision.

157.10 ~~(e)~~ (g) The commission may, by order, establish terms, conditions, and procedures
157.11 for a multiyear rate plan necessary to implement this section and ensure that rates remain
157.12 just and reasonable during the course of the plan, including terms and procedures for rate
157.13 adjustment. At any time prior to conclusion of a multiyear rate plan, the commission,
157.14 upon its own motion or upon petition of any party, has the discretion to examine the
157.15 reasonableness of the utility's rates under the plan, and adjust rates as necessary.

157.16 ~~(d)~~ (h) In reviewing a multiyear rate plan proposed in a general rate case under
157.17 this section, the commission may extend the time requirements for issuance of a final
157.18 determination prescribed in this section by an additional 90 days beyond its existing
157.19 authority under subdivision 2, paragraph (f).

157.20 ~~(e)~~ (i) A utility may not file a multiyear rate plan that would establish rates under the
157.21 terms of the plan until after May 31, 2012.

157.22 (j) The commission may initiate a proceeding to determine a set of performance
157.23 measures and incentives that may be incorporated by a utility in a multiyear rate plan.

157.24 Sec. 8. **[216B.1616] ELECTRIC VEHICLE REBATES.**

157.25 Subdivision 1. **Definition.** For the purposes of this section, "electric vehicle" has the
157.26 meaning given in section 169.011, subdivision 26a, paragraph (a).

157.27 Subd. 2. **Program.** (a) The commissioner of commerce shall develop and
157.28 implement a program to provide rebates to electric vehicle owners who meet the eligibility
157.29 requirements of subdivision 3.

157.30 (b) Applications for rebates under this section shall be filed with the commissioner
157.31 on a form developed by the commissioner. The commissioner shall develop administrative
157.32 procedures governing the application and rebate award process. Applications will be
157.33 reviewed and rebates awarded on a first-come, first-served basis.

157.34 Subd. 3. **Eligibility.** The purchaser of an electric vehicle is eligible for a \$2,500
157.35 rebate under this section if:

158.1 (1) the electric vehicle:

158.2 (i) has not been previously owned;

158.3 (ii) has not been modified from the original manufacturer's specifications; and

158.4 (iii) is purchased after the effective date of this act for use by the purchaser and

158.5 not for resale; and

158.6 (2) the purchaser:

158.7 (i) is a natural person who is a resident of Minnesota, as defined in section 290.01,

158.8 subdivision 7, paragraph (a), when the electric vehicle is purchased;

158.9 (ii) has not received a rebate or tax credit for the purchase of the same electric

158.10 vehicle from another state;

158.11 (iii) registers the electric vehicle in Minnesota; and

158.12 (iv) is an electric service customer of the utility subject to section 116C.779.

158.13 Sec. 9. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT**

158.14 **COSTS.**

158.15 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in

158.16 this subdivision have the meanings given them.

158.17 (b) "Contribution in aid of construction" means a monetary contribution, paid by

158.18 a developer or local unit of government to a utility providing natural gas service to a

158.19 community receiving that service as the result of a natural gas extension project, that

158.20 reduces or offsets the difference between the total revenue requirement of the project and

158.21 the revenue generated from the customers served by the project.

158.22 (c) "Developer" means a developer of the project or a person that owns or will own

158.23 the property served by the project.

158.24 (d) "Local unit of government" means a city, county, township, commission, district,

158.25 authority, or other political subdivision or instrumentality of this state.

158.26 (e) "Natural gas extension project" or "project" means the construction of new

158.27 infrastructure or upgrades to existing natural gas facilities necessary to serve currently

158.28 unserved or inadequately served areas.

158.29 (f) "Revenue deficiency" means the deficiency in funds that results when projected

158.30 revenues from customers receiving natural gas service as the result of a natural gas

158.31 extension project, plus any contributions in aid of construction paid by these customers,

158.32 fall short of the total revenue requirement of the natural gas extension project.

158.33 (g) "Total revenue requirement" means the total cost of extending and maintaining

158.34 natural gas service to a currently unserved or inadequately served area.

159.1 (h) "Transport customer" means a customer for whom a natural gas utility transports

159.2 gas the customer has purchased from another natural gas supplier.

159.3 (i) "Unserved or inadequately served area" means an area in this state lacking

159.4 adequate natural gas pipeline infrastructure to meet the demand of existing or potential

159.5 end-use customers.

159.6 Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a
159.7 general rate case for a rider that shall include all of the utility's customers, including
159.8 transport customers, to recover the revenue deficiency from a natural gas extension project.

159.9 (b) The petition shall include:

159.10 (1) a description of the natural gas extension project, including the number and
159.11 location of new customers to be served and the distance over which natural gas will be
159.12 distributed to serve the unserved or inadequately served area;

159.13 (2) the project's construction schedule;

159.14 (3) the proposed project budget;

159.15 (4) the amount of any contributions in aid of construction;

159.16 (5) a description of efforts made by the public utility to offset the revenue deficiency
159.17 through contributions in aid to construction;

159.18 (6) the amount of the revenue deficiency, and how recovery of the revenue deficiency
159.19 will be allocated among industrial, commercial, residential, and transport customers;

159.20 (7) the proposed method to be used to recover the revenue deficiency from each
159.21 customer class, such as a flat fee, a volumetric charge, or another form of recovery;

159.22 (8) the proposed termination date of the rider to recover the revenue deficiency; and

159.23 (9) a description of benefits to the public utility's existing natural gas customers that
159.24 will accrue from the natural gas extension project.

159.25 Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for
159.26 comment on the petition.

159.27 (b) The commission shall approve a public utility's petition for a rider to recover the
159.28 costs of a natural gas extension project if it determines that:

159.29 (1) the project is designed to extend natural gas service to an unserved or
159.30 inadequately served area; and

159.31 (2) project costs are reasonable and prudently incurred.

159.32 (c) The commission must not approve a rider under this section that allows a utility
159.33 to recover more than 33 percent of the costs of a natural gas extension project.

159.34 (d) The revenue deficiency from a natural gas extension project recoverable through
159.35 a rider under this section must include the currently authorized rate of return, incremental
160.1 income taxes, incremental property taxes, incremental depreciation expenses, and any
160.2 incremental operation and maintenance costs.

160.3 Subd. 4. **Commission authority; order.** The commission may issue orders

160.4 necessary to implement and administer this section.

160.5 Subd. 5. **Implementation.** Nothing in this section commits a public utility to
 160.6 implement a project approved by the commission. The public utility seeking to provide
 160.7 natural gas service shall notify the commission whether it intends to proceed with the
 160.8 project as approved by the commission.

160.9 Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years
 160.10 thereafter, the commission shall report to the chairs and ranking minority members of the
 160.11 senate and house of representatives committees having jurisdiction over energy policy:

160.12 (1) the number of public utilities and projects proposed and approved under this
 160.13 section;

160.14 (2) the total cost of each project;

160.15 (3) rate impacts of the cost recovery mechanism; and

160.16 (4) an assessment of the effectiveness of the cost recovery mechanism in realizing
 160.17 increased natural gas service to unserved or inadequately served areas from natural gas
 160.18 extension projects.

160.19 Sec. 10. **[216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE**
 160.20 **ASSOCIATION.**

160.21 A cooperative electric association that has elected to be subject to rate regulation
 160.22 under section 216B.026 is eligible to file for commission approval an adjustment for real
 160.23 personal property taxes, fees, and permits.

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

160.25 Sec. 11. **[216B.1696] COMPETITIVE RATE FOR ENERGY-INTENSIVE**
 160.26 **TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.**

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

160.29 (b) "Clean energy technology" is energy technology that generates electricity from a
 160.30 noncarbon-emitting resource, including but not limited to solar, wind, hydroelectric,
 160.31 and nuclear.

160.32 (c) "Energy-intensive trade-exposed customer" is defined to include:

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

161.1 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
 161.2 manufacturer;

161.3 (3) a copper, nickel, or precious metals mining extraction and processing facility;

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- 161.4 (4) a steel mill and related facilities;
- 161.5 (5) an oil and liquids pipeline;
- 161.6 (6) a ceiling panel manufacturer; and
- 161.7 (7) any other globally competitive electric utility customer who can demonstrate
161.8 that energy costs are a significant portion of the customer's overall cost of production and
161.9 impede the customer's ability to compete in the global market.
- 161.10 (d) "EITE rate schedule" means a rate schedule of an investor-owned electric
161.11 utility that establishes the terms of service for an individual or group of energy-intensive,
161.12 trade-exposed customers.
- 161.13 (e) "EITE rate" means the rate or rates offered by the utility under an EITE rate
161.14 schedule.
- 161.15 **Subd. 2. Rates and terms of EITE rate schedule.** (a) It is the energy policy
161.16 of the state of Minnesota to promote competitive electric rates for energy-intensive,
161.17 trade-exposed customers, as provided in this section. To achieve this objective, an
161.18 investor-owned electric utility may propose an EITE rate schedule for commission
161.19 approval that includes various EITE rate options, including fixed rates, market-based rates,
161.20 and rates to encourage utilization of clean energy technology.
- 161.21 (b) Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the
161.22 commission shall approve a proposed EITE rate schedule if it finds the schedule provides
161.23 net benefits to the utility and its customers, considering among other things:
- 161.24 (1) potential cost impacts to the utility customers;
- 161.25 (2) the net benefit to the local or state economy through the retention of or increase
161.26 to existing jobs;
- 161.27 (3) a net increase in economic development in the utility's service territory; and
- 161.28 (4) avoiding a significant increase in rates due to a reduction of EITE customer load.
- 161.29 (c) An EITE rate offered by an electric utility under an approved EITE rate schedule
161.30 must be filed with the commission. The commission shall review and approve the EITE
161.31 rate offered by an electric utility if it finds the rate provides net benefits to the utility and
161.32 its customers as described above. The commission shall make a final determination in
161.33 any proceeding begun under this section within 90 days of a miscellaneous rate filing by
161.34 the electric utility.
- 161.35 (d) Upon approval of an EITE rate, the utility may recover the incremental costs
161.36 associated with providing service to a customer under the EITE rate from the utility's
162.1 nonenergy-intensive, trade-exposed customers, except low-income residential ratepayers,
162.2 as defined in section 216B.16, subdivision 15.

162.3 Sec. 12. Minnesota Statutes 2014, section 216B.2425, is amended to read:

162.4 **216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.**

162.5 Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage

162.6 transmission line projects.

162.7 Subd. 2. **List development; transmission projects report.** (a) By November

162.8 1 of each odd-numbered year, a transmission projects report must be submitted to the

162.9 commission by each utility, organization, or company that:

162.10 (1) is a public utility, a municipal utility, a cooperative electric association, the

162.11 generation and transmission organization that serves each utility or association, or a

162.12 transmission company; and

162.13 (2) owns or operates electric transmission lines in Minnesota, except a company or

162.14 organization that owns a transmission line that serves a single customer or interconnects a

162.15 single generating facility.

162.16 (b) The report may be submitted jointly or individually to the commission.

162.17 (c) The report must:

162.18 (1) list specific present and reasonably foreseeable future inadequacies in the

162.19 transmission system in Minnesota;

162.20 (2) identify alternative means of addressing each inadequacy listed;

162.21 (3) identify general economic, environmental, and social issues associated with

162.22 each alternative; and

162.23 (4) provide a summary of public input related to the list of inadequacies and the role

162.24 of local government officials and other interested persons in assisting to develop the list

162.25 and analyze alternatives.

162.26 (d) To meet the requirements of this subdivision, reporting parties may rely on

162.27 available information and analysis developed by a regional transmission organization

162.28 or any subgroup of a regional transmission organization and may develop and include

162.29 additional information as necessary.

162.30 (e) In addition to providing the information required under this subdivision,

162.31 a utility operating under a multiyear rate plan approved by the commission under

162.32 section 216B.16, subdivision 19, shall identify in its report investments that it considers

162.33 necessary to modernize the transmission and distribution system by enhancing reliability,

162.34 improving security against cyber and physical threats, and increasing energy conservation

162.35 opportunities by facilitating communication between the utility and its customers

163.1 through the use of two-way meters, control technologies, energy storage and microgrids,

163.2 technologies to enable demand response, and other innovative technologies.

163.3 Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the
163.4 commission shall adopt a state transmission project list and shall certify, certify as
163.5 modified, or deny certification of the transmission and distribution projects proposed
163.6 under subdivision 2. The commission may only certify a project that is a high-voltage
163.7 transmission line as defined in section 216B.2421, subdivision 2, that the commission
163.8 finds is:

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

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

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

163.14 Subd. 4. **List; effect.** Certification of a project as a priority electric transmission
163.15 project satisfies section 216B.243. A certified project on which construction has not begun
163.16 more than six years after being placed on the list, must be reapproved by the commission.

163.17 Subd. 5. **Transmission inventory.** The Department of Commerce shall create,
163.18 maintain, and update annually an inventory of transmission lines in the state.

163.19 Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal
163.20 that has been approved by, or was pending before, a local unit of government, the
163.21 Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

163.22 Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity
163.23 subject to this section shall determine necessary transmission upgrades to support
163.24 development of renewable energy resources required to meet objectives under section
163.25 216B.1691 and shall include those upgrades in its report under subdivision 2.

163.26 (b) MS 2008 [Expired]

163.27 Subd. 8. **Distribution study for distributed generation.** Each entity subject to
163.28 this section that is operating under a multiyear rate plan approved under section 216B.16,
163.29 subdivision 19, shall conduct a distribution study to identify interconnection points on its
163.30 distribution system for small-scale distributed generation resources and identify necessary
163.31 distribution upgrades to support the continued development of distributed generation
163.32 resources. The study shall be included in its report required under subdivision 2.

163.33 Sec. 13. Minnesota Statutes 2014, section 216B.243, subdivision 3b, is amended to read:

164.1 Subd. 3b. ~~Nuclear power plant; new construction prohibited; relicensing~~

164.2 **Additional storage of spent nuclear fuel.** (a) ~~The commission may not issue a certificate~~
164.3 ~~of need for the construction of a new nuclear-powered electric generating plant.~~

164.4 ~~(b)~~ Any certificate of need for additional storage of spent nuclear fuel for a facility
164.5 seeking a license extension shall address the impacts of continued operations over the
164.6 period for which approval is sought.

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

164.8 Sec. 14. **[216C.391] PROPANE AND NATURAL GAS VEHICLES; REBATE**
164.9 **PROGRAM.**

164.10 Subdivision 1. Definitions. (a) For the purposes of this section, the terms below
164.11 have the meanings given them.

164.12 (b) "Bi-fuel natural gas vehicle" means a vehicle capable of using compressed
164.13 natural gas or gasoline as a fuel.

164.14 (c) "Bi-fuel propane vehicle" means a vehicle capable of using propane or gasoline
164.15 as a fuel.

164.16 (d) "Bus" has the meaning given in section 168.002, subdivision 4.

164.17 (e) "Compressed natural gas" means natural gas compressed to less than one percent
164.18 of the volume it occupies at standard atmospheric pressure.

164.19 (f) "Converted" means a vehicle, originally manufactured to be fueled solely with
164.20 gasoline or diesel fuel, that has been modified by the installation of new equipment,
164.21 including but not limited to injectors, regulators, and a fuel tank, to be a natural gas or
164.22 propane vehicle.

164.23 (g) "Dual-fuel natural gas vehicle" means a vehicle capable of using compressed
164.24 natural gas and diesel fuel as a fuel.

164.25 (h) "Dual-fuel propane vehicle" means a vehicle capable of using propane and
164.26 diesel fuel as a fuel.

164.27 (i) "Heavy-duty vehicle" means a truck, van, or bus with a gross vehicle weight
164.28 rating of 26,001 pounds or greater.

164.29 (j) "Incremental cost" means:

164.30 (1) the cost to convert a vehicle that was originally manufactured to be fueled with
164.31 gasoline or diesel fuel to a propane or natural gas vehicle; or

164.32 (2) the difference between the cost of a vehicle originally manufactured to be fueled
164.33 with gasoline or diesel fuel and the cost of the same or similar vehicle manufactured to
164.34 operate exclusively on propane or compressed natural gas.

165.1 (k) "Light-duty vehicle" means a truck, van, or bus with a gross vehicle weight
165.2 rating up to 10,000 pounds.

- 165.3 (l) "Medium-duty vehicle" means a truck, van, or bus with a gross vehicle weight
165.4 rating of 10,001 pounds to 26,000 pounds.
- 165.5 (m) "Natural gas vehicle" means a vehicle capable of using compressed natural gas
165.6 as a fuel, including a bi-fuel and dual-fuel natural gas vehicle.
- 165.7 (n) "Propane vehicle" means a vehicle capable of using propane as a fuel, including
165.8 a bi-fuel and dual-fuel propane vehicle.
- 165.9 (o) "Truck" has the meaning given in section 168.002, subdivision 37.
- 165.10 (p) "Van" has the meaning given in section 168.002, subdivision 40.
- 165.11 (q) "Vehicle" means a truck, van, or bus.
- 165.12 Subd. 2. **Program.** (a) The commissioner of commerce shall develop and implement
165.13 a program to provide rebates to eligible vehicle owners for the purchase of vehicles that are:
- 165.14 (1) new vehicles that have not been modified from the original manufacturer's
165.15 specifications and that are fueled solely with compressed natural gas or propane; or
165.16 (2) converted vehicles.
- 165.17 (b) Applications for rebates under this section shall be filed with the commissioner
165.18 on a form developed by the commissioner. The commissioner shall develop administrative
165.19 procedures governing the application and rebate award process. Applications will be
165.20 reviewed and rebates awarded on a first-come, first-served basis.
- 165.21 Subd. 3. **Eligibility.** The owner of a natural gas or propane vehicle is eligible
165.22 for a rebate under this section if:
- 165.23 (1) the owner of the natural gas or propane vehicle:
- 165.24 (i) is a business that has a valid address in Minnesota from which business is
165.25 conducted; or
- 165.26 (ii) is a county, city, town, or school district, or a transit system eligible for funding
165.27 under section 16A.88;
- 165.28 (2) the owner of the natural gas or propane vehicle:
- 165.29 (i) registers the natural gas or propane vehicle in Minnesota; and
- 165.30 (ii) has not received a rebate or tax credit for the purchase or conversion of the same
165.31 natural gas or propane vehicle from another state;
- 165.32 (3) the natural gas or propane vehicle:
- 165.33 (i) is purchased or converted after the effective date of this act; and
- 165.34 (ii) is used to perform business functions that are integral to the operations of the
165.35 business that owns the compressed natural gas vehicle; and

165.36 (4) the conversion system installed in a converted vehicle:

166.1 (i) complies with the Environmental Protection Agency's final rule on Clean

166.2 Alternative Fuel Vehicle and Engine Conversions, Code of Federal Regulations, title

166.3 40, parts 85 and 86;

166.4 (ii) is installed by a person who has been certified to install the conversion system

166.5 by the manufacturer of the conversion system or a state that certifies persons to install

166.6 conversion systems; and

166.7 (iii) is installed in compliance with the National Fire Protection Association's

166.8 Vehicle Fuel Systems Code (NFPA 52).

166.9 Subd. 4. **Rebate amounts.** A rebate awarded under this section to a purchaser of

166.10 a new or converted natural gas or propane vehicle under this section may amount to no

166.11 more than 50 percent of the incremental cost of:

166.12 (1) a light-duty vehicle, not to exceed \$5,000;

166.13 (2) a medium-duty vehicle, not to exceed \$8,000; or

166.14 (3) a heavy-duty vehicle, not to exceed \$20,000.

166.15 Subd. 5. **Maximum rebate amounts.** The maximum amount of rebates allowed

166.16 to a single business, county, city, town, or school district per year under this section are

166.17 as follows:

166.18 (1) no more than \$50,000 for light- and medium-duty vehicles; and

166.19 (2) no more than \$100,000 for heavy-duty vehicles.

166.20 Sec. 15. Minnesota Statutes 2014, section 256E.31, subdivision 3, is amended to read:

166.21 Subd. 3. **Administering board.** Each community action agency shall administer

166.22 its community action programs through a community action board consisting of 15 to

166.23 51 members.

166.24 (a) One-third of the members of the board shall be elected public officials, currently

166.25 holding office, ~~or their representatives.~~

166.26 (b) At least one-third of the members shall be persons chosen in accordance with

166.27 democratic selection procedures adequate to assure that they are representative of the

166.28 poor in the area served.

166.29 (c) The other members shall be officials or members of business, industry, labor,

166.30 religious, welfare, education, or other major groups and interests in the community. Each

166.31 member of the board selected to represent a specific geographic area within a community

166.32 must reside in the area represented.

166.33 (d) The public community action agency shall have an administering board which
166.34 meets the requirements of this subdivision.

167.1 (e) The statewide migrant seasonal farmworker organization known as the Minnesota
167.2 Migrant Council and Indian reservations carrying out community action programs are
167.3 exempt from the board composition requirements of this subdivision.

167.4 Sec. 16. **TRANSFER OF FUNCTIONS; STUDY.**

167.5 (a) The commissioner of the Department of Administration shall contract with
167.6 the Management, Analysis, and Development Division of Minnesota Management and
167.7 Budget for a study to examine potential cost savings and program efficiencies that may
167.8 result from transferring certain functions and staff of the division of energy resources in
167.9 the Department of Commerce to the Public Utilities Commission. In conducting the study,
167.10 the Management, Analysis, and Development Division must:

167.11 (1) analyze the functions of the various offices of both the division of energy
167.12 resources and the commission;

167.13 (2) assess any duplicative functions of staff and redundant management positions;

167.14 (3) assess whether transferring specific functions and staff would result in a clearer
167.15 and more functional link between authority and responsibility for accomplishing various
167.16 activities;

167.17 (4) consider whether any such transfers would make governmental decisions
167.18 regarding energy more transparent to the public;

167.19 (5) determine which specific positions, including administrative support, could be
167.20 eliminated as a result of the transfer without appreciably diminishing the quantity or
167.21 quality of work produced;

167.22 (6) calculate the budgetary savings that could be realized as a result of transferring
167.23 functions and eliminating redundant positions;

167.24 (7) estimate any cost savings that would accrue to regulated utilities as a result
167.25 of transferring functions;

167.26 (8) assess the benefits and costs of various options with respect to transferring
167.27 functions and staff; and

167.28 (9) assume that any transfer is subject to the provisions of Minnesota Statutes,
167.29 section 15.039.

167.30 (b) The study must, by January 1, 2016, be submitted to the chairs and ranking
167.31 minority members of the senate and house committees with jurisdiction over energy
167.32 policy and state government operations.

167.33 Sec. 17. **TRANSFER OF DUTIES; ADVISORY TASK FORCE.**

168.1 (a) An advisory task force is established to examine transferring the provision of
168.2 low-income heating assistance and weatherization programs for low-income households
168.3 from community action agencies currently performing those functions to other
168.4 organizations.

168.5 (b) The governor, the president and minority leader of the senate, and the speaker
168.6 and minority leader of the house of representatives shall, by July 1, 2015, each appoint
168.7 one member of the advisory task force. The executive director of the Legislative Energy
168.8 Commission shall serve as staff for the task force. Members of the task force shall not
168.9 receive compensation.

168.10 (c) In determining its findings and recommendations, the advisory task force shall
168.11 examine the organizations used by other states to provide low-income heating assistance
168.12 and weatherization programs.

168.13 (d) The advisory task force shall present its findings and recommendations in a
168.14 report submitted by January 15, 2016, to the chairs and ranking minority members of the
168.15 senate and house committees with jurisdiction over energy policy.

168.16 (e) The advisory task force established under this section expires on June 30, 2016.

168.17 Sec. 18. **PUBLIC POWER AUTHORITY; STUDY.**

168.18 (a) The commissioner of employment and economic development shall contract
168.19 with an independent consulting organization with experience in energy to conduct a study
168.20 examining the feasibility and potential costs and benefits of creating a state public power
168.21 authority with the authority to:

168.22 (1) construct, own, and operate electric generation and transmission facilities;

168.23 (2) allocate low-cost power it generates or purchases to Minnesota retail customers;

168.24 (3) finance energy efficiency projects in public buildings; and

168.25 (4) perform related tasks.

168.26 (b) The analysis must examine the structure, funding, and authority of similar
168.27 organizations in other states and countries. The report must be submitted no later than
168.28 February 15, 2016, to the chairs and ranking minority members of the senate and house of
168.29 representatives committees with primary jurisdiction over energy policy.

168.30 Sec. 19. **UTILITY PRICE INCREASES; REPORT.**

168.31 By November 1, 2015, each utility that sells electricity at retail in this state shall
168.32 submit a report to the chairs and ranking minority members of the senate and house
168.33 committees with primary jurisdiction over energy policy that describes specific Minnesota
168.34 statutes, rules, procedures, and decisions made by the Public Utilities Commission
169.1 and the Department of Commerce that contribute to higher electricity rates without
169.2 providing significant value to Minnesota ratepayers. The report shall include specific
169.3 recommendations for change.

169.4 Sec. 20. **REPEALER.**

169.5 Minnesota Statutes 2014, section 3.8852, is repealed.