



Commerce Department Energy Resources Governor's Budget Recommendations

Budget Recommendations: Energy Resources

1. State Competitiveness Fund: \$20M
2. Weatherization Assistance Program: \$58.5M
3. Water Utilities Resilience: \$18M
4. Solar for Schools: \$3M
5. Decarbonization Technology Fund: \$35M
6. Grants for Renewable Integration & Demonstration: \$5M/yr.
7. Green Bank (Green Innovation Fund): \$34M



1. State Competitiveness Fund (\$20M)

- Enhance grid reliability and resilience statewide
- Grow businesses and jobs
- Benefit Minnesota taxpayers by leveraging federal dollars

1. State Competitiveness Fund Proposal

GOAL: To leverage federal formula and competitive funds for energy-related infrastructure and clean energy investments throughout Minnesota.

AMOUNT: Onetime, \$20M in FY23

IMPACT:

- Meet required state match to compete for billions in federal competitive funding opportunities
- Help ratepayers as match funding must supplement, not supplant
- Support businesses, utilities, communities, educational institutions, in competing for federal energy funding

3/28/2022

Photo courtesy of Denny O'Hara/ALLETE

- Carbon Capture Demonstration Projects Program
- Carbon Capture Large-Scale Pilot Programs
- Carbon Storage Validation and Testing
- Career Skills Training
- Clean Hydrogen Electrolysis Program
- Clean Hydrogen Manufacturing Recycling
- Commercial Direct Air Capture Technology Prize Competition
- Critical Material Innovation, Efficiency, And Alternatives
- Critical Material Supply Chain Research Facility
- Deployment of Technologies to Enhance Grid Flexibility
- Energy Efficiency Materials Pilot Program
- Pre-Commercial Direct Air Capture Prize Competitions
- Preventing Outages and Enhancing the Resilience of the Electric Grid Grants
- Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency
- Pumped Storage Hydropower Wind and Solar Integration and System Reliability Initiative
- Purchase of Power and Transmission Services
- Rare Earth Elements Demonstration Facility
- Rare Earth Security Activities
- Regional Clean Hydrogen Hubs
- Hydroelectric Efficiency Improvement Incentives Solar
- Preventing Outages and Enhancing the Resilience of the Electric Grid Grants
- Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency
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BIPARTISAN INFRASTRUCTURE ACT

60+ New Energy-Related Programs

- Improvements at Public School Facilities
- Hydroelectric Incentives
- Hydroelectric Production Incentives
- Hydropower Research, Development, and Demonstration
- Industrial Emission Demonstration Projects
- Industrial Research and Assessment Center Implementation Grants
- Industrial Research and Assessment Centers
- Lithium-Ion Recycling Prize
- Long-Duration Energy Storage Demonstration Initiative and Joint Program
- Marine Energy Research, Development, and Demonstration
- National Marine Energy Centers
- Activities Under Cybersecurity For The Energy Sector Research, Development, And Demonstration Program
- Advanced Energy Security Program
- Energy Sector Operational Support for Cyber Resilience Program
- Rural And Municipal Utility Advances Cybersecurity Grant And Technical Assistance Program
- Long-Duration Energy Storage Demonstration Initiative and Joint Program
- Marine Energy Research, Development, and Demonstration
- National Marine Energy Centers
- New Solar Research & Development
- Power Marketing Administration Transmission
- Apps
- Clean Energy Demonstration Program on Current and Former Mine Land
- Funding to Support Orphan Well Plugging
- Activities Under Cybersecurity For The Energy Sector Research, Development, And Demonstration Program
- Advanced Energy Security Program
- Energy Sector Operational Support for Cyber Resilience Program
- Rural And Municipal Utility Advances Cybersecurity Grant And Technical Assistance Program

1. State Competitiveness Fund: Grid Resilience

EXAMPLE: Grid Resilience & Reliability

- Improve grid resilience against disruptive events, natural disasters
- 15% required match for formula program
- 33-100% required match by utilities for competitive grant program
- Example: Utility able to invest in hardware like transformers needed to make grid more resilient





2. Weatherization Assistance (\$58.5M)

- Save energy
- Permanently lower home energy bills
- Address pre-weatherization issues, such as vermiculite

2. Weatherization Assistance Program



GOAL: Help income-eligible Minnesota households, in particular the elderly, households with children, and those individuals with disabilities, permanently reduce their energy bills and improve the health and comfort of their home.

AMOUNT: \$58.5M, FY23-25

FORMAT: Grants to 23 local Service Providers

IMPACT:

- Reduced energy bills of 20-30%, on average
- 15,000 additional Minnesotans served
- Improved residential housing stock



Photo Courtesy of Minnesota Pollution Control Agency Flickr

3. Water Utilities Resilience (\$18M)

- Address the largest energy cost for many communities
- Fund resilience feasibility studies
- Leverage federal resources
- Develop demonstration projects

3. Water Utilities Resilience Program: Proposal



GOAL: Stimulate the installation of eligible energy technology projects that demonstrate energy resilience at public Minnesota water utilities

AMOUNT: Onetime \$18M in FY23

FORMAT: Direct grants to up to 100 cities

IMPACT:

- Up to 100 feasibility studies & about six energy resilience demonstration projects
- Increase energy resilience for critical infrastructure, cut costs

4. Solar for Schools (\$3M)

- Reduce energy costs
- Create local jobs
- Provide learning opportunities



Photo Courtesy of the Clean Energy Resource Teams

4. Solar for Schools – Commerce Grant Program



GOAL: Expand the MN Solar for Schools Program outside of Xcel Energy territory

AMOUNT: One-time \$3M in FY23

FORMAT: Direct grants to school districts

IMPACT:

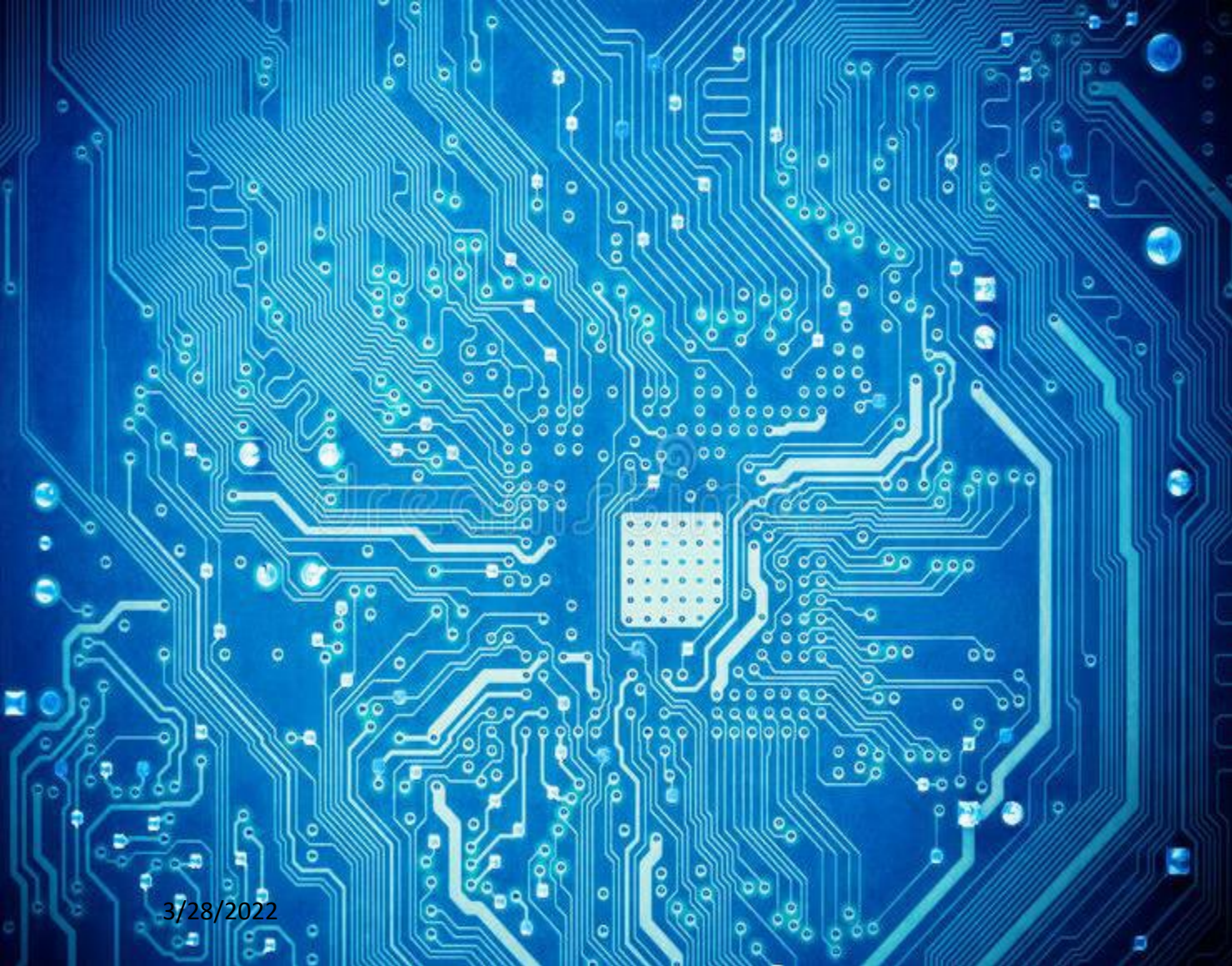
- 40 kW solar electricity projects for up to 45 additional schools
- More solar installs across Greater MN
- Increased student exposure to clean energy curriculum and careers

Expanding Minnesota Clean Energy Businesses, Boosting Private Investment



- Decarbonization Technology Investment Fund (\$35M)
- Grants for Renewable Integration & Deployment (\$5M/annually)
- Green Innovation Finance Fund (\$34m)

5. Decarbonization Technology Investment Fund



GOAL: To advance Minnesota as a regional industry leader for clean energy business and technology development.

AMOUNT: one-time, \$35M, 10-year fund

FORMAT: Low-interest loans and innovation grants, with equity focus

IMPACT: Foster innovation, boost business development and jobs for emerging clean energy technologies in Minnesota

Grants for Renewable Integration & Demonstration

GOAL: To stimulate research, deployment for:

- grid integration of renewable electric energy technologies;
- grid modernization; and
- to reduce demand and increase system efficiency and flexibility

Grants for Renewable Integration and Demonstration (GRID)



AMOUNT: \$5M annually

FORMAT: 3-year grants of \$250K

IMPACT:

- 15-18 projects funded/year
- Greater grid resilience and flexibility

7. Green Bank

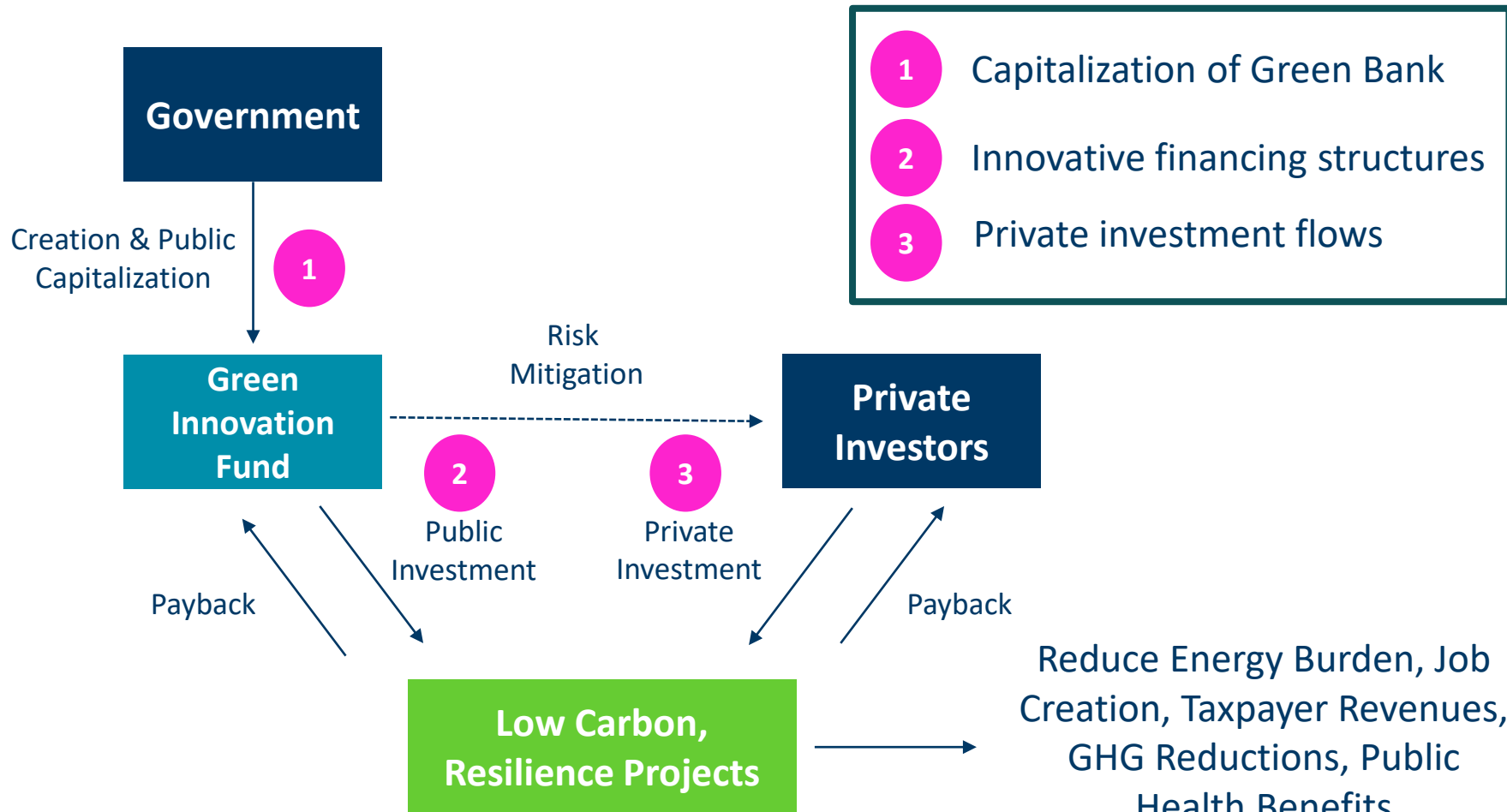
“Our partnership with the Green Bank has helped us to invest in our local communities, while assisting the State of Connecticut in achieving its important energy, environment, and economic goals.”

**- Larry Holderman,
President and CEO,
Mutual Security
Credit Union**



7. Green Bank Format

Reduce Risk – Increase Supply of Capital



GOAL: Fill gaps where there are needs for low-cost financing to accelerate deployment of clean and climate-resilient technologies
AMOUNT: one time, \$34M

FORMAT: Public-private partnership through a new non-profit with multiple finance mechanisms

IMPACT:

- Increased private investment in green projects
- Reduced energy costs
- Job creation

QUESTIONS?

Commerce Government Affairs

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