

1.1 moves to amend H.F. No. 4308 as follows:

1.2 Page 7, after line 28, insert:

1.3 "Sec. 3. Minnesota Statutes 2024, section 216B.2403, subdivision 3, is amended to read:

1.4 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)
1.5 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
1.6 file with the commissioner an energy conservation and optimization plan that describes the
1.7 programs for energy conservation, efficient fuel-switching, load management, and other
1.8 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
1.9 goal.

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

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

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

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

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

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

2.3 (d) The commissioner must evaluate a plan filed under this subdivision ~~based on the~~
2.4 ~~plan's likelihood to achieve the energy-savings goals established in subdivision 2.~~ The
2.5 commissioner may make recommendations to a consumer-owned utility regarding ways to
2.6 increase the effectiveness of the consumer-owned utility's energy conservation activities
2.7 and programs under this subdivision. The commissioner may recommend that a
2.8 consumer-owned utility implement a cost-effective energy conservation or efficient
2.9 fuel-switching program suggested by an outside source such as a political subdivision,
2.10 nonprofit corporation, or community organization.

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

2.17 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy
2.18 conservation programs, the consumer-owned utility and the commissioner must consider
2.19 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner
2.20 must also consider the rate at which the consumer-owned utility is increasing energy savings
2.21 and expenditures on energy conservation, and lifetime energy savings and cumulative energy
2.22 savings.

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

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

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

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

3.7 (1) increase the efficiency of the school's lighting and heating and cooling systems;

3.8 (2) recommission buildings;

3.9 (3) train building operators; and

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

3.12 ~~(k) A consumer-owned utility may request that the commissioner adjust the~~
3.13 ~~consumer-owned utility's minimum goal for energy savings from energy conservation~~
3.14 ~~improvements under subdivision 2, paragraph (a), for the duration of the plan filed under~~
3.15 ~~this subdivision. The request must be made by January 1 of the year when the~~
3.16 ~~consumer-owned utility must file a plan under this subdivision. The request must be based~~
3.17 ~~on:~~

3.18 ~~(1) historical energy conservation improvement program achievements;~~

3.19 ~~(2) customer class makeup;~~

3.20 ~~(3) projected load growth;~~

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

3.23 ~~(5) the cost-effectiveness and quality of the energy conservation programs offered by~~
3.24 ~~the consumer-owned utility; and~~

3.25 ~~(6) other factors the commissioner and consumer-owned utility determine warrant an~~
3.26 ~~adjustment.~~

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

4.1 (H) (k) A consumer-owned utility filing a conservation and optimization plan that includes
4.2 an efficient fuel-switching program must, as part of the filing, demonstrate that the
4.3 requirements of subdivision 8 are met.

4.4 EFFECTIVE DATE. This section is effective the day following final enactment and
4.5 applies to energy conservation and optimization plans filed with the commissioner on or
4.6 after that date.

4.7 Sec. 4. Minnesota Statutes 2024, section 216B.241, subdivision 1c, is amended to read:

4.8 Subd. 1c. **Public utility; energy-saving goals cost-effective investments.** (a) The
4.9 commissioner shall establish energy-saving goals for energy conservation improvements
4.10 and shall evaluate an energy conservation improvement program on how well it meets the
4.11 goals set.

4.12 (b) A public utility providing electric service has an annual energy-savings goal equivalent
4.13 to 1.75 percent of gross annual retail energy sales unless modified by the commissioner
4.14 under paragraph (c). A public utility providing natural gas service has an annual
4.15 energy-savings goal equivalent to one percent of gross annual retail energy sales, which
4.16 cannot be lowered by the commissioner. The savings goals must be calculated based on the
4.17 most recent three-year weather-normalized average. A public utility providing electric
4.18 service may elect to carry forward energy savings in excess of 1.75 percent for a year to
4.19 the succeeding three calendar years, except that savings from electric utility infrastructure
4.20 projects allowed under paragraph (d) may be carried forward for five years. A public utility
4.21 providing natural gas service may elect to carry forward energy savings in excess of one
4.22 percent for a year to the succeeding three calendar years. A particular energy savings can
4.23 only be used to meet one year's goal.

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

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

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

4.33 (1) additional energy conservation improvements;

5.1 ~~(2) electric utility infrastructure projects approved by the commission under section~~
 5.2 ~~216B.1636 that result in increased efficiency greater than would have occurred through~~
 5.3 ~~normal maintenance activity; or~~

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

5.7 ~~(e) (a)~~ A public utility is not required to make energy conservation investments to attain
 5.8 ~~the energy savings goals of this subdivision~~ that are not cost-effective even if the investment
 5.9 is necessary to attain the energy-savings goals. For the purpose of this paragraph, in
 5.10 determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits
 5.11 to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is
 5.12 increasing both its energy savings and its expenditures on energy conservation; and (3) the
 5.13 public utility's lifetime energy savings and cumulative energy savings.

5.14 ~~(f) (b)~~ On an annual basis, the commissioner shall produce and make publicly available
 5.15 a report on the annual energy and capacity savings and estimated carbon dioxide reductions
 5.16 achieved by the programs under this section and section 216B.2403 for the two most recent
 5.17 years for which data is available. The report must also include information regarding any
 5.18 annual energy sales or generation capacity increases resulting from efficient fuel-switching
 5.19 improvements. The commissioner shall report on program performance both in the aggregate
 5.20 and for each entity filing an energy conservation improvement plan for approval or review
 5.21 by the commissioner, and must estimate progress made toward the statewide energy savings
 5.22 goal under section 216B.2401.

5.23 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 5.24 applies to energy conservation and optimization plans filed with the commissioner on or
 5.25 after that date.

5.26 Sec. 5. Minnesota Statutes 2025 Supplement, section 216B.241, subdivision 5a, is amended
 5.27 to read:

5.28 Subd. 5a. **Qualifying solar energy project.** (a) A utility or association may include in
 5.29 its conservation plan programs for the installation of qualifying solar energy projects as
 5.30 defined by section 216B.2411 to the extent of the spending allowed for generation projects
 5.31 by section 216B.2411. The cost-effectiveness of a qualifying solar energy project may be
 5.32 determined by a different standard than for other energy conservation improvements under
 5.33 this section if the commissioner determines it is in the public interest to do so to encourage
 5.34 solar energy projects. Energy savings from qualifying solar energy projects may not be

6.1 ~~counted toward the minimum energy savings goal of at least one percent for energy~~
6.2 ~~conservation improvements required under subdivision 1e, but may, if the conservation~~
6.3 ~~plan is approved:~~

6.4 ~~(1) be counted toward energy savings above that minimum percentage; and~~

6.5 ~~(2) be eligible for a performance incentive under subdivision 2c or section 216B.16,~~
6.6 ~~subdivision 6c, that is distinct from the incentive for energy conservation and is based on~~
6.7 ~~the competitiveness and cost-effectiveness of solar projects in relation to other potential~~
6.8 ~~solar projects available to the utility.~~

6.9 (b) Qualifying solar energy projects may not be considered when establishing
6.10 demand-side management targets under section 216B.2422, 216B.243, or any other section
6.11 of this chapter.

6.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
6.13 applies to energy conservation and optimization plans filed with the commissioner on or
6.14 after that date.

6.15 Sec. 6. Minnesota Statutes 2024, section 216B.241, subdivision 5b, is amended to read:

6.16 Subd. 5b. **Biomethane purchases.** (a) A natural gas utility may include in its conservation
6.17 plan purchases of biomethane, and may use up to five percent of the total amount to be
6.18 spent on energy conservation improvements under this section for that purpose. The
6.19 cost-effectiveness of biomethane purchases may be determined by a different standard than
6.20 for other energy conservation improvements under this section if the commissioner
6.21 determines that doing so is in the public interest in order to encourage biomethane purchases.
6.22 Energy savings from purchasing biomethane ~~may not be counted toward the minimum~~
6.23 ~~energy savings goal of at least one percent for energy conservation improvements required~~
6.24 ~~under subdivision 1e, but may, if the conservation plan is approved:~~

6.25 ~~(1) be counted toward energy savings above that minimum percentage; and~~

6.26 ~~(2) be considered when establishing performance incentives under subdivision 2c.~~

6.27 (b) For the purposes of this subdivision, "biomethane" means biogas produced through
6.28 anaerobic digestion of biomass, gasification of biomass, or other effective conversion
6.29 processes, that is cleaned and purified into biomethane that meets natural gas utility quality
6.30 specifications for use in a natural gas utility distribution system.

7.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
7.2 applies to energy conservation and optimization plans filed with the commissioner on or
7.3 after that date.

7.4 Sec. 7. Minnesota Statutes 2024, section 216B.241, subdivision 5c, is amended to read:

7.5 Subd. 5c. **Large solar electric generating plant.** (a) For the purpose of this subdivision:

7.6 (1) "project" means a solar electric generation project consisting of arrays of solar
7.7 photovoltaic cells with a capacity of up to two megawatts located on the site of a closed
7.8 landfill in Olmsted County owned by the Minnesota Pollution Control Agency; and

7.9 (2) "cooperative electric association" means a generation and transmission cooperative
7.10 electric association that has a member distribution cooperative association to which it
7.11 provides wholesale electric service in whose service territory a project is located.

7.12 (b) A cooperative electric association may elect to count all of its purchases of electric
7.13 energy from a project toward ~~only one of the following:~~

7.14 ~~(1) its energy savings goal under subdivision 1e; or~~

7.15 ~~(2) its energy objective or standard under section 216B.1691.~~

7.16 (c) A cooperative electric association may include in its conservation plan purchases of
7.17 electric energy from a project. The cost-effectiveness of project purchases may be determined
7.18 by a different standard than for other energy conservation improvements under this section
7.19 if the commissioner determines that doing so is in the public interest in order to encourage
7.20 solar energy. ~~The kilowatt hours of solar energy purchased by a cooperative electric~~
7.21 ~~association from a project may count for up to 33 percent of its one percent savings goal~~
7.22 ~~under subdivision 1e or up to 22 percent of its 1.5 percent savings goal under that subdivision.~~
7.23 ~~Expenditures made by a cooperative association for the purchase of energy from a project~~
7.24 ~~may not be used to meet the revenue expenditure requirements of subdivisions 1a and 1b.~~

7.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and
7.26 applies to energy conservation and optimization plans filed with the commissioner on or
7.27 after that date.

7.28 Sec. 8. Minnesota Statutes 2024, section 216B.241, subdivision 9, is amended to read:

7.29 Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The purpose
7.30 of this subdivision is to establish cost-effective energy-efficiency performance standards
7.31 for new and substantially reconstructed commercial, industrial, and institutional buildings

8.1 that can significantly reduce carbon dioxide emissions by lowering energy use in new and
8.2 substantially reconstructed buildings. For the purposes of this subdivision, the establishment
8.3 of these standards may be referred to as Sustainable Building 2030.

8.4 (b) The commissioner shall contract with the Center for Sustainable Building Research
8.5 at the University of Minnesota to coordinate development and implementation of
8.6 energy-efficiency performance standards, strategic planning, research, data analysis,
8.7 technology transfer, training, and other activities related to the purpose of Sustainable
8.8 Building 2030. The commissioner and the Center for Sustainable Building Research shall,
8.9 in consultation with utilities, builders, developers, building operators, and experts in building
8.10 design and technology, develop a Sustainable Building 2030 implementation plan that must
8.11 address, at a minimum, the following issues:

8.12 (1) training architects to incorporate the performance standards in building design;

8.13 (2) incorporating the performance standards in utility conservation improvement
8.14 programs; and

8.15 (3) developing procedures for ongoing monitoring of energy use in buildings that have
8.16 adopted the performance standards.

8.17 The plan must be submitted to the chairs and ranking minority members of the senate and
8.18 house of representatives committees with primary jurisdiction over energy policy by July
8.19 1, 2009.

8.20 (c) Sustainable Building 2030 energy-efficiency performance standards must be firm,
8.21 quantitative measures of total building energy use and associated carbon dioxide emissions
8.22 per square foot for different building types and uses, that allow for accurate determinations
8.23 of a building's conformance with a performance standard. Performance standards must
8.24 address energy use by electric vehicle charging infrastructure in or adjacent to buildings as
8.25 that infrastructure begins to be made widely available. The energy-efficiency performance
8.26 standards must be updated every three or five years to incorporate all cost-effective measures.
8.27 The performance standards must reflect the reductions in carbon dioxide emissions per
8.28 square foot resulting from actions taken by utilities to comply with the renewable energy
8.29 standards in section 216B.1691. The performance standards should be designed to achieve
8.30 reductions equivalent to the following reduction schedule, measured against energy
8.31 consumption by an average building in each applicable building sector in 2003: (1) 60
8.32 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025.
8.33 A performance standard must not be established or increased absent a conclusive engineering

9.1 analysis that it is cost-effective based upon established practices used in evaluating utility
9.2 conservation improvement programs.

9.3 (d) The annual amount of the contract with the Center for Sustainable Building Research
9.4 is up to \$500,000. The Center for Sustainable Building Research shall expend no more than
9.5 \$150,000 of this amount each year on administration, coordination, and oversight activities
9.6 related to Sustainable Building 2030. The balance of contract funds must be spent on
9.7 substantive programmatic activities allowed under this subdivision that may be conducted
9.8 by the Center for Sustainable Building Research and others, and for subcontracts with
9.9 not-for-profit energy organizations, architecture and engineering firms, and other qualified
9.10 entities to undertake technical projects and activities in support of Sustainable Building
9.11 2030. The primary work to be accomplished each year by qualified technical experts under
9.12 subcontracts is the development and thorough justification of recommendations for specific
9.13 energy-efficiency performance standards. Additional work may include:

9.14 (1) research, development, and demonstration of new energy-efficiency technologies
9.15 and techniques suitable for commercial, industrial, and institutional buildings;

9.16 (2) analysis and evaluation of practices in building design, construction, commissioning
9.17 and operations, and analysis and evaluation of energy use in the commercial, industrial, and
9.18 institutional sectors;

9.19 (3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable
9.20 Building 2030 performance standards, conservation improvement programs, and building
9.21 energy codes;

9.22 (4) development and delivery of training programs for architects, engineers,
9.23 commissioning agents, technicians, contractors, equipment suppliers, developers, and others
9.24 in the building industries; and

9.25 (5) analysis and evaluation of the effect of building operations on energy use.

9.26 (e) The commissioner shall require utilities to develop and implement conservation
9.27 improvement programs that are expressly designed to achieve energy efficiency goals
9.28 consistent with the Sustainable Building 2030 performance standards. These programs must
9.29 include offerings of design assistance and modeling, financial incentives, and the verification
9.30 of the proper installation of energy-efficient design components in new and substantially
9.31 reconstructed buildings. A utility's design assistance program must consider the strategic
9.32 planting of trees and shrubs around buildings as an energy conservation strategy for the
9.33 designed project. ~~A utility making an expenditure under its conservation improvement
9.34 program that results in a building meeting the Sustainable Building 2030 performance~~

10.1 ~~standards may claim the energy savings toward its energy savings goal established in~~
 10.2 ~~subdivision 1e.~~

10.3 (f) The commissioner shall report to the legislature every three years, beginning January
 10.4 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building
 10.5 2030 performance standards and shall make recommendations on the need to continue the
 10.6 program as described in this section.

10.7 EFFECTIVE DATE. This section is effective the day following final enactment and
 10.8 applies to energy conservation and optimization plans filed with the commissioner on or
 10.9 after that date.

10.10 Sec. 9. Minnesota Statutes 2024, section 216B.2412, subdivision 2, is amended to read:

10.11 Subd. 2. **Decoupling criteria.** The commission shall, by order, establish criteria and
 10.12 standards for decoupling. The commission may establish these criteria and standards in a
 10.13 separate proceeding or in a general rate case or other proceeding in which it approves a pilot
 10.14 program, ~~and shall design the criteria and standards to mitigate the impact on public utilities~~
 10.15 ~~of the energy savings goals under section 216B.241 without adversely affecting utility~~
 10.16 ~~ratepayers.~~ In designing the criteria, the commission shall consider energy efficiency,
 10.17 weather, and cost of capital, among other factors.

10.18 EFFECTIVE DATE. This section is effective the day following final enactment and
 10.19 applies to energy conservation and optimization plans filed with the commissioner on or
 10.20 after that date."

10.21 Page 9, after line 19, insert:

10.22 "Sec. 13. **REPEALER.**

10.23 Minnesota Statutes 2024, sections 16B.322, subdivision 7; 216B.2403, subdivisions 2
 10.24 and 4; and 216C.43, subdivision 11, are repealed.

10.25 EFFECTIVE DATE. This section is effective the day following final enactment and
 10.26 applies to energy conservation and optimization plans filed with the commissioner on or
 10.27 after that date."

10.28 Renumber the sections in sequence and correct the internal references

10.29 Amend the title accordingly