

1.1 moves to amend H.F. No. 2754 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 CLIMATE AND ENERGY FINANCE

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 1.7 and for the purposes specified in this article. The appropriations are from the general fund,
 1.8 or another named fund, and are available for the fiscal years indicated for each purpose.
 1.9 The figures "2024" and "2025" used in this article mean that the appropriations listed under
 1.10 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.
 1.11 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"
 1.12 is fiscal years 2024 and 2025. If an appropriation in this act is enacted more than once in
 1.13 the 2023 legislative session, the appropriation must be given effect only once.

1.14 APPROPRIATIONS
 1.15 Available for the Year
 1.16 Ending June 30
 1.17 2024 2025

1.18 Sec. 2. DEPARTMENT OF COMMERCE

1.19	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>117,565,000</u>	<u>\$</u>	<u>32,790,000</u>
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1.20 Appropriations by Fund

1.21		<u>2024</u>	<u>2025</u>
1.22	<u>General</u>	<u>116,489,000</u>	<u>31,963,000</u>
1.23	<u>Petroleum Tank</u>	<u>1,076,000</u>	<u>1,097,000</u>

2.1 The amounts that may be spent for each
 2.2 purpose are specified in the following
 2.3 subdivisions.

2.4 Subd. 2. **Energy Resources** 116,489,000 31,693,000

2.5 (a) \$150,000 the first year and \$150,000 the
 2.6 second year are to remediate vermiculite
 2.7 insulation from households that are eligible
 2.8 for weatherization assistance under
 2.9 Minnesota's weatherization assistance program
 2.10 state plan under Minnesota Statutes, section
 2.11 216C.264. Remediation must be done in
 2.12 conjunction with federal weatherization
 2.13 assistance program services.

2.14 (b) \$20,000,000 the first year is to provide
 2.15 financial assistance to schools to purchase and
 2.16 install solar energy generating systems under
 2.17 Minnesota Statutes, section 216C.375. The
 2.18 appropriations under this section must be
 2.19 expended on schools located outside the
 2.20 electric service territory of the public utility
 2.21 that is subject to Minnesota Statutes, section
 2.22 116C.779. This is a onetime appropriation and
 2.23 is available until June 30, 2028.

2.24 (c) \$1,138,000 the first year is to provide
 2.25 financial assistance to schools that are state
 2.26 colleges and universities to purchase and
 2.27 install solar energy generating systems under
 2.28 Minnesota Statutes, section 216C.375. This
 2.29 appropriation must be expended on schools
 2.30 located outside the electric service territory of
 2.31 the public utility that is subject to Minnesota
 2.32 Statutes, section 116C.779. This is a onetime
 2.33 appropriation and is available until June 30,
 2.34 2034.

3.1 (d) \$189,000 the first year and \$189,000 the
3.2 second year are for activities associated with
3.3 a utility's implementation of a natural gas
3.4 innovation plan under Minnesota Statutes,
3.5 section 216B.2427.

3.6 (e) \$22,671,000 the first year and \$22,672,000
3.7 the second year are to provide grants to
3.8 community action agencies and other agencies
3.9 that weatherize residences to install
3.10 preweatherization measures in residential
3.11 buildings occupied by eligible low-income
3.12 households, as provided under Minnesota
3.13 Statutes, sections 216B.2403, subdivision 5;
3.14 216B.241, subdivision 7; and 216C.264. These
3.15 appropriations remain available until
3.16 December 31, 2034.

3.17 Of the amount appropriated:

3.18 (1) up to ten percent may be used to
3.19 supplement utility spending on
3.20 preweatherization measures as part of a
3.21 low-income conservation program; and

3.22 (2) up to ten percent may be used to:

3.23 (i) recruit and train energy auditors and
3.24 installers of weatherization assistance services;
3.25 and

3.26 (ii) provide financial incentives to contractors
3.27 and workers who install weatherization
3.28 assistance services.

3.29 The base in fiscal year 2026 is \$720,000 and
3.30 the base in fiscal year 2027 is \$3,000,000.

3.31 (f) \$6,239,000 the first year and \$1,239,000
3.32 the second year are for the strengthening
3.33 Minnesota homes program under Minnesota

4.1 Statutes, section 65A.63, subdivision 4.
4.2 Money under this paragraph is transferred
4.3 from the general fund to the strengthening
4.4 Minnesota homes account in the special
4.5 revenue fund. The base in fiscal year 2026 is
4.6 \$1,239,000 and the base in fiscal year 2027 is
4.7 \$1,239,000.

4.8 (g) \$10,000,000 the first year is to implement
4.9 the heat pump rebate program under
4.10 Minnesota Statutes, section 216C.44, and to
4.11 reimburse the reasonable costs incurred by the
4.12 department to administer the program. Of this
4.13 amount:

4.14 (1) \$7,200,000 the first year is to award
4.15 rebates under Minnesota Statutes, section
4.16 216C.44, subdivision 4;

4.17 (2) \$1,400,000 the first year is to contract with
4.18 an energy coordinator under Minnesota
4.19 Statutes, section 216C.44, subdivision 5; and

4.20 (3) \$1,400,000 the first year is to conduct
4.21 contractor training and support under
4.22 Minnesota Statutes, section 216C.44,
4.23 subdivision 6.

4.24 (h) \$5,000,000 the first year is to award
4.25 rebates to purchase or lease eligible electric
4.26 vehicles under Minnesota Statutes, section
4.27 216C.401. Rebates must be awarded under
4.28 this paragraph only to eligible purchasers
4.29 located outside the retail electric service area
4.30 of the public utility that is subject to
4.31 Minnesota Statutes, section 116C.779. This is
4.32 a onetime appropriation and is available until
4.33 June 30, 2026.

5.1 (i) \$500,000 the first year is to award grants
5.2 under Minnesota Statutes, section 216C.402,
5.3 to automobile dealers seeking certification to
5.4 sell electric vehicles. Rebates must only be
5.5 awarded under this paragraph to eligible
5.6 dealers located outside the retail electric
5.7 service area of the public utility that is subject
5.8 to Minnesota Statutes, section 116C.779. This
5.9 is a onetime appropriation.

5.10 (j) \$5,000,000 the first year is for deposit in
5.11 the solar on public buildings grant program
5.12 account for the grant program described in
5.13 Minnesota Statutes, section 216C.377. The
5.14 appropriation in this paragraph must be used
5.15 only to provide grants to public buildings
5.16 located outside the electric service area of the
5.17 electric utility subject to Minnesota Statutes,
5.18 section 116C.779. This is a onetime
5.19 appropriation and remains available until June
5.20 30, 2027.

5.21 (k) \$3,000,000 the first year is for grants to
5.22 the clean energy resource teams partnerships
5.23 under Minnesota Statutes, section 216C.385,
5.24 subdivision 2, to provide additional capacity
5.25 to perform the duties specified under
5.26 Minnesota Statutes, section 216C.385,
5.27 subdivision 3. This appropriation is available
5.28 until June 30, 2030.

5.29 (l) \$2,500,000 the first year and \$1,000,000
5.30 the second year are to implement energy
5.31 benchmarking under Minnesota Statutes,
5.32 section 216C.331. These appropriations are
5.33 available until expended. The base in fiscal
5.34 year 2026 is \$226,000 and the base in fiscal
5.35 year 2027 is \$742,000.

6.1 Of this amount, \$750,000 the first year is to
6.2 award grants to qualifying utilities that are not
6.3 investor-owned utilities to support the
6.4 development of technology for implementing
6.5 energy benchmarking under Minnesota
6.6 Statutes, section 216C.331. This is a onetime
6.7 appropriation and is available until June 30,
6.8 2028.

6.9 (m) \$3,000,000 the first year is for grants to
6.10 install on-site energy storage systems, as
6.11 defined in Minnesota Statutes, section
6.12 216B.2422, subdivision 1, paragraph (f), with
6.13 a capacity of 50 kilowatt hours or less and that
6.14 are located outside the electric service area of
6.15 the electric utility subject to Minnesota
6.16 Statutes, section 116C.779. To receive a grant
6.17 under this subdivision, an owner of the energy
6.18 storage system must be operating a solar
6.19 energy generating system at the same site as
6.20 the energy storage system or have filed an
6.21 application with a utility to interconnect a solar
6.22 energy generating system at the same site as
6.23 the energy storage system. This is a onetime
6.24 appropriation and is available until June 30,
6.25 2027.

6.26 (n) \$164,000 each year is for activities
6.27 required under Minnesota Statutes, sections
6.28 216B.1616 and 216B.1697 to review energy
6.29 storage proposals made by utilities and to
6.30 establish a docket to develop an energy storage
6.31 peak shaving tariff.

6.32 (o) \$1,000,000 the first year is to award air
6.33 ventilation pilot program grants for
6.34 assessments, testing, and equipment upgrades
6.35 in schools and for the commissioner's cost to

7.1 administer the program. This is a onetime
7.2 appropriation.

7.3 (p) \$164,000 in the second year is for activities
7.4 associated with a public utility's filing of a
7.5 transportation electrification plan under
7.6 Minnesota Statutes, section 216B.1615. The
7.7 base in fiscal year 2026 and beyond is
7.8 \$164,000.

7.9 (q) \$77,000 each year is for activities
7.10 associated with appeals of consumer
7.11 complaints to the commission under
7.12 Minnesota Statutes, section 216B.172.

7.13 (r) \$1,444,000 in the first year and \$1,621,000
7.14 in the second year are to maintain the current
7.15 level of service delivery in the division of
7.16 energy resources. The base in fiscal year 2026
7.17 and beyond is \$1,621,000.

7.18 (s) \$7,000,000 the first year is for grants to
7.19 school districts, and transportation service
7.20 providers and electric utilities on behalf of
7.21 school districts, for the purchase of electric
7.22 school buses and related infrastructure. This
7.23 is a onetime appropriation and remains
7.24 available until June 30, 2033. Any
7.25 unencumbered funds remaining after that date
7.26 cancel to the general fund.

7.27 (t) \$2,500,000 the first year is for the purpose
7.28 of awarding electric panel upgrade grants
7.29 under Minnesota Statutes, section 216C.45
7.30 and to reimburse the reasonable cost of the
7.31 department to administer the program. Grants
7.32 awarded with funds appropriated under this
7.33 subdivision must be awarded only to owners
7.34 of single-family homes or multifamily

8.1 buildings located outside the electric service
 8.2 area of the public utility subject to Minnesota
 8.3 Statutes, section 116C.779. This is a onetime
 8.4 appropriation and remains available until June
 8.5 30, 2032. Any unexpended funds as of that
 8.6 date cancel to the general fund.

8.7 (u) \$500,000 the first year is for a grant to the
 8.8 city of Anoka for feasibility studies and
 8.9 design, engineering, and environmental
 8.10 analysis related to the repair and
 8.11 reconstruction of the Rum River Dam.

8.12 Findings from the feasibility studies must be
 8.13 incorporated into the design and engineering
 8.14 funded by this appropriation. This
 8.15 appropriation is onetime and is available until
 8.16 the project is completed or abandoned, subject
 8.17 to Minnesota Statutes, section 16A.642.

8.18 This appropriation includes money for the
 8.19 following feasibility studies:

8.20 (1) a study to assess the feasibility of adding
 8.21 a lock or other means for boats to traverse the
 8.22 dam to navigate between the lower Rum River
 8.23 and upper Rum River;

8.24 (2) a study to assess the feasibility of
 8.25 constructing the dam in a manner that would
 8.26 facilitate recreational river surfing at the dam
 8.27 site; and

8.28 (3) a study to assess the feasibility of
 8.29 constructing the dam in a manner to generate
 8.30 hydroelectric power.

8.31 **Sec. 3. PUBLIC UTILITIES COMMISSION \$ 10,331,000 \$ 10,689,000**

8.32 (a) \$96,000 the second year is for activities
 8.33 associated with a public utility's filing of a
 8.34 transportation electrification plan under

9.1 Minnesota Statutes, section 216B.1615. The
 9.2 base in fiscal year 2026 and beyond is
 9.3 \$96,000.

9.4 (b) \$32,000 each year is for activities
 9.5 associated with determining compensation for
 9.6 participants in commission proceedings under
 9.7 Minnesota Statutes, section 216B.631.

9.8 (c) \$236,000 the first year and \$229,000 the
 9.9 second year are for activities associated with
 9.10 appeals of consumer complaints to the
 9.11 commission under Minnesota Statutes, section
 9.12 216B.172.

9.13 (d) \$1,522,000 the first year and \$1,791,000
 9.14 the second year are to maintain the current
 9.15 level of service delivery in the Public Utilities
 9.16 Commission. The base in fiscal year 2026 and
 9.17 beyond is \$1,791,000.

9.18 (e) \$227,000 each year is for activities
 9.19 required under Minnesota Statutes, sections
 9.20 216B.1616 and 216B.1697 to review energy
 9.21 storage proposals made by utilities and to
 9.22 establish a docket to develop an energy storage
 9.23 peak shaving tariff.

9.24 **Sec. 4. POLLUTION CONTROL AGENCY \$ 2,000,000 \$ -0-**

9.25 \$2,000,000 the first year is to award city
 9.26 climate action grants to pay a contractor for
 9.27 providing greenhouse gas emissions data to
 9.28 grant applicants; provide technical assistance
 9.29 to applicants; and administering the program.
 9.30 Of this amount, 65 percent is available until
 9.31 December 31, 2024. Of this 65 percent, half
 9.32 is reserved for applicants for grants located
 9.33 outside the counties of Hennepin, Ramsey,
 9.34 Anoka, Dakota, Scott, Carver, and

11.1 managers, and communities to plan for and
11.2 adapt to weather extremes like droughts and
11.3 floods. This is a onetime appropriation and is
11.4 available until June 30, 2030. The base in
11.5 fiscal year 2026 and beyond is \$1,000,000.

11.6 This appropriation must be used to support
11.7 existing extension service staff members and
11.8 to hire additional staff members for a program
11.9 with broad geographic reach throughout the
11.10 state. The program must:

11.11 (1) identify, develop, implement, and evaluate
11.12 educational programs that increase the
11.13 capacity of Minnesota's agricultural sector,
11.14 land and resource managers, and communities
11.15 to be prepared for and adapt to projected
11.16 physical changes in temperature, precipitation,
11.17 and other weather parameters that affect crops,
11.18 lands, horticulture, pests, and wildlife in ways
11.19 that present challenges to the state's
11.20 agricultural sector and the communities that
11.21 depend on it; and

11.22 (2) communicate and interpret the latest
11.23 research on critical weather trends and their
11.24 scientific basis to further prepare extension
11.25 service staff throughout the state to educate
11.26 and provide technical assistance to the
11.27 agricultural sector, land and resource
11.28 managers, and community members at the
11.29 local level regarding technical information on
11.30 water resource management, agriculture and
11.31 forestry, engineering and infrastructure design,
11.32 and emergency management that is necessary
11.33 for the development of strategies to mitigate
11.34 the effects of extreme weather change.

12.1	Sec. 8. <u>DEPARTMENT OF</u>			
12.2	<u>ADMINISTRATION</u>	\$	<u>1,712,000</u>	\$
				<u>367,000</u>
12.3	<u>(a) \$1,022,000 the first year and \$367,000 the</u>			
12.4	<u>second year are for activities regarding</u>			
12.5	<u>environmental analysis of construction</u>			
12.6	<u>materials under Minnesota Statutes, section</u>			
12.7	<u>16B.312. Of this amount, \$200,000 the first</u>			
12.8	<u>year is to provide grants to assist</u>			
12.9	<u>manufacturers to obtain environmental product</u>			
12.10	<u>declarations for certain materials used in</u>			
12.11	<u>public buildings. This appropriation remains</u>			
12.12	<u>available until June 30, 2030.</u>			
12.13	<u>(b) \$690,000 the first year is to develop,</u>			
12.14	<u>oversee, and administer the sustainable</u>			
12.15	<u>building guidelines under Minnesota Statutes,</u>			
12.16	<u>section 16B.325, in consultation with the</u>			
12.17	<u>commissioner of commerce and the Center</u>			
12.18	<u>for Sustainable Building Research at the</u>			
12.19	<u>University of Minnesota. This appropriation</u>			
12.20	<u>includes money for the commissioner of</u>			
12.21	<u>administration to contract with the Center for</u>			
12.22	<u>Sustainable Building Research at the</u>			
12.23	<u>University of Minnesota to administer the</u>			
12.24	<u>guidelines. This is a onetime appropriation.</u>			
12.25	Sec. 9. <u>DEPARTMENT OF LABOR AND</u>			
12.26	<u>INDUSTRY</u>	\$	<u>100,000</u>	\$
				<u>-0-</u>
12.27	<u>\$100,000 in the first year is for activities</u>			
12.28	<u>associated with adoption of a new energy code</u>			
12.29	<u>for commercial buildings. The base in fiscal</u>			
12.30	<u>year 2026 is \$0 and the base in fiscal year</u>			
12.31	<u>2027 is \$100,000.</u>			

ARTICLE 2

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

12.34 Section 1. RENEWABLE DEVELOPMENT FINANCE.

13.1 (a) The sums shown in the columns marked "Appropriations" are appropriated to the
 13.2 agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes,
 13.3 section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable
 13.4 development account in the special revenue fund established in Minnesota Statutes, section
 13.5 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose.
 13.6 The figures "2024" and "2025" used in this article mean that the appropriations listed under
 13.7 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.
 13.8 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"
 13.9 is fiscal years 2024 and 2025.

13.10 (b) If an appropriation in this article is enacted more than once in the 2023 regular or
 13.11 special legislative session, the appropriation must be given effect only once.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
13.12		
13.13		
13.14		
13.15		
13.16	Sec. 2. <u>DEPARTMENT OF COMMERCE</u>	\$ <u>67,614,000</u>
	\$	\$ <u>18,829,000</u>

13.17 (a) The amounts that may be spent for each
 13.18 purpose are specified in the following
 13.19 subdivisions.

13.20 (b) \$100,000 the first year and \$100,000 the
 13.21 second year are to administer the "Made in
 13.22 Minnesota" solar energy production incentive
 13.23 program under Minnesota Statutes, section
 13.24 216C.417. Any unspent amount remaining on
 13.25 June 30, 2025, cancels to the renewable
 13.26 development account.

13.27 (c) \$1,000,000 the first year and \$400,000 the
 13.28 second year are for a grant to the University
 13.29 of St. Thomas Center for Microgrid Research
 13.30 for the purposes of paragraph (b). The base in
 13.31 fiscal year 2026 is \$400,000.

13.32 (d) The appropriations in this subdivision must
 13.33 be used by the University of St. Thomas
 13.34 Center for Microgrid Research to:

- 14.1 (1) increase the center's capacity to provide
14.2 industry partners opportunities to test
14.3 near-commercial microgrid products on a
14.4 real-world scale and to multiply opportunities
14.5 for innovative research;
- 14.6 (2) procure advanced equipment and controls
14.7 to enable the extension of the university's
14.8 microgrid to additional buildings; and
- 14.9 (3) expand (i) hands-on educational
14.10 opportunities for undergraduate and graduate
14.11 electrical engineering students to increase
14.12 understanding of microgrid operations, and
14.13 (ii) partnerships with community colleges.
- 14.14 (e) Notwithstanding Minnesota Statutes,
14.15 section 116C.779, subdivision 1, paragraph
14.16 (j), \$9,126,000 the first year and \$3,329,000
14.17 the second year are to award rebates to
14.18 purchase or lease eligible electric vehicles
14.19 under Minnesota Statutes, section 216C.401.
14.20 Rebates must be awarded under this paragraph
14.21 only to eligible purchasers located within the
14.22 retail electric service area of the public utility
14.23 that is subject to Minnesota Statutes, section
14.24 116C.779. The base in fiscal year 2026 is \$0.
14.25 These appropriations remain available until
14.26 June 30, 2026.
- 14.27 (f) Notwithstanding Minnesota Statutes,
14.28 section 116C.779, subdivision 1, paragraph
14.29 (j), \$500,000 the first year is to award grants
14.30 under Minnesota Statutes, section 216C.402,
14.31 to automobile dealers seeking certification
14.32 from an electric vehicle manufacturer to sell
14.33 electric vehicles. Rebates must only be
14.34 awarded under this paragraph to eligible
14.35 dealers located within the retail electric service

15.1 area of the public utility that is subject to
15.2 Minnesota Statutes, section 116C.779. This is
15.3 a onetime appropriation.

15.4 (g) Notwithstanding Minnesota Statutes,
15.5 section 116C.779, subdivision 1, paragraph
15.6 (j), \$7,000,000 the first year is for transfer to
15.7 the electric school bus program account to
15.8 provide grants to accelerate the deployment
15.9 of electric school buses and related electric
15.10 vehicle infrastructure and to pay the
15.11 commissioner's costs to administer Minnesota
15.12 Statutes, section 216C.374. This is a onetime
15.13 appropriation and remains available until June
15.14 30, 2033.

15.15 (h) Notwithstanding Minnesota Statutes,
15.16 section 116C.779, subdivision 1, paragraph
15.17 (j), \$5,000,000 the first year is for deposit in
15.18 the solar on public buildings grant program
15.19 account for the grant program described in
15.20 Minnesota Statutes, section 216C.377. The
15.21 appropriation in this paragraph must be used
15.22 only to provide grants to public buildings
15.23 located within the electric service area of the
15.24 electric utility subject to Minnesota Statutes,
15.25 section 116C.779. This is a onetime
15.26 appropriation and remains available until June
15.27 30, 2027.

15.28 (i) Notwithstanding Minnesota Statutes,
15.29 section 116C.779, subdivision 1, paragraph
15.30 (j), \$2,500,000 the first year is to award grants
15.31 for upgrades to residential electric panels
15.32 under Minnesota Statutes, section 216C.45,
15.33 and pay the reasonable costs incurred by the
15.34 department to administer that section.
15.35 Appropriations made under this paragraph

16.1 must be used only for grants to owners of
16.2 residences that are located within the electric
16.3 service area of the public utility that is subject
16.4 to Minnesota Statutes, section 116C.779. This
16.5 is a onetime appropriation and is available
16.6 until December 31, 2025.

16.7 (j) Notwithstanding Minnesota Statutes,
16.8 section 116C.779, subdivision 1, paragraph
16.9 (j), \$3,000,000 the first year is to award grants
16.10 to install energy storage systems under
16.11 Minnesota Statutes, section 216C.378, and to
16.12 pay the reasonable costs of the department to
16.13 administer that section. This is a onetime
16.14 appropriation and remains available until June
16.15 30, 2027.

16.16 (k) Notwithstanding Minnesota Statutes,
16.17 section 116C.779, subdivision 1, paragraph
16.18 (j), \$3,000,000 in fiscal year 2024 is for
16.19 deposit in a contingency fund for disbursement
16.20 to the owner of a solar energy generating
16.21 system installed on land on the former Ford
16.22 Motor Company in St. Paul known as Area C
16.23 in Minnesota Statutes, section 116C.7793.
16.24 This appropriation is available until five years
16.25 after the Pollution Control Agency issues a
16.26 corrective action determination regarding the
16.27 remediation of Area C. Any unexpended funds
16.28 remaining in the account as of that date cancel
16.29 to the renewable development account.

16.30 (l) Notwithstanding Minnesota Statutes,
16.31 section 116C.779, subdivision 1, paragraph
16.32 (j), \$5,000,000 the first year and \$5,000,000
16.33 the second year are for providing grants to the
16.34 public utility that is subject to Minnesota
16.35 Statutes, section 116C.7792, subdivision 1, to

17.1 upgrade its distribution system to allow for
17.2 the interconnection of distributed energy
17.3 resources. The base in fiscal year 2026 is \$0.

17.4 (m) Notwithstanding Minnesota Statutes,
17.5 section 116C.779, subdivision 1, paragraph
17.6 (j), \$250,000 in fiscal year 2024 is for grants
17.7 to the utility subject to Minnesota Statutes,
17.8 section 116C.779, to implement the small
17.9 interconnection cost-sharing program ordered
17.10 by the Public Utilities Commission on
17.11 December 19, 2022, in docket No.
17.12 E-002/M-18-714 to pay the costs of certain
17.13 distribution upgrades for customers of the
17.14 utility subject to Minnesota Statutes, section
17.15 116C.779, seeking interconnection of
17.16 distributed generation or up to a certain size.
17.17 This is a onetime appropriation.

17.18 (n) Notwithstanding Minnesota Statutes,
17.19 section 116C.779, subdivision 1, paragraph
17.20 (j), \$20,000,000 the first year is to provide
17.21 financial assistance to schools to purchase and
17.22 install solar energy generating systems under
17.23 Minnesota Statutes, section 216C.375. The
17.24 appropriations under this section must be
17.25 expended on schools located within the
17.26 electric service territory of the public utility
17.27 that is subject to Minnesota Statutes, section
17.28 116C.779. This is a onetime appropriation and
17.29 is available until June 30, 2028.

17.30 (o) Notwithstanding Minnesota Statutes,
17.31 section 116C.779, subdivision 1, paragraph
17.32 (j), \$5,000,000 the first year and \$5,000,000
17.33 the second year are to provide grants to
17.34 community action agencies and other agencies
17.35 that weatherize residences to install

18.1 preweatherization measures in residential
 18.2 buildings occupied by eligible low-income
 18.3 households, as provided under Minnesota
 18.4 Statutes, sections 216B.2403, subdivision 5;
 18.5 216B.241, subdivision 7; and 216C.264. These
 18.6 appropriations remain available until
 18.7 December 31, 2034.

18.8	Sec. 3. <u>MINNESOTA AMATEUR SPORTS</u>			
18.9	<u>COMMISSION</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>
				<u>4,200,000</u>

18.10 Notwithstanding Minnesota Statutes, section
 18.11 116C.779, subdivision 1, paragraph (j),
 18.12 \$4,200,000 the second year is to install solar
 18.13 arrays. This appropriation may be used to
 18.14 replace the roof and install solar arrays on an
 18.15 ice rink and a maintenance facility at the
 18.16 National Sports Center in Blaine. This is a
 18.17 onetime appropriation.

18.18	Sec. 4. <u>DEPARTMENT OF</u>			
18.19	<u>ADMINISTRATION</u>	<u>\$</u>	<u>780,000</u>	<u>\$</u>
				<u>92,000</u>

18.20 (a) Notwithstanding Minnesota Statutes,
 18.21 section 116C.779, subdivision 1, paragraph
 18.22 (j), \$690,000 the first year is to contract with
 18.23 the Board of Regents of the University of
 18.24 Minnesota for a grant to the Institute on the
 18.25 Environment to conduct research examining
 18.26 how projections of future weather trends may
 18.27 exacerbate conditions such as drought,
 18.28 elevated temperatures, and flooding that:
 18.29 (1) can be integrated into the design and
 18.30 evaluation of buildings constructed by the state
 18.31 of Minnesota and local units of government
 18.32 so as to:
 18.33 (i) reduce energy costs by deploying
 18.34 cost-effective energy efficiency measures,
 18.35 innovative construction materials and

19.1 techniques, and renewable energy sources;
 19.2 and
 19.3 (ii) prevent and minimize damage to buildings
 19.4 caused by extreme weather conditions,
 19.5 including but not limited to increased
 19.6 frequency of intense precipitation events and
 19.7 tornadoes, flooding, and elevated
 19.8 temperatures; and
 19.9 (2) may weaken the ability of natural systems
 19.10 to mitigate those conditions to the point where
 19.11 human intervention in the form of the building
 19.12 of, or the redesign of the scale and operation
 19.13 of, infrastructure is required to address those
 19.14 conditions in order to:
 19.15 (i) maintain and increase the amount and
 19.16 quality of food and wood production;
 19.17 (ii) reduce fire risk on forested land;
 19.18 (iii) maintain and enhance water quality; and
 19.19 (iv) maintain and enhance natural habitats.
 19.20 The contract must provide that, no later than
 19.21 February 1, 2025, the director of the Institute
 19.22 on the Environment, or the director's designee,
 19.23 submit a written report to the chairs and
 19.24 ranking minority members of the legislative
 19.25 committees with primary jurisdiction over
 19.26 environment policy and capital investment
 19.27 summarizing the findings and
 19.28 recommendations of the research, including
 19.29 any recommendations for policy changes or
 19.30 other legislation. This is a onetime
 19.31 appropriation.

19.32 **Sec. 5. POLLUTION CONTROL AGENCY \$ 2,000,000 \$ -0-**

20.1 Notwithstanding Minnesota Statutes, section
 20.2 116C.779, subdivision 1, paragraph (j),
 20.3 \$2,000,000 the first year is to award city
 20.4 climate action grants to pay a contractor for
 20.5 providing greenhouse gas emissions data to
 20.6 grant applicants; provide technical assistance
 20.7 to applicants; and administering the program.
 20.8 Of this amount, 65 percent is available until
 20.9 December 31, 2024. Of this 65 percent, half
 20.10 is reserved for applicants for grants located
 20.11 outside the counties of Hennepin, Ramsey,
 20.12 Anoka, Dakota, Scott, Carver, and
 20.13 Washington. Any unencumbered funds
 20.14 remaining after December 31, 2024, are
 20.15 available to all eligible applicants until
 20.16 December 31, 2025. This is a onetime
 20.17 appropriation.

ARTICLE 3

ELECTRIFICATION

20.20 Section 1. Minnesota Statutes 2022, section 16B.58, is amended by adding a subdivision
 20.21 to read:

20.22 Subd. 9. **Electric vehicle charging.** A person that charges a privately owned electric
 20.23 vehicle at a charging station located within the Capitol area, as defined in section 15B.02,
 20.24 must pay an electric service fee established by the commissioner.

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

20.26 Sec. 2. Minnesota Statutes 2022, section 16C.135, subdivision 3, is amended to read:

20.27 Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when
 20.28 purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner
 20.29 or the agency shall purchase ~~a motor vehicle that is capable of being powered by cleaner~~
 20.30 ~~fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid~~
 20.31 ~~fuel, if the total life-cycle cost of ownership is less than or comparable to that of other~~
 20.32 ~~vehicles and if the vehicle is capable~~ the motor vehicle according to the following vehicle
 20.33 preference order:

- 21.1 (1) an electric vehicle;
- 21.2 (2) a hybrid electric vehicle;
- 21.3 (3) a vehicle capable of being powered by cleaner fuels; and
- 21.4 (4) a vehicle powered by gasoline or diesel fuel.
- 21.5 (b) The commissioner may only reject a vehicle that is higher on the vehicle preference
- 21.6 order if:
- 21.7 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;
- 21.8 or
- 21.9 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
- 21.10 percent higher than the next vehicle type on the vehicle preference order.
- 21.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 21.12 Sec. 3. Minnesota Statutes 2022, section 16C.137, subdivision 1, is amended to read:
- 21.13 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,
- 21.14 technically, and economically feasible, subject to the specific needs of the department and
- 21.15 responsible management of agency finances:
- 21.16 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
- 21.17 enforcement vehicles~~;~~, are purchased in conformity with the vehicle preference order
- 21.18 established in section 16C.135, subdivision 3;
- 21.19 ~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~
- 21.20 ~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles~~
- 21.21 ~~per gallon for highway usage, including but not limited to hybrid electric cars and~~
- 21.22 ~~hydrogen-powered vehicles; or~~
- 21.23 ~~(iii) are powered solely by electricity;~~
- 21.24 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and
- 21.25 hydrogen from agricultural products; and
- 21.26 (3) increase its use of web-based Internet applications and other electronic information
- 21.27 technologies to enhance the access to and delivery of government information and services
- 21.28 to the public, and reduce the reliance on the department's fleet for the delivery of such
- 21.29 information and services.
- 21.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.1 Sec. 4. Minnesota Statutes 2022, section 168.27, is amended by adding a subdivision to
22.2 read:

22.3 Subd. 2a. Dealer training; electric vehicles. (a) A new motor vehicle dealer licensed
22.4 under this chapter that operates under an agreement or franchise from a manufacturer and
22.5 sells electric vehicles must maintain at least one employee who is certified as having
22.6 completed a training course offered by a Minnesota motor vehicle dealership association
22.7 that addresses at least the following elements:

22.8 (1) fundamentals of electric vehicles;

22.9 (2) electric vehicle charging options and costs;

22.10 (3) publicly available electric vehicle incentives;

22.11 (4) projected maintenance and fueling costs for electric vehicles;

22.12 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
22.13 vehicles;

22.14 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and

22.15 (7) best practices to sell electric vehicles.

22.16 (b) For the purposes of this section, "electric vehicle" has the meaning given in section
22.17 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

22.18 **EFFECTIVE DATE.** This section is effective January 1, 2024.

22.19 Sec. 5. [216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.

22.20 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
22.21 the meanings given.

22.22 (b) "Battery exchange station" means a physical location deploying equipment that
22.23 enables a used electric vehicle battery to be removed and exchanged for a fresh electric
22.24 vehicle battery.

22.25 (c) "Electric drive mine truck" means a truck that carries mined rock from a mine pit
22.26 for crushing operations and whose wheels are powered by electric drive motors.

22.27 (d) "Electric drive mine truck trolley system" means an electric trolley system that helps
22.28 propel an electric drive mine truck out of a mine pit.

22.29 (e) "Electric vehicle" means any device or contrivance that transports persons or property
22.30 and is capable of being powered by an electric motor drawing current from rechargeable

- 23.1 storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes
23.2 but is not limited to:
- 23.3 (1) an electric vehicle, as defined in section 169.011, subdivision 26a;
23.4 (2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;
23.5 (3) an off-road vehicle, as defined in section 84.797, subdivision 7;
23.6 (4) a motorboat, as defined in section 86B.005, subdivision 9;
23.7 (5) an aircraft, as defined in section 360.013, subdivision 37; or
23.8 (6) an electric drive mine truck.
- 23.9 (f) "Electric vehicle charging station" means a physical location deploying equipment
23.10 that:
- 23.11 (1) transfers electricity to an electric vehicle battery;
23.12 (2) dispenses hydrogen into an electric vehicle powered by a fuel cell;
23.13 (3) exchanges electric vehicle batteries; or
23.14 (4) provides other equipment used to charge or fuel electric vehicles.
- 23.15 (g) "Electric vehicle infrastructure" means electric vehicle charging stations and any
23.16 associated machinery, equipment, and infrastructure necessary for a public utility to supply
23.17 electricity or hydrogen to an electric vehicle charging station and to support electric vehicle
23.18 operation. Electric vehicle infrastructure includes an electric drive mine truck trolley system.
- 23.19 (h) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
23.20 electricity through electrochemical reactions.
- 23.21 (i) "Government entity" means the state, a state agency, or a political subdivision, as
23.22 defined in section 13.02, subdivision 11.
- 23.23 (j) "Public utility" has the meaning given in section 216B.02, subdivision 4.
- 23.24 **Subd. 2. Transportation electrification plan; contents.** (a) By June 1, 2024, and at
23.25 least every three years thereafter, a public utility must file a transportation electrification
23.26 plan with the commission that is designed to:
- 23.27 (1) maximize the overall benefits of electric vehicles and other electrified transportation
23.28 while minimizing overall costs; and
- 23.29 (2) promote the:
- 23.30 (i) purchase of electric vehicles by the public utility's customers; and

- 24.1 (ii) deployment of electric vehicle infrastructure in the public utility's service territory.
- 24.2 (b) A transportation electrification plan may include but is not limited to the following
- 24.3 elements:
- 24.4 (1) programs to educate and increase the awareness and benefits of electric vehicles and
- 24.5 electric vehicle charging equipment among individuals, electric vehicle dealers, single-family
- 24.6 and multifamily housing developers and property management companies, building owners
- 24.7 and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential
- 24.8 users of electric vehicles;
- 24.9 (2) utility investments and customer incentives the utility provides and offers to support
- 24.10 transportation electrification across all customer classes, including but not limited to
- 24.11 investments and customer incentives to facilitate:
- 24.12 (i) the deployment of: electric vehicles for personal and commercial use; customer- and
- 24.13 utility-owned electric vehicle charging stations; electric vehicle infrastructure to support
- 24.14 light-duty, medium-duty, and heavy-duty vehicle electrification; and other electric utility
- 24.15 infrastructure;
- 24.16 (ii) widespread access to publicly available electric vehicle charging stations; and
- 24.17 (iii) the electrification of public transit and vehicle fleets owned or operated by a
- 24.18 government entity;
- 24.19 (3) research and demonstration projects to increase access to electricity as a transportation
- 24.20 fuel, minimize the system costs of electric transportation, and inform future transportation
- 24.21 electrification plans;
- 24.22 (4) rate structures or programs that encourage electric vehicle charging that optimizes
- 24.23 electric grid operation, including time-varying rates and charging optimization programs;
- 24.24 (5) programs to increase access to the benefits of electricity as a transportation fuel (i)
- 24.25 for low- or moderate-income customers and communities, and (ii) in neighborhoods most
- 24.26 affected by transportation-related air emissions; and
- 24.27 (6) proposals to expedite commission consideration of program adjustments requested
- 24.28 during the term of an approved transportation electrification plan.
- 24.29 (c) A transportation electrification plan must include planned upgrades to and investments
- 24.30 in a utility's distribution system that are necessary to accommodate future growth in
- 24.31 transportation electrification and support the plan's proposed programs and activities.

25.1 Subd. 3. **Transportation electrification plan; review and implementation.** The
25.2 commission may approve, modify, or reject a transportation electrification plan. When
25.3 reviewing a transportation electrification plan, the commission must consider whether the
25.4 programs, investments, and expenditures as a whole are reasonably expected to:

25.5 (1) improve the operation of the electric grid;

25.6 (2) increase access to the use of electricity as a transportation fuel for all customers,
25.7 including those in low- or moderate-income communities, rural communities, and
25.8 communities most affected by emissions from the transportation sector;

25.9 (3) increase access to publicly available electric vehicle charging for all types of electric
25.10 vehicles;

25.11 (4) support the electrification of medium-duty and heavy-duty vehicles and associated
25.12 charging infrastructure;

25.13 (5) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and
25.14 emissions of other air pollutants that impair the environment and public health;

25.15 (6) stimulate private capital investment and the creation of skilled jobs;

25.16 (7) educate the public about the benefits of electric vehicles and related infrastructure;
25.17 and

25.18 (8) be transparent and incorporate reasonable public reporting of program activities,
25.19 consistent with existing technology and data capabilities, to inform program design and
25.20 commission policy with respect to electric vehicles.

25.21 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the
25.22 commission may approve, with respect to any prudent and reasonable investments made or
25.23 expenses incurred by a public utility to administer and implement an approved transportation
25.24 electrification plan, including expenditures on information technology systems necessary
25.25 to track activities and spending and to administer and implement transportation electrification
25.26 plan programs, and investments made in a public utility's distribution system to support
25.27 transportation electrification:

25.28 (1) a rider or other tariff mechanism to automatically adjust charges annually;

25.29 (2) performance-based incentives; or

25.30 (3) placing the investment, including rebates for electric vehicle infrastructure and electric
25.31 buses, and other costs reasonably incurred to support transportation electrification, in the
25.32 public utility's rate base and allowing the public utility to earn a rate of return on the

26.1 investment at the level approved by the commission in the public utility's most recent general
26.2 rate case, unless the commission finds a different rate of return to be in the public interest.

26.3 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the
26.4 commission must approve recovery costs for expenses reasonably incurred by a public
26.5 utility to provide public advertisement as part of a transportation electrification plan approved
26.6 by the commission under subdivision 3.

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

26.8 Sec. 6. **[216C.374] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

26.11 (b) "Battery exchange station" means a physical location deploying equipment that
26.12 enables a used electric vehicle battery to be removed and exchanged for a fully charged
26.13 electric vehicle battery.

26.14 (c) "Electric school bus" means an electric vehicle designed to carry a driver and more
26.15 than ten passengers and primarily used to transport preprimary, primary, and secondary
26.16 students.

26.17 (d) "Electric utility" means any utility that provides wholesale or retail electric service
26.18 to customers in Minnesota.

26.19 (e) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

26.20 (f) "Electric vehicle charging station" means a physical location deploying equipment
26.21 that provides electricity to charge a battery in an electric vehicle.

26.22 (g) "Electric vehicle infrastructure" means electric vehicle charging stations and any
26.23 associated electric panels, machinery, equipment, and infrastructure necessary for an electric
26.24 utility to supply electricity to an electric vehicle charging station and to support electric
26.25 vehicle operation.

26.26 (h) "Electric vehicle service provider" means an organization that installs, maintains, or
26.27 otherwise services a battery exchange station, electric vehicle infrastructure, or electric
26.28 vehicle charging stations.

26.29 (i) "Eligible applicant" means a school district, or an electric utility, electric vehicle
26.30 service provider, or transportation service provider applying for a grant under this section
26.31 on behalf of a school district.

27.1 (j) "Federal vehicle electrification grants" means grants that fund electric school buses
27.2 or electric vehicle infrastructure under the federal Infrastructure Investment and Jobs Act,
27.3 Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

27.4 (k) "Poor air quality" means:

27.5 (1) ambient air levels that air monitoring data reveals approach or exceed state or federal
27.6 air quality standards or chronic health inhalation risk benchmarks for total suspended
27.7 particulates, particulate matter less than ten microns wide (PM-10), particulate matter less
27.8 than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen dioxide; or

27.9 (2) areas in which levels of asthma among children significantly exceed the statewide
27.10 average.

27.11 (l) "Prioritized school district" means:

27.12 (1) a school district listed in the Small Area Income and Poverty Estimates (SAIPE)
27.13 School District Estimates as having 7.5 percent or more students living in poverty based on
27.14 the most recent decennial U.S. census;

27.15 (2) a school district identified with locale codes "43-Rural: Remote" and "42-Rural:
27.16 Distant" by the National Center for Education Statistics (NCES);

27.17 (3) a school district funded by the Bureau of Indian Affairs; or

27.18 (4) a school district that receives basic support payments under United States Code, title
27.19 20, section 7703(b)(1), for children who reside on Indian land.

27.20 (m) "Transportation service provider" means a person that has a contract with a school
27.21 district to transport students to and from school.

27.22 (n) "School" means a school that operates as part of an independent or special school
27.23 district.

27.24 (o) "School bus" has the meaning given in section 169.011, subdivision 71.

27.25 (p) "School district" means:

27.26 (1) an independent school district, as defined in section 120A.05, subdivision 10; or

27.27 (2) a special school district, as defined in section 120A.05, subdivision 14.

27.28 Subd. 2. **Establishment; purpose.** An electric school bus deployment program is
27.29 established in the Department of Commerce. The purpose of the program is to provide grants
27.30 to accelerate the deployment of electric school buses by school districts and to encourage

28.1 schools to use vehicle electrification as a teaching tool that can be integrated into the school's
28.2 curriculum.

28.3 Subd. 3. **Establishment of account.** An electric school bus program account is established
28.4 as a separate account in the special revenue fund in the state treasury. The commissioner
28.5 shall credit to the account appropriations and transfers to the account. Earnings, such as
28.6 interest, dividends, and any other earnings arising from assets of the account, must be
28.7 credited to the account. Money in the account at the end of a fiscal year does not cancel to
28.8 the general fund, but remains available in the account until expended. The commissioner
28.9 shall manage the account.

28.10 Subd. 4. **Appropriation; expenditures.** Money in the account is appropriated to the
28.11 commissioner and must be used only:

28.12 (1) for grant awards made under this section; and

28.13 (2) to pay the reasonable costs incurred by the department to administer this section,
28.14 including the cost of providing technical assistance to eligible applicants including, but not
28.15 limited to, grant writing assistance for applications for federal vehicle electrification grants
28.16 under subdivision 6, paragraph (c).

28.17 Subd. 5. **Eligible grant expenditures.** A grant awarded under this section may be used
28.18 only to pay:

28.19 (1) a school district or transportation service provider to purchase one or more electric
28.20 school buses, or convert or repower fossil-fuel-powered school buses to be powered by
28.21 electricity;

28.22 (2) up to 75 percent of the cost a school district or transportation service provider incurs
28.23 to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered
28.24 school buses to be powered by electricity;

28.25 (3) for prioritized school districts, up to 95 percent of the cost a school district or
28.26 transportation service provider incurs to purchase one or more electric school buses, or to
28.27 convert or repower fossil-fuel-powered school buses to be powered by electricity;

28.28 (4) up to 75 percent of the cost of deploying, on the school district or transportation
28.29 service provider's real property, infrastructure required to operate electric school buses,
28.30 including but not limited to, battery exchange stations, electric vehicle infrastructure, or
28.31 electric vehicle charging stations;

28.32 (5) for prioritized school districts, up to 95 percent of the cost of deploying, on the school
28.33 district or transportation service provider's real property, infrastructure required to operate

29.1 electric school buses, including but not limited to, battery exchange stations, electric vehicle
29.2 infrastructure, or electric vehicle charging stations; and

29.3 (6) the reasonable costs of technical assistance related to electric school bus deployment
29.4 program planning and for preparing grant applications for federal vehicle electrification
29.5 grants.

29.6 Subd. 6. **Application process.** (a) The commissioner must develop administrative
29.7 procedures governing the application and grant award process.

29.8 (b) The commissioner must issue a request for proposals to eligible applicants who may
29.9 wish to apply for a grant under this section on behalf of a school.

29.10 (c) An eligible applicant must submit an application for an electric school bus deployment
29.11 grant to the commissioner on a form prescribed by the commissioner. The form must require
29.12 an applicant to supply, at a minimum, the following information:

29.13 (1) the number of and description of the electric school buses the school district or
29.14 transportation service provider intends to purchase;

29.15 (2) the total cost to purchase the electric school buses and the incremental cost, if any,
29.16 of the electric school buses when compared with fossil-fuel-powered school buses;

29.17 (3) a copy of the proposed contract agreement between the school district, the electric
29.18 utility, the electric vehicle service provider, or the transportation service provider that
29.19 includes provisions addressing responsibility for maintenance of the electric school buses
29.20 and related electric vehicle infrastructure and battery exchange stations;

29.21 (4) whether the school district is also a prioritized school district;

29.22 (5) areas of the school district that serve significant numbers of students eligible for free
29.23 and reduced-priced school meals, and areas that disproportionately experience poor air
29.24 quality, as measured by indicators such as the Minnesota Pollution Control Agency's air
29.25 quality monitoring network, the Minnesota Department of Health's air quality and health
29.26 monitoring, or other relevant indicators;

29.27 (6) the school district's plan to prioritize the deployment of electric school buses in areas
29.28 of the school district that:

29.29 (i) serve students eligible for free and reduced-price school meals;

29.30 (ii) experience disproportionately poor air quality; or

29.31 (iii) are located within environmental justice areas, as defined in section 216B.1691,
29.32 subdivision 1, paragraph (e);

30.1 (7) areas of the school district that are located within environmental justice areas, as
30.2 defined in section 216B.1691, subdivision 1, paragraph (e);

30.3 (8) the school district's plan, if any, to make the electric school buses serve as a visible
30.4 learning tool for students, teachers, and visitors to the school, including how vehicle
30.5 electrification may be integrated into the school district's curriculum;

30.6 (9) information that demonstrates the school district's level of need for financial assistance
30.7 available under this section;

30.8 (10) any federal vehicle electrification grants awarded to or applied for by the eligible
30.9 applicant for the same electric school buses or electric vehicle infrastructure as proposed
30.10 by the eligible applicant in a grant application made under this section;

30.11 (11) information that demonstrates the school district's readiness to implement the project
30.12 and to operate the electric school buses for no less than five years;

30.13 (12) with respect to the installation and operation of the infrastructure required to operate
30.14 electric school buses, the willingness and ability of the electric vehicle service provider or
30.15 the electric utility to:

30.16 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
30.17 subdivision 6; and

30.18 (ii) adhere to the provisions of section 177.43; and

30.19 (13) any other information deemed relevant by the commissioner.

30.20 (d) An eligible applicant may seek a technical assistance grant under this section to assist
30.21 the eligible applicant in applying for federal vehicle electrification grants. An eligible
30.22 applicant seeking a technical assistance grant under this section must submit an application
30.23 to the commissioner on behalf of a school district on a form prescribed by the commissioner.
30.24 The form must include, at a minimum, the following information:

30.25 (1) the name of the federal programs to which the applicant intends to apply;

30.26 (2) a description of the technical assistance the applicants will require to complete the
30.27 federal application; and

30.28 (3) any other information deemed relevant by the commissioner.

30.29 (e) In awarding grants under this section, the commissioner shall give priority to
30.30 applications from or on behalf of prioritized school districts, and shall endeavor to award
30.31 no less than 40 percent of the total amount of grants awarded under this section to prioritized
30.32 school districts.

31.1 (f) The commissioner must administer an open application process under this section at
31.2 least twice annually.

31.3 Subd. 7. **Technical assistance.** The department must provide technical assistance to
31.4 school districts to develop and execute projects applied for or funded by grants awarded
31.5 under this section.

31.6 Subd. 8. **Grant amounts.** (a) In making grant awards under this section, the amount of
31.7 the grant must be based on the commissioner's assessment of the school district's need for
31.8 financial assistance.

31.9 (b) No grant awarded under this section, when combined with any federal vehicle
31.10 electrification grants obtained by an eligible applicant for the same electric school buses or
31.11 electric vehicle infrastructure as proposed by the eligible applicant in a grant application
31.12 made under this section, may exceed the total cost of the electric school buses or electric
31.13 vehicle infrastructure funded by the grant.

31.14 Subd. 9. **Application deadline.** No application may be submitted under this section
31.15 after December 31, 2032.

31.16 Subd. 10. **Reporting.** Beginning January 15, 2024, and each year thereafter until January
31.17 15, 2034, the commissioner must report to the chairs and ranking minority members of the
31.18 legislative committees with jurisdiction over energy regarding:

31.19 (1) grants and amounts awarded to school districts under this section during the previous
31.20 year; and

31.21 (2) any remaining balances available in the electric school bus program account.

31.22 Subd. 11. **Cost recovery.** (a) A prudent and reasonable investment on electric vehicle
31.23 infrastructure installed on a school district's real property that is made by a public utility
31.24 may be placed in the public utility's rate base and earn a rate of return determined by the
31.25 commission.

31.26 (b) Notwithstanding any other provision of this chapter, the commission may approve
31.27 a tariff mechanism to automatically adjust annual charges for prudent and reasonable
31.28 investments made by a public utility on electric vehicle infrastructure installed on a school
31.29 district's real property.

31.30 Sec. 7. **[216C.401] ELECTRIC VEHICLE REBATES.**

31.31 Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the
31.32 terms in this subdivision have the meanings given.

- 32.1 (b) "Dealer" means a person, firm, or corporation that:
- 32.2 (1) possesses a new motor vehicle license under chapter 168;
- 32.3 (2) regularly engages in the business of manufacturing or selling, purchasing, and
- 32.4 generally dealing in new and unused motor vehicles;
- 32.5 (3) has an established place of business to sell, trade, and display new and unused motor
- 32.6 vehicles; and
- 32.7 (4) possesses new and unused motor vehicles to sell or trade the motor vehicles.
- 32.8 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a,
- 32.9 paragraphs (a) and (b), clause (3).
- 32.10 (d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements
- 32.11 of subdivision 2, paragraph (a).
- 32.12 (e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements
- 32.13 of subdivision 2, paragraph (b).
- 32.14 (f) "Lease" means a business transaction under which a dealer furnishes an eligible
- 32.15 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences
- 32.16 of ownership transferred, other than the right to use the vehicle for a term of at least 24
- 32.17 months.
- 32.18 (g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.
- 32.19 (h) "New eligible electric vehicle" means an eligible electric vehicle that has not been
- 32.20 registered in any state.
- 32.21 Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this
- 32.22 section if the electric vehicle:
- 32.23 (1) has not been previously owned;
- 32.24 (2) is used by a dealer as a floor model or test drive vehicle and has not been previously
- 32.25 registered in Minnesota or any other state;
- 32.26 (3) is returned to a dealer by a purchaser or lessee:
- 32.27 (i) within two weeks of purchase or leasing or when a purchaser's or lessee's financing
- 32.28 for the electric vehicle has been disapproved; or
- 32.29 (ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered
- 32.30 in Minnesota;

- 33.1 (4) has not been modified from the original manufacturer's specifications;
33.2 (5) has a base manufacturer's suggested retail price that does not exceed \$55,000;
33.3 (6) is purchased or leased from a dealer or directly from an original equipment
33.4 manufacturer that does not have licensed franchised dealers in Minnesota; and
33.5 (7) is purchased or leased after the effective date of this act for use by the purchaser and
33.6 not for resale.

33.7 (b) A used electric vehicle is eligible for an electric vehicle rebate under this section if
33.8 the electric vehicle has previously been owned in Minnesota or another state and has not
33.9 been modified from the original manufacturer's specifications.

33.10 Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible
33.11 new or used electric vehicle is eligible for a rebate under this section if the purchaser or
33.12 lessee:

33.13 (1) is one of the following:

33.14 (i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
33.15 when the electric vehicle is purchased or leased;

33.16 (ii) a business that has a valid address in Minnesota from which business is conducted;

33.17 (iii) a nonprofit corporation incorporated under chapter 317A; or

33.18 (iv) a political subdivision of the state;

33.19 (2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
33.20 from the state of Minnesota; and

33.21 (3) registers the electric vehicle in Minnesota.

33.22 Subd. 4. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an
33.23 eligible purchaser to purchase or lease an eligible new electric vehicle.

33.24 (b) A \$500 rebate may be issued under this section to an eligible purchaser or lessee of
33.25 an eligible used electric vehicle.

33.26 (c) A purchaser or lessee whose household income at the time the eligible electric vehicle
33.27 is purchased or leased is less than 150 percent of the current federal poverty guidelines
33.28 established by the Department of Health and Human Services is eligible for a rebate of \$500
33.29 for the purchase or lease of an eligible new electric vehicle and \$100 for the purchase or
33.30 lease of an eligible used electric vehicle. The rebate under this paragraph is in addition to
33.31 the rebate under paragraph (a) or (b), as applicable.

34.1 Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

34.2 (1) no more than one rebate per resident per household; and

34.3 (2) no more than one rebate per business entity per year.

34.4 Subd. 6. **Program administration.** (a) A rebate application under this section must be
34.5 filed with the commissioner on a form developed by the commissioner.

34.6 (b) The commissioner must develop administrative procedures governing the application
34.7 and rebate award process. Applications must be reviewed and rebates awarded by the
34.8 commissioner on a first-come, first-served basis.

34.9 (c) The commissioner must, in coordination with dealers and other state agencies as
34.10 applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or
34.11 lessee at the point of sale so that the rebate amount may be subtracted from the selling price
34.12 of the eligible electric vehicle.

34.13 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
34.14 restrict program eligibility based on the availability of money to award rebates or other
34.15 factors.

34.16 Subd. 7. **Expiration.** This section expires June 30, 2027.

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

34.18 Sec. 8. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION**
34.19 **OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

34.20 Subdivision 1. **Establishment.** A grant program is established in the department to
34.21 award grants to dealers to offset the costs of obtaining the necessary training and equipment
34.22 that is required by electric vehicle manufacturers in order to certify a dealer to sell electric
34.23 vehicles produced by the manufacturer.

34.24 Subd. 2. **Application.** An application for a grant under this section must be made to the
34.25 commissioner on a form developed by the commissioner. The commissioner must develop
34.26 administrative procedures and processes to review applications and award grants under this
34.27 section.

34.28 Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must
34.29 be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise
34.30 from a manufacturer of electric vehicles.

35.1 Subd. 4. Eligible expenditures. Appropriations made to support the activities of this
35.2 section must be used only to reimburse:

35.3 (1) a dealer for the reasonable costs to obtain training and certification for the dealer's
35.4 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

35.5 (2) a dealer for the reasonable costs to purchase and install equipment to service and
35.6 repair electric vehicles, as required by the electric vehicle manufacturer that awarded the
35.7 franchise to the dealer; and

35.8 (3) the department for the reasonable costs to administer this section.

35.9 Subd. 5. Limitation. A grant awarded under this section to a single dealer must not
35.10 exceed \$40,000.

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

35.12 Sec. 9. [216C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANT
35.13 PROGRAM.

35.14 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
35.15 the meanings given.

35.16 (b) "Area median income" means the median income of the geographic area in which a
35.17 single-family or multifamily building whose owner is applying for a grant under this section
35.18 is located, as reported by the federal Department of Housing and Urban Development.

35.19 (c) "Automatic overcurrent protection device" means a device to protect against excess
35.20 current by interrupting the flow of current.

35.21 (d) "Bus" means a metallic strip or bar to carry current.

35.22 (e) "Electric panel" means an enclosed box or cabinet containing a building's electric
35.23 panels, including subpanels, that consists of buses, automatic overcurrent protection devices,
35.24 and equipment, with or without switches to control light, heat, and power circuits. Electric
35.25 panel includes a smart panel.

35.26 (f) "Electrical work" has the meaning given in section 326B.31, subdivision 17.

35.27 (g) "Eligible applicant" means:

35.28 (1) an owner of a single-family building whose occupants have an annual household
35.29 income no greater than 150 percent of the area median income; or

36.1 (2) an owner of a multifamily building in which at least 50 percent of the units are
 36.2 occupied by households whose annual income is no greater than 150 percent of the area
 36.3 median income.

36.4 (h) "Multifamily building" means a building containing two or more units.

36.5 (i) "Smart panel" means an electrical panel that may be electronically programmed to
 36.6 manage electricity use in a building automatically.

36.7 (j) "Unit" means a residential living space in a multifamily building occupied by an
 36.8 individual or a household.

36.9 (k) "Upgrade" means:

36.10 (1) for a single-family residence:

36.11 (i) the installation of equipment, devices, and wiring necessary to increase an electrical
 36.12 panel's capacity to a total rating:

36.13 (A) of not less than 200 amperes; or

36.14 (B) that allows all the building's energy needs to be provided solely by electricity as
 36.15 calculated using the National Electrical Code as adopted in Minnesota; or

36.16 (ii) installation of a smart panel, with or without additional equipment, devices, or wiring;
 36.17 and

36.18 (2) for a multifamily building, the installation of equipment, devices, and wiring necessary
 36.19 to increase the capacity of an electric panel, including feeder panels, to a total rating that
 36.20 allows all the building's energy needs to be provided solely by electricity, as calculated
 36.21 using the National Electrical Code as adopted in Minnesota.

36.22 Subd. 2. **Program establishment.** A residential electric panel upgrade grant program
 36.23 is established in the Department of Commerce to provide financial assistance to owners of
 36.24 single-family residences and multifamily buildings to upgrade residential electric panels.

36.25 Subd. 3. **Application process.** An applicant seeking a grant under this section must
 36.26 submit an application to the commissioner on a form developed by the commissioner. The
 36.27 commissioner must develop administrative procedures to govern the application and grant
 36.28 award process. The commissioner may contract with a third party to conduct some or all of
 36.29 the program's operations.

36.30 Subd. 4. **Grant awards.** A grant may be awarded under this section to:

36.31 (1) an eligible applicant; or

37.1 (2) with the written permission of an eligible applicant submitted to the commissioner,
37.2 to a contractor performing an upgrade or a third party on behalf of the eligible applicant.

37.3 Subd. 5. **Grant amount.** (a) Subject to the limits of paragraphs (b) to (e), a grant awarded
37.4 under this section may be used to pay 100 percent of the equipment and installation costs
37.5 of an upgrade.

37.6 (b) The commissioner may not award a grant to an eligible applicant under this section
37.7 which, in combination with a federal grant awarded to the eligible applicant under the federal
37.8 Inflation Reduction Act of 2022, Public Law 117-189, for the same electric panel upgrade,
37.9 exceeds 100 percent of the equipment and installation costs of the upgrade.

37.10 (c) The maximum grant amount under this section that may be awarded to an eligible
37.11 applicant who owns a single-family residence is:

37.12 (1) \$3,000 for an owner whose annual household income is less than 80 percent of area
37.13 median income; and

37.14 (2) \$2,000 for an owner whose annual household income exceeds 80 percent but is not
37.15 greater than 150 percent of area median income.

37.16 (d) The maximum grant amount that may be awarded under this section to an eligible
37.17 applicant who owns a multifamily building is the sum of \$5,000, plus \$500 multiplied by
37.18 the number of units containing a separate electric panel receiving an upgrade in the
37.19 multifamily building, not to exceed \$50,000 per multifamily building.

37.20 (e) The commissioner may approve a grant amount that exceeds the maximum grant
37.21 amount in paragraph (c) or (d), up to 100 percent of the equipment and installation cost of
37.22 the upgrade, if the commissioner determines that it is necessary in order to complete the
37.23 upgrade.

37.24 Subd. 6. **Limitation.** No more than one grant may be awarded to an owner under this
37.25 section for work conducted at the same single-family residence or multifamily building.

37.26 Subd. 7. **Outreach.** The department must publicize the availability of grants under this
37.27 section to, at a minimum:

37.28 (1) income-eligible households;

37.29 (2) community action agencies and other public and private nonprofit organizations that
37.30 provide weatherization and other energy services to income-eligible households; and

37.31 (3) multifamily property owners and property managers.

38.1 Subd. 8. Contractor or subcontractor requirements. Contractors and subcontractors
38.2 performing electrical work under a grant awarded under this section must:

38.3 (1) comply with the provisions of sections 326B.31 to 326B.399;

38.4 (2) certify that the electrical work is performed by a licensed journeyworker electrician
38.5 or a registered unlicensed individual under the direct supervision of a licensed journeyworker
38.6 electrician or master electrician employed by the same licensed electrical contractor; and

38.7 (3) pay workers the prevailing wage rate, as defined in section 177.42, and are subject
38.8 to the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41
38.9 to 177.435, and 177.45.

38.10 Subd. 9. Report. Beginning January 1, 2025, and each January 1 through 2033, the
38.11 department must submit a report to the chairs and ranking minority members of the legislative
38.12 committees with primary responsibility for climate and energy policy describing the activities
38.13 and expenditures under the program established in the section. The report must include, at
38.14 a minimum:

38.15 (1) the number of units in multifamily buildings and the number of single-family
38.16 residences whose owners received grants;

38.17 (2) the geographic distribution of grant recipients; and

38.18 (3) the average amount of grants awarded per building in multifamily buildings and in
38.19 single-family residences.

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

38.21 Sec. 10. TRANSPORTATION ELECTRIFICATION FACILITY UPGRADES;
38.22 TARIFF FILING.

38.23 No later than November 1, 2023, each public utility must file with the commission
38.24 revised tariffs for charges related to the extension, enlargement, or other modifications to
38.25 the public utility's distribution system that are necessary to support transportation
38.26 electrification.

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

38.28 Sec. 11. REPEALER.

38.29 Minnesota Statutes 2022, section 16B.24, subdivision 13, is repealed.

ARTICLE 4

ENERGY CONSERVATION AND STORAGE

Section 1. Minnesota Statutes 2022, section 16B.325, is amended to read:

16B.325 SUSTAINABLE BUILDING GUIDELINES.

Subdivision 1. **Development of sustainable building guidelines.** The Department of Administration and the Department of Commerce, with the assistance of other agencies, shall develop sustainable building design guidelines for all new state buildings by January 15, 2003, and for all major renovations of state buildings by February 1, 2009. ~~The primary objectives of these guidelines are to ensure that all new state buildings, and major renovations of state buildings, initially exceed the state energy code, as established in Minnesota Rules, chapter 7676, by at least 30 percent.~~

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

(b) "Capital project" or "project" means the acquisition or betterment of buildings or other fixed assets and other improvements of a capital nature.

(c) "CSBR" means the Center for Sustainable Building Research at the University of Minnesota.

(d) "Guidelines" means the sustainable building design guidelines developed under this section.

(e) "Major renovation" means a project that:

(1) has a renovated area that is at least 10,000 square feet; or

(2) includes, at a minimum, the replacement of the mechanical, ventilation, or cooling system of a building or a section of a building.

(f) "New building" means a newly constructed structure and additions to existing buildings that meet both of the following criteria:

(1) the addition is heated, whether or not its source of energy is from an adjacent building or district heating system; and

(2) the addition is cooled, whether or not its source of energy is from an adjacent building or district cooling system.

(g) "State agency" means a state agency that is appropriated funds from the bond proceeds fund or general fund for a project that is subject to the guidelines under this section.

40.1 ~~Subd. 2. **Lowest possible cost; energy conservation.** The guidelines must focus on~~
40.2 ~~achieving the lowest possible lifetime cost for new buildings and major renovations, and~~
40.3 ~~allow for changes in the guidelines that encourage continual energy conservation~~
40.4 ~~improvements in new buildings and major renovations. The guidelines shall define "major~~
40.5 ~~renovations" for purposes of this section. The definition may not allow "major renovations"~~
40.6 ~~to encompass less than 10,000 square feet or to encompass less than the replacement of the~~
40.7 ~~mechanical, ventilation, or cooling system of the building or a section of the building. The~~
40.8 ~~design guidelines must establish sustainability guidelines that include air quality and lighting~~
40.9 ~~standards and that create and maintain a healthy environment and facilitate productivity~~
40.10 ~~improvements; specify ways to reduce material costs; and must consider the long-term~~
40.11 ~~operating costs of the building, including the use of renewable energy sources and distributed~~
40.12 ~~electric energy generation that uses a renewable source or natural gas or a fuel that is as~~
40.13 ~~clean or cleaner than natural gas.~~

40.14 Subd. 2a. **Guidelines; purpose.** (a) The primary objectives of the guidelines are to:

40.15 (1) reduce energy consumption and statewide greenhouse gas emissions, as defined in
40.16 section 216H.01, subdivision 2;

40.17 (2) improve the quality of the environment;

40.18 (3) achieve the lowest possible lifetime cost for new buildings and major renovations;

40.19 and

40.20 (4) encourage design of resilient buildings to adapt to and accommodate projected
40.21 climate-related changes that are reflected in both acute events and chronic trends, including
40.22 but not limited to changes in temperature and precipitation levels.

40.23 (b) The guidelines must consider the following to meet the objectives in paragraph (a):

40.24 (1) the health, well-being, and productivity of building occupants;

40.25 (2) material costs and sustainability;

40.26 (3) construction and operating costs;

40.27 (4) the use of renewable energy sources;

40.28 (5) water usage;

40.29 (6) diversion of waste from landfills;

40.30 (7) air quality and lighting standards;

40.31 (8) site design; and

41.1 (9) any other factors the commissioner deems relevant.

41.2 (c) The guidelines may be revised to encourage continual energy conservation
41.3 improvements in new buildings and major renovations.

41.4 **Subd. 3. Development of guidelines; applicability.** (a) In developing the guidelines,
41.5 the departments shall use an open process, including providing the opportunity for public
41.6 comment. The guidelines established under this section are mandatory for all new buildings
41.7 receiving funding from the bond proceeds fund after January 1, 2004, and for all major
41.8 renovations receiving funding from the bond proceeds fund after January 1, 2009. The
41.9 guidelines are also mandatory for all new buildings and major renovations receiving funding
41.10 from the general fund after January 1, 2023.

41.11 (b) The guidelines do not apply to projects that have:

41.12 (1) already completed design at the time funds are received from the bond proceeds fund
41.13 or general fund; and

41.14 (2) not received an appropriation from the bond proceeds fund before January 1, 2023.

41.15 ~~Subd. 4. **Guideline revisions.** The commissioners of administration and commerce shall~~
41.16 ~~review the guidelines periodically and as soon as practicable revise the guidelines to~~
41.17 ~~incorporate performance standards developed under section 216B.241, subdivision 9.~~

41.18 Subd. 4a. **Guidelines; annual review.** On or before February 1, 2024, and each year
41.19 thereafter, the commissioner of administration must review and amend the guidelines to
41.20 better meet the goals under subdivision 6. The review must be conducted with the
41.21 commissioner of commerce and in consultation with other stakeholders.

41.22 Subd. 5. **Guideline administration and oversight.** (a) The commissioner of
41.23 administration, in consultation with the commissioner of commerce, shall contract with
41.24 CSBR to administer the guidelines. At a minimum, CSBR must:

41.25 (1) offer training on an annual basis to state agencies, project team members, and other
41.26 entities involved in the design of projects subject to the guidelines on how projects may
41.27 meet the guideline requirements;

41.28 (2) develop procedures for compliance with the guidelines in accordance with the criteria
41.29 in subdivision 7;

41.30 (3) periodically conduct post-construction performance evaluations on projects to evaluate
41.31 the effectiveness of the guidelines in meeting the goals in subdivision 6;

41.32 (4) determine compliance of project designs with the guidelines;

- 42.1 (5) administer a tracking system for all projects subject to the guidelines;
- 42.2 (6) develop measurable goals for the guidelines based in accordance with subdivision
- 42.3 6;
- 42.4 (7) offer technical assistance to state agencies, project team members, and other entities
- 42.5 with responsibility for managing and designing projects subject to the guidelines;
- 42.6 (8) provide a report on or before December 1 annually to the commissioner of
- 42.7 administration on the following:
- 42.8 (i) the current status of all projects subject to the guidelines and the projects' compliance
- 42.9 with the guidelines; and
- 42.10 (ii) an analysis of the effects of the guidelines on the goals under subdivision 6; and
- 42.11 (9) perform any other duties required by the commissioner of administration to administer
- 42.12 the guidelines.
- 42.13 (b) State agencies, project team members, and other entities that are responsible for
- 42.14 managing or designing projects subject to the guidelines must provide any compliance data
- 42.15 requested by CSBR that CSBR deems necessary to fulfill the duties described under this
- 42.16 subdivision.
- 42.17 (c) The commissioner of administration is responsible for ensuring that the oversight
- 42.18 duties under this subdivision are fulfilled.
- 42.19 Subd. 6. **Measurable goals.** CSBR, in collaboration with the commissioner of
- 42.20 administration and the commissioner of commerce, must develop measurable goals for the
- 42.21 guidelines based on the objectives and considerations described in subdivision 2a. The
- 42.22 commissioner of administration must provide final approval of the goals under this
- 42.23 subdivision.
- 42.24 Subd. 7. **Procedures.** The commissioner of administration must develop procedures for
- 42.25 the administration of the guidelines. The commissioner of administration may delegate
- 42.26 guideline administration responsibilities to state agencies. The procedures under this
- 42.27 subdivision must specify the administrative activities for which state agencies are responsible.
- 42.28 The procedures must include:
- 42.29 (1) criteria to identify whether a project is subject to the guidelines;
- 42.30 (2) information on project team member roles and guideline administration requirements
- 42.31 for each role;
- 42.32 (3) a process to notify projects subject to the guidelines of the guideline requirements;

43.1 (4) a guideline-related data submission process coordinated by the commissioner of
43.2 administration;

43.3 (5) activities and a timeline for monitoring project compliance with the guidelines; and

43.4 (6) record-keeping requirements and related retention schedules for materials related to
43.5 guideline compliance.

43.6 Subd. 8. **Guidelines waivers.** (a) The commissioner of administration, in consultation
43.7 with the commissioner of commerce and other stakeholders, must develop a process for
43.8 reviewing and approving waivers to the guidelines.

43.9 (b) A waiver under this subdivision is only permitted due to technological limitations
43.10 or when the project's intended use conflicts with the guidelines.

43.11 (c) A waiver request for a project owned by a state agency must be reviewed and approved
43.12 by the commissioner of administration. If the waiver request is for a project owned by the
43.13 Department of Administration, the waiver request must be approved by the commissioner
43.14 of management and budget.

43.15 Subd. 9. **Report.** The commissioner of administration must report to the legislature by
43.16 February 1 of each year. The report must include:

43.17 (1) information on the current status of all projects subject to the guidelines and the
43.18 projects' compliance with the guidelines;

43.19 (2) an analysis of the effects of the guidelines on the measurable goals under subdivision
43.20 6; and

43.21 (3) any other information the commissioner of administration deems relevant.

43.22 **EFFECTIVE DATE.** This section is effective July 1, 2023.

43.23 Sec. 2. Minnesota Statutes 2022, section 216B.1611, is amended by adding a subdivision
43.24 to read:

43.25 Subd. 5. **Distributed generation capacity; treatment.** (a) No later than November 1,
43.26 2023, the commission must issue an order clarifying that for the purpose of interconnecting
43.27 an on-site customer-owned distributed generation facility, the capacity of the facility must
43.28 be measured and expressed as:

43.29 (1) export capacity rather than nameplate capacity; and

43.30 (2) alternating current capacity.

44.1 (b) For the purposes of this subdivision, "export capacity" means a distributed generation
44.2 facility's nameplate capacity net of any limitations on the amount of power the distributed
44.3 generating facility can export to a utility's distribution system resulting from physical
44.4 equipment that is part of or connected to the generating facility, including but not limited
44.5 to an inverter, relay, or energy storage system, as defined in section 216B.2422, subdivision
44.6 1, paragraph (f), as reported to the utility by the owner of the distributed generation facility.

44.7 (c) The owner of a distributed generation facility interconnected to a utility's distribution
44.8 system may not increase the export capacity of the distributed generation facility beyond
44.9 the level that was first interconnected to the utility's distribution system without the utility's
44.10 written approval. The utility must respond in writing to an owner's notice of intent to increase
44.11 export capacity within 90 days of receipt, and may reject the request only upon determining
44.12 that acceding to the request would reduce safety or the reliability of electric service.

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

44.14 **Sec. 3. [216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.**

44.15 (a) No later than September 15, 2023, the commission must initiate a docket designed
44.16 to result in a commission order requiring public utilities providing electric service to file a
44.17 tariff with the commission, based on guidelines established in the order, to compensate
44.18 customer-owners of on-site energy storage systems, as defined in section 216B.2422,
44.19 subdivision 1, paragraph (f), for the discharge of stored energy that is net input to the utility
44.20 during periods of peak electricity demand by utility customers.

44.21 (b) Within 90 days of the date the commission issues an order under this subdivision,
44.22 each public utility must file with the commission for commission approval, disapproval, or
44.23 modification a tariff that is consistent with the order.

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

44.25 **Sec. 4. [216B.1697] ENERGY STORAGE SYSTEMS; DEPLOYMENT TARGETS.**

44.26 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has
44.27 the meaning given in Minnesota Statutes, section 216B.2422, subdivision 1.

44.28 Subd. 2. **Deployment targets.** (a) Each utility required to file a resource plan under
44.29 section 216B.2422 must deploy energy storage systems of a capacity to be determined by
44.30 the commission under paragraph (b). No later than December 31, 2033, the aggregate
44.31 statewide capacity of energy storage systems deployed by all utilities subject to this section
44.32 must be at least 3,000 megawatts.

45.1 (b) No later than October 1, 2023, the commission must issue an order specifying the
45.2 amount of energy storage capacity required of each utility subject to this section in order
45.3 to meet the statewide capacity target and schedule in paragraph (a). The amount of energy
45.4 storage capacity required of an individual utility must be calculated by dividing each utility's
45.5 total electric retail sales to Minnesota customers in 2022 by total electric retail sales to
45.6 Minnesota customers in 2022 of all utilities subject to this section, and multiplying that
45.7 quotient by 3,000 megawatts. The commission may establish interim energy storage capacity
45.8 targets that utilities are required to meet before the 2033 target date.

45.9 Subd. 3. **Application.** (a) A utility must file an application with the commission prior
45.10 to each proposed installation of an energy storage system. Each application must contain:

45.11 (1) the energy storage system's technical specifications, including but not limited to:

45.12 (i) the maximum amount of electric output that the energy storage system can provide;

45.13 (ii) the length of time the energy storage system can sustain maximum output;

45.14 (iii) the location of the project within the utility's distribution system and a description
45.15 of the analysis conducted to determine the location;

45.16 (iv) a description of the utility's electric system needs that the proposed energy storage
45.17 system addresses;

45.18 (v) a description of the types of services the energy storage system is expected to provide;

45.19 and

45.20 (vi) a description of the technology required to construct, operate, and maintain the
45.21 energy storage system, including any data or communication system necessary to operate
45.22 the energy storage system;

45.23 (2) the estimated cost of the project, including:

45.24 (i) capital costs;

45.25 (ii) the estimated cost per unit of energy delivered by the energy storage system; and

45.26 (iii) an evaluation of the cost-effectiveness of the energy storage system;

45.27 (3) the estimated benefits of the energy storage system to the utility's electric system,
45.28 including but not limited to:

45.29 (i) deferred investments in generation, transmission, or distribution capacity;

45.30 (ii) reduced need for electricity during times of peak demand;

45.31 (iii) improved reliability of the utility's transmission or distribution system; and

46.1 (iv) improved integration of the utility's renewable energy resources;

46.2 (4) a description indicating how the addition of an energy storage system complements
46.3 the utility's proposed actions described in the most recent integrated resource plan submitted
46.4 under section 216B.2422 to meet expected demand with the least expensive combination
46.5 of resources; and

46.6 (5) any additional information required by the commission.

46.7 (b) A utility must include in the application an evaluation of the potential to store energy
46.8 throughout the utility's electric system and must identify geographic areas in the utility's
46.9 service area where the deployment of energy storage systems has the greatest potential to
46.10 achieve the economic benefits identified in paragraph (a), clause (3).

46.11 Subd. 4. **Commission review.** The commission must review each proposal submitted
46.12 under this section and may approve, reject, or modify the proposal. The commission must
46.13 approve a proposal the commission determines: (1) is in the public interest; and (2) reasonably
46.14 balances the value derived from the deployment of an energy storage system for ratepayers
46.15 and the utility's operations with the cost to procure, construct, operate, and maintain the
46.16 energy storage system.

46.17 Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently
46.18 incurred by the public utility to deploy an energy storage system approved by the commission
46.19 under this section, net of any revenues generated by the operation of the energy storage
46.20 system.

46.21 Subd. 6. **Reporting; compliance.** The commission must establish reporting procedures
46.22 for utilities sufficient in content and frequency to keep the commission informed regarding
46.23 compliance with this section.

46.24 Subd. 7. **Commission authority; orders.** The commission may issue orders and conduct
46.25 proceedings necessary to implement and administer this section.

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

46.27 Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 16, is amended to read:

46.28 Subd. 16. **Low-income household.** "Low-income household" means a household whose
46.29 household income:

46.30 (1) is ~~60~~ 80 percent or less of the ~~state~~ area median household income; for the geographic
46.31 area in which the low-income household is located, as calculated by the federal Department
46.32 of Housing and Urban Development; or

47.1 (2) meets the income eligibility standards, as determined by the commissioner, required
 47.2 for a household to receive financial assistance from a federal, state, municipal, or utility
 47.3 program administered or approved by the department.

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

47.5 Sec. 6. Minnesota Statutes 2022, section 216B.2422, subdivision 7, is amended to read:

47.6 Subd. 7. **Energy storage systems assessment.** (a) Each ~~public~~ utility required to file a
 47.7 resource plan under subdivision 2 must incorporate in its resource planning the energy
 47.8 storage targets it is required to meet under section 216B.1697 and must include in the filing
 47.9 an assessment of energy storage systems that analyzes how the deployment of energy storage
 47.10 systems contributes to:

47.11 (1) meeting identified generation and capacity needs; ~~and~~

47.12 (2) the factors identified in section 216B.1697, subdivision 3, paragraph (a), clause (3);
 47.13 and

47.14 ~~(2)~~ (3) evaluating ancillary services.

47.15 (b) The assessment must employ appropriate modeling methods to enable the analysis
 47.16 required in paragraph (a).

47.17 Sec. 7. Minnesota Statutes 2022, section 216C.05, subdivision 2, is amended to read:

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

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

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

47.23 (3) 25 percent of the total energy used in ~~the state~~ Minnesota ~~is~~ derived from renewable
 47.24 energy resources by the year 2025; ~~and~~

47.25 (4) energy use in existing commercial and residential buildings is reduced by 50 percent
 47.26 by 2035, and is achieved by: (i) using the most effective current energy-saving incentives
 47.27 programs, evaluated by participation and efficacy; and (ii) developing and implementing
 47.28 new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

47.29 ~~(4)~~ (5) retail electricity rates for each customer class ~~be~~ are at least five percent below
 47.30 the national average.

48.1 Sec. 8. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision
48.2 to read:

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

48.5 (b) "Low-income conservation program" means a utility program that offers energy
48.6 conservation services to low-income households under sections 216B.2403, subdivision 5,
48.7 and 216B.241, subdivision 7.

48.8 (c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision
48.9 20.

48.10 (d) "Weatherization assistance program" means the federal program described in Code
48.11 of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households
48.12 reduce energy use in a cost-effective manner.

48.13 (e) "Weatherization assistance services" means the energy conservation measures installed
48.14 in households under the weatherization assistance program.

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

48.16 Sec. 9. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision
48.17 to read:

48.18 Subd. 1b. **State supplementary weatherization grants account.** (a) A state
48.19 supplementary weatherization grants account is established as a separate account in the
48.20 special revenue fund in the state treasury. The commissioner must credit appropriations and
48.21 transfers to the account. Earnings, including interest, dividends, and any other earnings
48.22 arising from assets of the account, must be credited to the account. Money remaining in the
48.23 account at the end of a fiscal year does not cancel to the general fund but remains in the
48.24 account until expended. The commissioner must manage the account.

48.25 (b) Money in the account is appropriated to the commissioner for the purposes of
48.26 subdivision 5.

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

48.28 Sec. 10. Minnesota Statutes 2022, section 216C.264, subdivision 5, is amended to read:

48.29 Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state
48.30 grants in a manner consistent with the goal of producing the maximum number of weatherized
48.31 units. Supplementary state grants ~~are provided primarily for the payment of~~ may be used:

49.1 (1) to address physical deficiencies in a residence that increase heat loss, including
 49.2 deficiencies that prohibit the residence from being eligible to receive federal weatherization
 49.3 assistance;

49.4 (2) to install preweatherization measures established by the commissioner under section
 49.5 216B.241, subdivision 7, paragraph (g);

49.6 (3) to increase the number of weatherized residences;

49.7 (4) to conduct outreach activities to make income-eligible households aware of the
 49.8 weatherization services available to income-eligible households, to assist applicants to fill
 49.9 out applications for weatherization assistance, and to provide translation services where
 49.10 necessary;

49.11 (5) to enable a project in a multifamily building to proceed even if the project cannot
 49.12 comply with the federal requirement that the project must be completed within the same
 49.13 federal fiscal year in which a project begins;

49.14 (6) to address shortages of workers trained to provide weatherization services, including
 49.15 expanding training opportunities in existing and new training programs;

49.16 (7) to support the operation of the weatherization training program under section
 49.17 216C.2641;

49.18 (8) to pay additional labor costs for the federal weatherization program; and

49.19 (9) as an incentive for the increased production of weatherized units.

49.20 (b) Criteria for the allocation of state grants to local agencies include existing local
 49.21 agency production levels, emergency needs, and the potential for maintaining or increasing
 49.22 acceptable levels of production in the area.

49.23 (c) An eligible local agency may receive advance funding for 90 days' production, but
 49.24 thereafter must receive grants solely on the basis of program criteria.

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

49.26 Sec. 11. **[216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.**

49.27 Subdivision 1. **Establishment.** The commissioner of commerce must establish a
 49.28 weatherization training grant program to award grants to train workers for careers in the
 49.29 weatherization industry.

49.30 Subd. 2. **Grants.** (a) The commissioner must award grants through a competitive grant
 49.31 process.

50.1 (b) An eligible entity under paragraph (c) seeking a grant under this section must submit
50.2 a written application to the commissioner using a form developed by the commissioner.

50.3 (c) The commissioner may award grants under this section only to:

50.4 (1) a nonprofit organization exempt from taxation under section 501(c)(3) of the United
50.5 States Internal Revenue Code;

50.6 (2) a labor organization, as defined in section 179.01, subdivision 6; or

50.7 (3) a job training center or educational institution that the commissioner of commerce
50.8 determines has the ability to train workers for weatherization careers.

50.9 (d) Grant funds must be used to pay costs associated with training workers for careers
50.10 in the weatherization industry, including related supplies, materials, instruction, and
50.11 infrastructure.

50.12 (e) When awarding grants under this section, the commissioner must give priority to
50.13 applications that provide the highest quality training to prepare trainees for weatherization
50.14 employment opportunities that meet technical standards and certifications developed by the
50.15 Building Performance Institute, Inc., or the Standard Work Specifications developed by the
50.16 United States Department of Energy for the federal Weatherization Assistance Program.

50.17 Subd. 3. **Reports.** By January 15, 2025, and each January 15 thereafter, the commissioner
50.18 must submit a report to the chairs and ranking minority members of the senate and house
50.19 of representatives committees with jurisdiction over energy policy. The report must detail
50.20 the use of grant funds under this section, including data on the number of trainees trained
50.21 and the career progress of trainees supported by prior grants.

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

50.23 Sec. 12. **[216C.331] ENERGY BENCHMARKING.**

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

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

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

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

51.4 (1) address;

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

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

51.8 (4) energy use intensity;

51.9 (5) greenhouse gas emissions; and

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

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

51.14 (f) "Customer energy use data" refers to data collected from the utility customer meters
51.15 that reflect the quantity, quality, or timing of customers' usage.

51.16 (g) "Covered property" means any property:

51.17 (1) served by an investor-owned utility in the metropolitan area as defined in section
51.18 473.121, subdivision 2; or

51.19 (2) by a municipal energy utility or investor-owned utility in any city outside the
51.20 metropolitan area with a population of over 50,000 residents; and

51.21 (3) that has one or more buildings containing in sum 50,000 gross square feet or greater.
51.22 Covered property does not include:

51.23 (1) a residential property containing fewer than five dwelling units;

51.24 (2) a property classified as manufacturing under the North American Industrial
51.25 Classification System (NAICS), is an energy-intensive trade-exposed customer as defined
51.26 in section 216B.1696, is an electric power generation facility, or is otherwise an industrial
51.27 building incompatible with benchmarking in the benchmarking tool;

51.28 (3) an agricultural building; or

51.29 (4) a multi-tenant building that is served by a utility that cannot supply aggregated
51.30 customer usage data, and other property types that do not meet the purposes of this section,
51.31 as determined by the commissioner.

52.1 (h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide
52.2 heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

52.3 (i) "Energy use intensity" means the total annual energy consumed in a building divided
52.4 by the building's total floor area.

52.5 (j) "Energy performance score" means a numerical value from one to 100 that the Energy
52.6 Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of
52.7 comparable buildings nationwide.

52.8 (k) "Energy Star Portfolio Manager" means an interactive resource management tool
52.9 developed by the United States Environmental Protection Agency that (1) enables the
52.10 periodic entry of a building's energy use data and other descriptive information about a
52.11 building, and (2) rates a building's energy efficiency against that of comparable buildings
52.12 nationwide.

52.13 (l) "Financial distress" means a covered property that, at the time benchmarking is
52.14 conducted:

52.15 (1) is the subject of a qualified tax lien sale or public auction due to property tax
52.16 arrearages;

52.17 (2) is controlled by a court-appointed receiver based on financial distress;

52.18 (3) is owned by a financial institution through default by the borrower;

52.19 (4) has been acquired by deed in lieu of foreclosure; or

52.20 (5) has a senior mortgage that is subject to a notice of default.

52.21 (m) "Local government" means a statutory or home rule municipality or county.

52.22 (n) "Owner" means:

52.23 (1) an individual or entity that possesses title to a covered property; or

52.24 (2) an agent authorized to act on behalf of the covered property owner.

52.25 (o) "Qualifying utility" means a utility serving the covered property, including:

52.26 (1) an electric or gas utility, including:

52.27 (i) an investor-owned electric or gas utility; or

52.28 (ii) a municipally owned electric or gas utility;

52.29 (2) a natural gas supplier with five or more active commercial connections, accounts,
52.30 or customers in the state; or

53.1 (3) a district stream, hot water, or chilled water provider.

53.2 (p) "Tenant" means a person that, pursuant to a rental or lease agreement, occupies or
53.3 holds possession of a building or part of a building or premises.

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

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

53.10 Subd. 2. **Establishment.** The commissioner must establish and maintain a building
53.11 energy benchmarking program. The purpose of the program is to:

53.12 (1) make a building's owners, tenants, and potential tenants aware of (i) the building's
53.13 energy consumption levels and patterns, and (ii) how the building's energy use compares
53.14 with that of similar buildings nationwide; and

53.15 (2) enhance the likelihood that owners adopt energy conservation measures in the owners'
53.16 buildings as a way to reduce energy use, operating costs, and greenhouse gas emissions.

53.17 Subd. 3. **Classification of covered properties.** For the purposes of this section, a covered
53.18 property is classified as follows:

53.19	<u>Class</u>	<u>Total Floor Area (sq. ft.)</u>
53.20	<u>1</u>	<u>100,000 or more</u>
53.21	<u>2</u>	<u>50,000 to 99,999</u>

53.22 Subd. 4. **Benchmarking requirement.** (a) An owner must annually benchmark all
53.23 covered property owned as of December 31 in conformity with the schedule in subdivision

53.24 7. Energy use data must be compiled by:

53.25 (1) obtaining the data from the utility providing the energy; or

53.26 (2) reading a master meter.

53.27 (b) Before entering information in a benchmarking tool, an owner must run all automated
53.28 data quality assurance functions available within the benchmarking tool and must correct
53.29 all data identified as missing or incorrect.

53.30 (c) An owner who becomes aware that any information entered into a benchmarking
53.31 tool is inaccurate or incomplete must amend the information in the benchmarking tool within
53.32 30 days of the date the owner learned of the inaccuracy.

54.1 (d) Nothing in this subdivision shall be construed to prohibit an owner of property that
54.2 is not a covered property from voluntarily benchmarking a property under this section.

54.3 Subd. 5. **Exemption by individual building.** (a) The commissioner may exempt an
54.4 owner of a covered property from the requirements of subdivision 4 if the owner provides
54.5 evidence satisfactory to the commissioner that the covered property:

54.6 (1) is presently experiencing financial distress;

54.7 (2) has been less than 50 percent occupied during the previous calendar year;

54.8 (3) does not have a certificate of occupancy or temporary certificate of occupancy for
54.9 the full previous calendar year;

54.10 (4) was issued a demolition permit during the previous calendar year that remains current;

54.11 or

54.12 (5) received no energy services for at least 30 days during the previous calendar year.

54.13 (b) An exemption granted under this subdivision applies only to a single calendar year.

54.14 An owner must reapply to the commissioner each year an extension is sought.

54.15 (c) Within 30 days of the date an owner makes a request under this paragraph, a tenant
54.16 of a covered property subject to this section must provide the owner with any information
54.17 regarding energy use of the tenant's rental unit that the property owner cannot otherwise
54.18 obtain and that is needed by the owner to comply with this section. The tenant must provide
54.19 the information required under this paragraph in a format approved by the commissioner.

54.20 Subd. 6. **Exemption by other government benchmarking program.** Owners are
54.21 exempt from the requirements of subdivision 4 for a covered property if the property is
54.22 subject to a benchmarking requirement by the state, a city, or other political subdivision
54.23 with a benchmarking requirement that the commissioner determines is equivalent or more
54.24 stringent, as determined under subdivision 11, paragraph (b), than the benchmarking
54.25 requirement established in this section. This exemption applies in perpetuity unless or until
54.26 the benchmarking requirement is changed or revoked and the commissioner deems the
54.27 benchmarking requirement no longer equivalent nor more stringent.

54.28 Subd. 7. **Benchmarking schedule.** (a) An owner must annually benchmark each covered
54.29 property for the previous calendar year according to the following schedule:

54.30 (1) all Class 1 properties by June 1, 2025, and by every June 1 thereafter; and

54.31 (2) all Class 2 properties by June 1, 2026, and by every June 1 thereafter.

55.1 (b) Beginning June 1, 2025, for Class 1 properties, and June 1, 2026, for Class 2
55.2 properties, an owner who is selling a covered property must provide the following to the
55.3 new owner at the time of sale:

55.4 (1) benchmarking information for the most recent 12-month period, including monthly
55.5 energy use by source; or

55.6 (2) ownership of the digital property record in the benchmarking tool through an online
55.7 transfer.

55.8 Subd. 8. Utility data requirements. (a) In implementing this section, a qualifying utility
55.9 shall implement the data aggregation standards established by the commission in docket
55.10 number 19-505, including changes to those standards adopted in an order issued after the
55.11 effective date of this section. A municipal energy utility serving a covered property under
55.12 this section shall adopt data aggregation standards that are substantially similar to the
55.13 standards included in the commission's order in that docket and subsequent relevant orders.

55.14 (b) Any customer energy use data that a qualifying utility provides an owner pursuant
55.15 to this subdivision must be:

55.16 (1) available on, or able to be requested through, an easily navigable web portal or online
55.17 request form using up-to-date standards for digital authentication;

55.18 (2) provided to the owner within 30 days after receiving the owner's valid written or
55.19 electronic request;

55.20 (3) provided for at least 24 consecutive months of energy consumption or as many
55.21 months of consumption data that are available if the owner has owned the building for less
55.22 than 24 months;

55.23 (4) directly uploaded to the owner's benchmarking tool account, delivered in the
55.24 spreadsheet template specified by the benchmarking tool, or delivered in another format
55.25 approved by the commissioner;

55.26 (5) provided to the owner on at least an annual basis until the owner revokes the request
55.27 for energy use data or sells the covered property; and

55.28 (6) provided in monthly intervals, or the shortest available intervals based in billing.

55.29 (c) Data necessary to establish, utilize, or maintain information in the benchmarking
55.30 tool under this section may be collected or shared as provided by this section and shall be
55.31 considered public data whether or not it has been aggregated.

55.32 Subd. 9. Data collection and management. (a) The commissioner must:

56.1 (1) collect benchmarking information generated by a benchmarking tool and other related
56.2 information for each covered property;

56.3 (2) provide technical assistance to owners entering data into a benchmarking tool;

56.4 (3) collaborate with the Department of Revenue to collect the data necessary for
56.5 establishing the covered property list annually; and

56.6 (4) provide technical guidance to utilities in the establishment of data aggregation and
56.7 access tools.

56.8 (b) Upon request of the commissioner, a county assessor shall provide readily available
56.9 property data necessary for the development of the covered property list, including but not
56.10 limited to gross floor area, property type, and owner information by January 15 annually.

56.11 (c) The commissioner must:

56.12 (1) rank benchmarked covered properties in each property class from highest to lowest
56.13 performance score, or, if a performance score is unavailable for a covered property, from
56.14 lowest to highest energy use intensity;

56.15 (2) divide covered properties in each property class into four quartiles based on the
56.16 applicable measure in clause (1);

56.17 (3) assign four stars to each covered property in the quartile of each property class with
56.18 the highest performance scores or lowest energy use intensities, as applicable;

56.19 (4) assign three stars to each covered property in the quartile of each property class with
56.20 the second highest performance scores or second lowest energy use intensities, as applicable;

56.21 (5) assign two stars to each covered property in the quartile of each property class with
56.22 the third highest performance scores or third lowest energy use intensities, as applicable;

56.23 (6) assign one star to each covered property in the quartile of each property class with
56.24 the lowest performance scores or highest energy use intensities, as applicable; and

56.25 (7) serve notice in writing to each owner identifying the number of stars assigned by the
56.26 commissioner to each of the owner's covered properties.

56.27 Subd. 10. **Data disclosure to public.** (a) The commissioner must post on the department's
56.28 website and update by December 1 annually the following information for the previous
56.29 calendar year:

56.30 (1) annual summary statistics on energy use for all covered properties;

57.1 (2) annual summary statistics on energy use for all covered properties, aggregated by
57.2 covered property class, as defined in subdivision 3, city, and county;

57.3 (3) the percentage of covered properties in each building class listed in subdivision 3
57.4 that are in compliance with the benchmarking requirements under subdivisions 4 to 7; and

57.5 (4) for each covered property, at a minimum, report the address, the total energy use,
57.6 energy use intensity, annual greenhouse gas emissions, and an energy performance score,
57.7 if available.

57.8 (b) The commissioner must post the information required under this subdivision for:

57.9 (1) all Class 1 properties by November 1, 2025, and by every November 1 thereafter;
57.10 and

57.11 (2) all Class 2 properties by November 1, 2026, and by every November 1 thereafter.

57.12 Subd. 11. **Coordination with other benchmarking programs.** (a) The commissioner
57.13 shall coordinate with any state agency or local government that implements its own energy
57.14 benchmarking program, including the coordination of reporting requirements.

57.15 (b) This section does not restrict a local government from adopting or implementing an
57.16 ordinance or resolution that imposes more stringent benchmarking requirements. For purposes
57.17 of this section, a local government benchmarking program is more stringent if it:

57.18 (1) requires buildings to be benchmarked that are not required to be benchmarked under
57.19 this section; or

57.20 (2) requires benchmarking of information that is not required to be benchmarked under
57.21 this section.

57.22 (c) Benchmarking program requirements of local governments must:

57.23 (1) be at least as comprehensive in scope and application as the program operated under
57.24 this section; and

57.25 (2) include annual enforcement of a penalty on covered properties that do not comply
57.26 with the local government's benchmarking ordinance.

57.27 (d) Local governments must notify the commissioner of the local government's existing
57.28 benchmarking ordinance requirements. Local governments must notify the commissioner
57.29 of new, changed, or revoked ordinance requirements, which when made by December 31
57.30 would apply to the benchmarking schedule for the following year.

58.1 (e) The commissioner shall make available for local governments who request it, all
58.2 benchmarking data for covered properties within the local government's jurisdiction by
58.3 December 1, annually.

58.4 Subd. 12. **Building performance disclosure to occupants.** The commissioner must
58.5 provide disclosure materials for public display within a building to building owners, such
58.6 that building owners can prominently display the performance of the building. The materials
58.7 must include the number of stars assigned to the building by the commissioner under
58.8 subdivision 9, paragraph (c), and relevant explanation of rating.

58.9 Subd. 13. **Notifications.** By March 1 each year, the commissioner must notify the owner
58.10 of each covered property required to benchmark for the previous calendar year of the
58.11 requirement to benchmark by June 1 of that year.

58.12 Subd. 14. **Program implementation.** The commissioner may contract with an
58.13 independent third party to implement any or all of the commissioner's duties required under
58.14 this section. To implement the benchmarking program, the commissioner shall assist building
58.15 owners to increase energy efficiency and reduce greenhouse gas emissions from their
58.16 buildings, including by providing outreach, training, and technical assistance to building
58.17 owners to help their buildings come into compliance with the benchmarking program.

58.18 Subd. 15. **Enforcement.** By June 15 each year, the commissioner must notify the owner
58.19 of each covered property required to comply with this section that has failed to comply that
58.20 the owner has until July 15 to come into compliance, unless the owner requests an extension,
58.21 in which case the owner has until August 15 to come into compliance. If an owner fails to
58.22 comply with the requirements of this section by July 15 and fails to request an extension
58.23 by that date, or is given an extension and fails to comply by August 15, the commissioner
58.24 may impose a civil fine of \$1,000 on the owner. The commissioner may by rule increase
58.25 the civil fine to adjust for inflation.

58.26 Subd. 16. **Recovery of expenses.** The commission shall allow a public utility to recover
58.27 reasonable and prudent expenses of implementing this section under section 216B.16,
58.28 subdivision 6b. The costs and benefits associated with implementing this section may, at
58.29 the discretion of the utility, be excluded from the calculation of net economic benefits for
58.30 purposes of calculating the financial incentive to the public utility under section 216B.16,
58.31 subdivision 6c. The energy and demand savings may, at the discretion of the public utility,
58.32 be applied toward the calculation of overall portfolio energy and demand savings for purposes
58.33 of determining progress toward annual goals under section 216B.241, subdivision 1c, and
58.34 in the financial incentive mechanism under section 216B.16, subdivision 6c.

59.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
59.2 that subdivision 15 is effective June 15, 2026.

59.3 Sec. 13. **[216C.378] ENERGY STORAGE INCENTIVE PROGRAM.**

59.4 (a) The public utility subject to section 116C.779 must develop and operate a program
59.5 to provide a grant to customers to reduce the cost to purchase and install an on-site energy
59.6 storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The public
59.7 utility subject to this section must file a plan with the commissioner to operate the program
59.8 no later than November 1, 2023. The public utility must not operate the program until it is
59.9 approved by the commissioner. Any change to an operating program must be approved by
59.10 the commissioner.

59.11 (b) To be eligible to receive a grant under this section, an energy storage system:

59.12 (1) must have a capacity no greater than 50 kilowatt hours; and

59.13 (2) must be located within the electric service area of the public utility subject to this
59.14 section.

59.15 (c) An owner of an energy storage system is eligible to receive a grant under this section
59.16 if:

59.17 (1) a solar energy generating system is operating at the same site as the proposed energy
59.18 storage system; or

59.19 (2) the owner has filed an application with the public utility subject to this section to
59.20 interconnect a solar energy generating system at the same site as the proposed energy storage
59.21 system.

59.22 (d) The amount of a grant awarded under this section must be based on the number of
59.23 watt-hours that reflects the duration of the energy storage system at its rated capacity, up
59.24 to a maximum of \$5,000.

59.25 (e) The commissioner must annually review and may adjust the amount of grants awarded
59.26 under this section, but must not increase the amount over that awarded in previous years
59.27 unless the commissioner demonstrates in writing that an upward adjustment is warranted
59.28 by market conditions.

59.29 (f) A customer who receives a grant under this section is eligible to receive financial
59.30 assistance under programs operated by the state or the utility for the solar energy generating
59.31 system operating in conjunction with the energy storage system.

60.1 (g) For the purposes of this section, "solar energy generating system" has the meaning
60.2 given in section 216E.01, subdivision 9a.

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

60.4 Sec. 14. **[216C.46] RESIDENTIAL HEAT PUMP REBATE PROGRAM.**

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

60.7 (b) "Eligible applicant" means a person who provides evidence to the commissioner's
60.8 satisfaction demonstrating that the person has received or has applied for a heat pump rebate
60.9 available from the federal Department of Energy under the Inflation Reduction Act of 2022,
60.10 Public Law 117-189.

60.11 (c) "Heat pump" means a cold climate rated air-source heat pump composed of (1) a
60.12 mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air
60.13 using a fan, (2) a refrigerant-filled heat exchanger, and (3) an inverter-driven compressor
60.14 that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

60.15 Subd. 2. **Establishment.** A residential heat pump rebate program is established in the
60.16 Department of Commerce to provide financial assistance to eligible applicants that purchase
60.17 and install a heat pump in the applicant's Minnesota residence.

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

60.21 (1) the applicant is an eligible applicant;

60.22 (2) the applicant owns the Minnesota residence in which the heat pump is to be installed;

60.23 (3) the applicant has had an energy audit conducted of the residence in which the heat
60.24 pump is to be installed within the last 18 months by a person with a Building Analyst
60.25 Technician certification issued by the Building Performance Institute, Inc., or an equivalent
60.26 certification, as determined by the commissioner;

60.27 (4) either:

60.28 (i) the applicant has installed in the applicant's residence, by a contractor with an Air
60.29 Leakage Control Installer certification issued by the Building Performance Institute, Inc.,
60.30 or an equivalent certification, as determined by the commissioner, the amount of insulation
60.31 and the air sealing measures recommended by the auditor; or

61.1 (ii) the auditor has otherwise determined that the amount of insulation and air sealing
61.2 measures in the residence are sufficient to enable effective heat pump performance;

61.3 (5) the applicant has purchased a heat pump of the capacity recommended by the auditor
61.4 or contractor, and has had the heat pump installed by a contractor with sufficient training
61.5 and experience in installing heat pumps, as determined by the commissioner; and

61.6 (6) the total cost to purchase and install the heat pump in the applicant's residence.

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

61.9 Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lesser
61.10 of:

61.11 (1) \$4,000; or

61.12 (2) the total cost to purchase and install the heat pump in an eligible applicant's residence
61.13 net of the rebate amount received for the heat pump from the federal Department of Energy
61.14 under the Inflation Reduction Act of 2022, Public Law 117-189.

61.15 Subd. 5. **Assisting applicants.** The commissioner must issue a request for proposal
61.16 seeking an entity to serve as an energy coordinator to interact directly with applicants and
61.17 potential applicants to:

61.18 (1) explain the technical aspects of heat pumps, energy audits, and energy conservation
61.19 measures, and the energy and financial savings that can result from their implementation;

61.20 (2) identify federal, state, and utility programs available to homeowners to reduce the
61.21 costs of energy audits, energy conservation, and heat pumps;

61.22 (3) explain the requirements and scheduling of the application process;

61.23 (4) provide access to certified contractors who can perform energy audits, install
61.24 insulation and air sealing measures, and install heat pumps; and

61.25 (5) conduct outreach to make potential applicants aware of the program.

61.26 Subd. 6. **Contractor training and support.** The commissioner must issue a request for
61.27 proposal seeking an entity to develop and organize programs to train contractors with respect
61.28 to the technical aspects and installation of heat pumps in residences. The training curriculum
61.29 must be at a level sufficient to provide contractors who complete training with the knowledge
61.30 and skills necessary to install heat pumps to industry best practice standards, as determined
61.31 by the commissioner. Training programs must: (1) be accessible in all regions of the state;

62.1 and (2) provide mentoring and ongoing support, including continuing education and financial
62.2 assistance, to trainees.

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

62.4 Sec. 15. Minnesota Statutes 2022, section 216E.01, is amended by adding a subdivision
62.5 to read:

62.6 Subd. 3a. **Energy storage system.** "Energy storage system" means equipment and
62.7 associated facilities designed with a nameplate capacity of 5,000 kilowatts or more that is
62.8 capable of storing generated electricity for a period of time and delivering the electricity
62.9 for use after storage.

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

62.11 Sec. 16. Minnesota Statutes 2022, section 216E.01, subdivision 6, is amended to read:

62.12 Subd. 6. **Large electric power facilities.** "Large electric power facilities" means high
62.13 voltage transmission lines and, large electric power generating plants, and energy storage
62.14 systems.

62.15 Sec. 17. Minnesota Statutes 2022, section 216E.03, subdivision 1, is amended to read:

62.16 Subdivision 1. **Site permit.** No person may construct a large electric generating plant
62.17 or an energy storage system without a site permit from the commission. A large electric
62.18 generating plant or an energy storage system may be constructed only on a site approved
62.19 by the commission. The commission must incorporate into one proceeding the route selection
62.20 for a high-voltage transmission line that is directly associated with and necessary to
62.21 interconnect the large electric generating plant to the transmission system and whose need
62.22 is certified under section 216B.243.

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

62.24 Sec. 18. Minnesota Statutes 2022, section 216E.03, subdivision 3, is amended to read:

62.25 Subd. 3. **Application.** Any person seeking to construct a large electric power ~~generating~~
62.26 ~~plant or a high-voltage transmission line~~ facility must apply to the commission for a site or
62.27 route permit, as applicable. The application shall contain such information as the commission
62.28 may require. The applicant shall propose at least two sites for a large electric power
62.29 ~~generating plant~~ facility and two routes for a high-voltage transmission line. Neither of the
62.30 two proposed routes may be designated as a preferred route and all proposed routes must

63.1 be numbered and designated as alternatives. The commission shall determine whether an
63.2 application is complete and advise the applicant of any deficiencies within ten days of
63.3 receipt. An application is not incomplete if information not in the application can be obtained
63.4 from the applicant during the first phase of the process and that information is not essential
63.5 for notice and initial public meetings.

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

63.7 Sec. 19. Minnesota Statutes 2022, section 216E.03, subdivision 5, as amended by Laws
63.8 2023, chapter 7, section 25, is amended to read:

63.9 Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce
63.10 shall prepare for the commission an environmental impact statement on each proposed large
63.11 electric power ~~generating plant or high-voltage transmission line~~ facility for which a complete
63.12 application has been submitted. The commissioner shall not consider whether or not the
63.13 project is needed. No other state environmental review documents shall be required. The
63.14 commissioner shall study and evaluate any site or route proposed by an applicant and any
63.15 other site or route the commission deems necessary that was proposed in a manner consistent
63.16 with rules concerning the form, content, and timeliness of proposals for alternate sites or
63.17 routes, excluding any alternate site for a solar energy generating system that was not proposed
63.18 by an applicant.

63.19 (b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a
63.20 large electric power generating plant and is not proposed by a utility, the commissioner
63.21 must make a finding in the environmental impact statement whether the project is likely to
63.22 result in a net reduction of carbon dioxide emissions, considering both the utility providing
63.23 electric service to the proposed cogeneration facility and any reduction in carbon dioxide
63.24 emissions as a result of increased efficiency from the production of thermal energy on the
63.25 part of the customer operating or owning the proposed cogeneration facility.

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

63.27 Sec. 20. Minnesota Statutes 2022, section 216E.03, subdivision 6, is amended to read:

63.28 Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application
63.29 for a site or route permit for a large electric power ~~generating plant or a route permit for a~~
63.30 ~~high-voltage transmission line~~ facility. All hearings held for designating a site or route shall
63.31 be conducted by an administrative law judge from the Office of Administrative Hearings
63.32 pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given
63.33 by the commission at least ten days in advance but no earlier than 45 days prior to the

64.1 commencement of the hearing. Notice shall be by publication in a legal newspaper of general
64.2 circulation in the county in which the public hearing is to be held and by certified mail to
64.3 chief executives of the regional development commissions, counties, organized towns,
64.4 townships, and the incorporated municipalities in which a site or route is proposed. Any
64.5 person may appear at the hearings and offer testimony and exhibits without the necessity
64.6 of intervening as a formal party to the proceedings. The administrative law judge may allow
64.7 any person to ask questions of other witnesses. The administrative law judge shall hold a
64.8 portion of the hearing in the area where the power plant or transmission line is proposed to
64.9 be located.

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

64.11 Sec. 21. Minnesota Statutes 2022, section 216E.03, subdivision 7, as amended by Laws
64.12 2023, chapter 7, section 26, is amended to read:

64.13 Subd. 7. **Considerations in designating sites and routes.** (a) The commission's site
64.14 and route permit determinations must be guided by the state's goals to conserve resources,
64.15 minimize environmental impacts, minimize human settlement and other land use conflicts,
64.16 and ensure the state's electric energy security through efficient, cost-effective power supply
64.17 and electric transmission infrastructure.

64.18 (b) To facilitate the study, research, evaluation, and designation of sites and routes, the
64.19 commission shall be guided by, but not limited to, the following considerations:

64.20 (1) evaluation of research and investigations relating to the effects on land, water and
64.21 air resources of large electric power ~~generating plants and high-voltage transmission lines~~
64.22 facilities and the effects of water and air discharges and electric and magnetic fields resulting
64.23 from such facilities on public health and welfare, vegetation, animals, materials and aesthetic
64.24 values, including baseline studies, predictive modeling, and evaluation of new or improved
64.25 methods for minimizing adverse impacts of water and air discharges and other matters
64.26 pertaining to the effects of power plants on the water and air environment;

64.27 (2) environmental evaluation of sites and routes proposed for future development and
64.28 expansion and their relationship to the land, water, air and human resources of the state;

64.29 (3) evaluation of the effects of new electric power generation and transmission
64.30 technologies and systems related to power plants designed to minimize adverse environmental
64.31 effects;

64.32 (4) evaluation of the potential for beneficial uses of waste energy from proposed large
64.33 electric power generating plants;

65.1 (5) analysis of the direct and indirect economic impact of proposed sites and routes
65.2 including, but not limited to, productive agricultural land lost or impaired;

65.3 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided
65.4 should the proposed site and route be accepted;

65.5 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant
65.6 to subdivisions 1 and 2;

65.7 (8) evaluation of potential routes that would use or parallel existing railroad and highway
65.8 rights-of-way;

65.9 (9) evaluation of governmental survey lines and other natural division lines of agricultural
65.10 land so as to minimize interference with agricultural operations;

65.11 (10) evaluation of the future needs for additional high-voltage transmission lines in the
65.12 same general area as any proposed route, and the advisability of ordering the construction
65.13 of structures capable of expansion in transmission capacity through multiple circuiting or
65.14 design modifications;

65.15 (11) evaluation of irreversible and irretrievable commitments of resources should the
65.16 proposed site or route be approved;

65.17 (12) when appropriate, consideration of problems raised by other state and federal
65.18 agencies and local entities;

65.19 (13) evaluation of the benefits of the proposed facility with respect to (i) the protection
65.20 and enhancement of environmental quality, and (ii) the reliability of state and regional
65.21 energy supplies;

65.22 (14) evaluation of the proposed facility's impact on socioeconomic factors; and

65.23 (15) evaluation of the proposed facility's employment and economic impacts in the
65.24 vicinity of the facility site and throughout Minnesota, including the quantity and quality of
65.25 construction and permanent jobs and their compensation levels. The commission must
65.26 consider a facility's local employment and economic impacts, and may reject or place
65.27 conditions on a site or route permit based on the local employment and economic impacts.

65.28 (c) If the commission's rules are substantially similar to existing regulations of a federal
65.29 agency to which the utility in the state is subject, the federal regulations must be applied by
65.30 the commission.

65.31 (d) No site or route shall be designated which violates state agency rules.

66.1 (e) The commission must make specific findings that it has considered locating a route
66.2 for a high-voltage transmission line on an existing high-voltage transmission route and the
66.3 use of parallel existing highway right-of-way and, to the extent those are not used for the
66.4 route, the commission must state the reasons.

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

66.6 Sec. 22. Minnesota Statutes 2022, section 216E.04, subdivision 2, as amended by Laws
66.7 2023, chapter 7, section 29, is amended to read:

66.8 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to
66.9 the following projects:

66.10 (1) large electric power generating plants with a capacity of less than 80 megawatts;

66.11 (2) large electric power generating plants that are fueled by natural gas;

66.12 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

66.13 (4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in
66.14 length in Minnesota;

66.15 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of
66.16 the distance of the line in Minnesota will be located along existing high-voltage transmission
66.17 line right-of-way;

66.18 (6) a high-voltage transmission line service extension to a single customer between 200
66.19 and 300 kilovolts and less than ten miles in length;

66.20 (7) a high-voltage transmission line rerouting to serve the demand of a single customer
66.21 when the rerouted line will be located at least 80 percent on property owned or controlled
66.22 by the customer or the owner of the transmission line; ~~and~~

66.23 (8) large electric power generating plants that are powered by solar energy; and

66.24 (9) energy storage systems.

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

66.26 Sec. 23. Minnesota Statutes 2022, section 216E.05, subdivision 2, is amended to read:

66.27 Subd. 2. **Applicable projects.** Applicants may seek approval from local units of
66.28 government to construct the following projects:

66.29 (1) large electric power generating plants with a capacity of less than 80 megawatts;

67.1 (2) large electric power generating plants of any size that burn natural gas and are intended
67.2 to be a peaking plant;

67.3 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

67.4 (4) substations with a voltage designed for and capable of operation at a nominal voltage
67.5 of 100 kilovolts or more;

67.6 (5) a high-voltage transmission line service extension to a single customer between 200
67.7 and 300 kilovolts and less than ten miles in length; ~~and~~

67.8 (6) a high-voltage transmission line rerouting to serve the demand of a single customer
67.9 when the rerouted line will be located at least 80 percent on property owned or controlled
67.10 by the customer or the owner of the transmission line; and

67.11 (7) energy storage systems.

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

67.13 Sec. 24. Minnesota Statutes 2022, section 216E.06, is amended to read:

67.14 **216E.06 EMERGENCY PERMIT.**

67.15 (a) Any utility whose electric power system requires the immediate construction of a
67.16 large electric power ~~generating plant or high-voltage transmission line~~ facility due to a major
67.17 unforeseen event may apply to the commission for an emergency permit. The application
67.18 shall provide notice in writing of the major unforeseen event and the need for immediate
67.19 construction. The permit must be issued in a timely manner, no later than 195 days after
67.20 the commission's acceptance of the application and upon a finding by the commission that
67.21 (1) a demonstrable emergency exists, (2) the emergency requires immediate construction,
67.22 and (3) adherence to the procedures and time schedules specified in section 216E.03 would
67.23 jeopardize the utility's electric power system or would jeopardize the utility's ability to meet
67.24 the electric needs of its customers in an orderly and timely manner.

67.25 (b) A public hearing to determine if an emergency exists must be held within 90 days
67.26 of the application. The commission, after notice and hearing, shall adopt rules specifying
67.27 the criteria for emergency certification.

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

68.1 Sec. 25. Minnesota Statutes 2022, section 216E.07, is amended to read:

68.2 **216E.07 ANNUAL HEARING.**

68.3 The commission shall hold an annual public hearing at a time and place prescribed by
68.4 rule in order to afford interested persons an opportunity to be heard regarding any matters
68.5 relating to the siting and routing of large electric ~~generating power plants and routing of~~
68.6 ~~high-voltage transmission lines~~ facilities. At the meeting, the commission shall advise the
68.7 public of the permits issued by the commission in the past year. The commission shall
68.8 provide at least ten days but no more than 45 days' notice of the annual meeting by mailing
68.9 or serving electronically, as provided in section 216.17, a notice to those persons who have
68.10 requested notice and by publication in the EQB Monitor and the commission's weekly
68.11 calendar.

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

68.13 Sec. 26. Minnesota Statutes 2022, section 216E.10, is amended to read:

68.14 **216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE**
68.15 **PERMITS.**

68.16 Subdivision 1. **Site or route permit prevails over local provisions.** To assure the
68.17 paramount and controlling effect of the provisions herein over other state agencies, regional,
68.18 county, and local governments, and special purpose government districts, the issuance of a
68.19 site permit or route permit and subsequent purchase and use of such site or route locations
68.20 for large electric power ~~generating plant and high-voltage transmission line~~ facility purposes
68.21 shall be the sole site or route approval required to be obtained by the utility. Such permit
68.22 shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances
68.23 promulgated by regional, county, local and special purpose government.

68.24 Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, utilities
68.25 shall obtain state permits that may be required to construct and operate large electric power
68.26 ~~generating plants and high-voltage transmission lines~~ facilities. A state agency in processing
68.27 a utility's facility permit application shall be bound to the decisions of the commission, with
68.28 respect to the site or route designation, and with respect to other matters for which authority
68.29 has been granted to the commission by this chapter.

68.30 Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits
68.31 required for construction or operation of large electric power generating plants or high-voltage
68.32 transmission lines shall participate during routing and siting at public hearings and all other
68.33 activities of the commission on specific site or route designations and design considerations

69.1 of the commission, and shall clearly state whether the site or route being considered for
69.2 designation or permit and other design matters under consideration for approval will be in
69.3 compliance with state agency standards, rules, or policies.

69.4 (b) An applicant for a permit under this section or under chapter 216G shall notify the
69.5 commissioner of agriculture if the proposed project will impact cultivated agricultural land,
69.6 as that term is defined in section 216G.01, subdivision 4. The commissioner may participate
69.7 and advise the commission as to whether to grant a permit for the project and the best options
69.8 for mitigating adverse impacts to agricultural lands if the permit is granted. The Department
69.9 of Agriculture shall be the lead agency on the development of any agricultural mitigation
69.10 plan required for the project.

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

69.12 Sec. 27. Minnesota Statutes 2022, section 326B.106, subdivision 1, is amended to read:

69.13 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
69.14 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
69.15 Construction Codes Advisory Council establish a code of standards for the construction,
69.16 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
69.17 design and construction, fire protection, health, sanitation, and safety, including design and
69.18 construction standards regarding heat loss control, illumination, and climate control. The
69.19 code must also include duties and responsibilities for code administration, including
69.20 procedures for administrative action, penalties, and suspension and revocation of certification.
69.21 The code must conform insofar as practicable to model building codes generally accepted
69.22 and in use throughout the United States, including a code for building conservation. In the
69.23 preparation of the code, consideration must be given to the existing statewide specialty
69.24 codes presently in use in the state. Model codes with necessary modifications and statewide
69.25 specialty codes may be adopted by reference. The code must be based on the application
69.26 of scientific principles, approved tests, and professional judgment. To the extent possible,
69.27 the code must be adopted in terms of desired results instead of the means of achieving those
69.28 results, avoiding wherever possible the incorporation of specifications of particular methods
69.29 or materials. To that end the code must encourage the use of new methods and new materials.
69.30 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
69.31 administer and enforce the provisions of those sections.

69.32 (b) The commissioner shall develop rules addressing the plan review fee assessed to
69.33 similar buildings without significant modifications including provisions for use of building
69.34 systems as specified in the industrial/modular program specified in section 326B.194.

70.1 Additional plan review fees associated with similar plans must be based on costs
70.2 commensurate with the direct and indirect costs of the service.

70.3 (c) Beginning with the 2018 edition of the model building codes and every six years
70.4 thereafter, the commissioner shall review the new model building codes and adopt the model
70.5 codes as amended for use in Minnesota, within two years of the published edition date. The
70.6 commissioner may adopt amendments to the building codes prior to the adoption of the
70.7 new building codes to advance construction methods, technology, or materials, or, where
70.8 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
70.9 or the use of a building.

70.10 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
70.11 residential energy code and the new model commercial energy code in accordance with
70.12 federal law for which the United States Department of Energy has issued an affirmative
70.13 determination in compliance with United States Code, title 42, section 6833. The
70.14 commissioner may adopt amendments prior to adoption of the new energy codes, as amended
70.15 for use in Minnesota, to advance construction methods, technology, or materials, or, where
70.16 necessary to protect the health, safety, and welfare of the public, or to ~~improve the efficiency~~
70.17 ~~or use of a building~~ mitigate the impact of climate change by increasing energy efficiency,
70.18 improving resiliency, and reducing greenhouse gas emissions of new buildings and of
70.19 existing buildings undergoing additions, alterations, and changes of use.

70.20 (e) Beginning in 2024, the commissioner shall act on the new model commercial energy
70.21 code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard.
70.22 The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent
70.23 reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a
70.24 baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that
70.25 incrementally move toward achieving the 80 percent reduction in annual net energy
70.26 consumption. By January 15 of the year following each new code adoption, the commissioner
70.27 shall make a report on progress under this section to the legislative committees with
70.28 jurisdiction over the energy code.

70.29 Sec. 28. **RULES AUTHORIZED.**

70.30 (a) The commission is authorized to develop and adopt rules for siting energy storage
70.31 systems and to reflect the provisions of this act.

70.32 (b) Until the commission adopts rules under this section, the commission shall utilize
70.33 applicable provisions of Minnesota Rules, chapter 7850, to site energy storage systems,

71.1 except that Minnesota Rules, part 7850.4400, subpart 4, shall not apply to energy storage
 71.2 systems.

71.3 (c) For the purposes of this section, "energy storage system" has the meaning given in
 71.4 Minnesota Statutes, section 216E.01, subdivision 3a.

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

71.6 Sec. 29. **REVISOR INSTRUCTION.**

71.7 The revisor of statutes shall make any necessary changes in Minnesota Rules resulting
 71.8 from the changes made to Minnesota Statutes, chapter 216E, in this act.

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

71.10 **ARTICLE 5**

71.11 **PUBLIC UTILITIES COMMISSION PROCEDURES**

71.12 Section 1. Minnesota Statutes 2022, section 216B.17, subdivision 1, is amended to read:

71.13 Subdivision 1. **Investigation.** On ~~its~~ the commission's own motion or upon a complaint
 71.14 made against any public utility; by the governing body of any political subdivision, by
 71.15 another public utility, by the department, ~~or~~ by any 50 consumers of ~~the~~ a particular utility,
 71.16 or by a complainant under section 216B.172 that any of the rates, tolls, tariffs, charges, or
 71.17 schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting
 71.18 or relating to the production, transmission, delivery, or furnishing of natural gas or electricity
 71.19 or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly
 71.20 discriminatory, or that any service is inadequate or cannot be obtained, the commission
 71.21 shall proceed, with notice, to make such investigation as it may deem necessary. The
 71.22 commission may dismiss any complaint without a hearing if in its opinion a hearing is not
 71.23 in the public interest.

71.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 71.25 applies to any complaint filed with the commission on or after that date.

71.26 Sec. 2. **[216B.172] CONSUMER DISPUTES.**

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

72.1 (b) "Appeal" means a request a complainant files with the commission to review and
72.2 make a final decision regarding the resolution of the complainant's complaint by the consumer
72.3 affairs office.

72.4 (c) "Complainant" means an individual residential customer who files with the consumer
72.5 affairs office a complaint against a public utility.

72.6 (d) "Complaint" means an allegation submitted to the consumer affairs office by a
72.7 complainant that a public utility's action or practice regarding billing or terms and conditions
72.8 of service:

72.9 (1) violates a statute, rule, tariff, service contract, or other provision of law;

72.10 (2) is unreasonable; or

72.11 (3) has harmed or, if not addressed, harms a complainant.

72.12 Complaint does not include an objection to or a request to modify any natural gas or
72.13 electricity rate contained in a tariff that has been approved by the commission. A complaint
72.14 under this section is an informal complaint under Minnesota Rules, chapter 7829.

72.15 (e) "Consumer affairs office" means the staff unit of the commission that is organized
72.16 to receive and respond to complaints.

72.17 (f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100,
72.18 subpart 8.

72.19 (g) "Public assistance" has the meaning given in section 550.37, subdivision 14.

72.20 (h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

72.21 Subd. 2. **Complaint resolution procedure.** A complainant must first attempt to resolve
72.22 a dispute with a public utility by filing a complaint with the consumer affairs office. The
72.23 consumer affairs office must: (1) notify the complainant of the resolution of the complaint;
72.24 and (2) provide written notice of (i) the complainant's right to appeal the resolution to the
72.25 commission, and (ii) the steps the complainant may take to appeal the resolution. Upon
72.26 request, the consumer affairs office must provide to the complainant a written notice
72.27 containing the substance of and basis for the resolution. Nothing in this section affects any
72.28 other rights existing under this chapter or other law.

72.29 Subd. 3. **Appeal; final commission decision.** (a) If a complainant is not satisfied with
72.30 the resolution of a complaint by the consumer affairs office, the complainant may file an
72.31 appeal with the commission requesting that the commission make a final decision on the

73.1 complaint. The commission's response to an appeal filed under this subdivision must comply
73.2 with the notice requirements under section 216B.17, subdivisions 2 to 5.

73.3 (b) Upon the commission's receipt of an appeal filed under paragraph (a), the chair of
73.4 the commission or a subcommittee delegated under section 216A.03, subdivision 8, to
73.5 review the resolution of the complaint must decide whether the complaint be:

73.6 (1) dismissed because there is no reasonable basis on which to proceed;

73.7 (2) resolved through an informal commission proceeding; or

73.8 (3) referred to the Office of Administrative Hearings for a contested case proceeding
73.9 under chapter 14.

73.10 A decision made under this paragraph must be provided in writing to the complainant and
73.11 the public utility.

73.12 (c) If the commission decides that the complaint be resolved through an informal
73.13 proceeding before the commission or referred to the Office of Administrative Hearings for
73.14 a contested case proceeding, the executive secretary must issue any procedural schedules,
73.15 notices, or orders required to initiate an informal proceeding or a contested case.

73.16 (d) The commission's dismissal of an appeal request or a decision rendered after
73.17 conducting an informal proceeding is a final decision constituting an order or determination
73.18 of the commission.

73.19 Subd. 4. **Judicial review.** Notwithstanding section 216B.27, a complainant may seek
73.20 judicial review in district court of an adverse final decision under subdivision 3, paragraph
73.21 (b), clause (1) or (2). Judicial review of the commission's decision in a contested case referred
73.22 under subdivision 3, paragraph (b), clause (3), is governed by chapter 14.

73.23 Subd. 5. **Right to service during pendency of dispute.** A public utility must continue
73.24 or promptly restore service to a complainant during the pendency of an administrative or
73.25 judicial procedure pursued by a complainant under this section, provided that the
73.26 complainant:

73.27 (1) agrees to enter into a payment agreement under section 216B.098, subdivision 3;

73.28 (2) posts the full disputed payment in escrow;

73.29 (3) demonstrates receipt of public assistance or eligibility for legal aid services; or

73.30 (4) demonstrates the complainant's household income is at or below 50 percent of the
73.31 median income in Minnesota.

74.1 Subd. 6. **Rulemaking authority.** The commission may adopt rules to carry out the
74.2 purposes of this section.

74.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
74.4 applies to any complaint filed with the commission on or after that date.

74.5 Sec. 3. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

74.8 (b) "Participant" means a person who files comments or appears in a commission
74.9 proceeding concerning one or more public utilities, excluding public hearings held in
74.10 contested cases and commission proceedings conducted to receive general public comments.

74.11 (c) "Party" means a person by or against whom a proceeding before the commission is
74.12 commenced or a person permitted to intervene in a proceeding, other than public hearings,
74.13 concerning one or more public utilities.

74.14 (d) "Proceeding" means a process or procedural means the commission engages in under
74.15 this chapter to attempt to resolve an issue affecting one or more public utilities and which
74.16 results in a commission order.

74.17 (e) "Public utility" has the meaning given in section 216B.02, subdivision 4.

74.18 Subd. 2. **Participants; eligibility.** Any of the following participants is eligible to receive
74.19 compensation under this section:

74.20 (1) a nonprofit organization that:

74.21 (i) is exempt from taxation under section 501(c)(3) of the United States Internal Revenue
74.22 Code;

74.23 (ii) is incorporated or organized in Minnesota;

74.24 (iii) is governed under chapter 317A or section 322C.1101; and

74.25 (iv) the commission determines under subdivision 3, paragraph (c), would suffer financial
74.26 hardship if not compensated for the nonprofit organization's participation in the applicable
74.27 proceeding;

74.28 (2) a Tribal government of a federally recognized Indian Tribe that is located in
74.29 Minnesota; or

75.1 (3) a Minnesota resident, except that an individual who owns a for-profit business that
75.2 has earned revenue from a Minnesota utility in the past two years is not eligible for
75.3 compensation.

75.4 Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to
75.5 compensate all or part of a participant's reasonable costs incurred to participate in a
75.6 proceeding before the commission if the participant is eligible under subdivision 2 and the
75.7 commission finds:

75.8 (1) that the participant has materially assisted the commission's deliberation; and

75.9 (2) if the participant is a nonprofit organization, that the participant would suffer financial
75.10 hardship if the nonprofit organization's participation in the proceeding was not compensated.

75.11 (b) In determining whether a participant has materially assisted the commission's
75.12 deliberation, the commission must find that:

75.13 (1) the participant made a unique contribution to the record and represented an interest
75.14 that would not otherwise have been adequately represented;

75.15 (2) the evidence or arguments presented or the positions taken by the participant were
75.16 an important factor in producing a fair decision;

75.17 (3) the participant's position promoted a public purpose or policy;

75.18 (4) the evidence presented, arguments made, issues raised, or positions taken by the
75.19 participant would not otherwise have been part of the record;

75.20 (5) the participant was active in any stakeholder process included in the proceeding; and

75.21 (6) the proceeding resulted in a commission order that adopted, in whole or in part, a
75.22 position advocated by the participant.

75.23 (c) In determining whether a nonprofit participant has demonstrated that a lack of
75.24 compensation would present financial hardship, the commission must find that the nonprofit
75.25 participant:

75.26 (1) incorporated or organized within three years of the beginning of the applicable
75.27 proceeding;

75.28 (2) has payroll expense less than \$750,000; or

75.29 (3) has secured less than \$100,000 in current year funding dedicated to participation in
75.30 commission proceedings, not including any participant compensation awarded under this
75.31 section.

76.1 (d) In reviewing a compensation request, the commission must consider whether the
76.2 costs presented in the participant's claim are reasonable. If the commission determines that
76.3 an eligible participant materially assisted its deliberation, the commission shall award all
76.4 or part of the requested compensation, up to the maximum amounts listed in subdivision 4.

76.5 Subd. 4. **Compensation; amount.** (a) Compensation must not exceed \$50,000 for a
76.6 single participant in any proceeding, except that:

76.7 (1) if a proceeding extends longer than 12 months, a participant may request and be
76.8 awarded compensation of up to \$50,000 for costs incurred in each calendar year; and

76.9 (2) in an integrated resource plan proceeding under section 216B.2422 or a proceeding
76.10 that has been referred to the Office of Administrative Hearings for a contested case
76.11 proceeding, a participant may request and be awarded up to \$75,000.

76.12 (b) No single participant may be awarded more than \$200,000 under this section in a
76.13 single calendar year.

76.14 (c) Compensation requests from joint participants must be presented as a single request.

76.15 (d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar
76.16 year, require a single public utility to pay aggregate compensation under this section that
76.17 exceeds the following amounts:

76.18 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue
76.19 in Minnesota;

76.20 (2) \$275,000, for a public utility with at least \$300,000,000 but less than \$900,000,000
76.21 annual gross operating revenue in Minnesota;

76.22 (3) \$375,000, for a public utility with at least \$900,000,000 but less than \$2,000,000,000
76.23 annual gross operating revenue in Minnesota; and

76.24 (4) \$1,250,000, for a public utility with \$2,000,000,000 or more annual gross operating
76.25 revenue in Minnesota.

76.26 (e) When requests for compensation from any public utility approach the limits established
76.27 in paragraph (d), the commission may give priority to requests from participants that received
76.28 less than \$150,000 in total compensation during the previous two years and from participants
76.29 who represent residential ratepayers, particularly those residential ratepayers whom the
76.30 participant can demonstrate have been underrepresented in past commission proceedings.

76.31 Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a
76.32 request and an affidavit of service with the commission, and serve a copy of the request on

77.1 each party to the proceeding. The request must be filed no more than 30 days after the later
77.2 of:

77.3 (1) the expiration of the period within which a petition for rehearing, amendment,
77.4 vacation, reconsideration, or reargument must be filed; or

77.5 (2) the date the commission issues an order following rehearing, amendment, vacation,
77.6 reconsideration, or reargument.

77.7 (b) A compensation request must include:

77.8 (1) the name and address of the participant or nonprofit organization the participant is
77.9 representing;

77.10 (2) evidence of the organization's nonprofit, tax-exempt status, if applicable;

77.11 (3) the name and docket number of the proceeding for which compensation is requested;

77.12 (4) for a nonprofit participant, evidence supporting the nonprofit organization's eligibility
77.13 for compensation under the financial hardship test under subdivision 3, paragraph (c);

77.14 (5) amounts of compensation awarded to the participant under this section during the
77.15 current year and any pending requests for compensation, itemized by docket;

77.16 (6) an itemization of the participant's costs, not including overhead costs;

77.17 (7) participant revenues dedicated for the proceeding;

77.18 (8) the total compensation request; and

77.19 (9) a narrative describing the unique contribution made to the proceeding by the
77.20 participant.

77.21 (c) A participant must comply with reasonable requests for information by the commission
77.22 and other parties or participants. A participant must reply to information requests within
77.23 ten calendar days of the date the request is received, unless doing so would place an extreme
77.24 hardship upon the replying participant. The replying participant must provide a copy of the
77.25 information to any other participant or interested person upon request. Disputes regarding
77.26 information requests may be resolved by the commission.

77.27 (d) A party objecting to a request for compensation must, within 30 days after service
77.28 of the request for compensation, file a response, together with an affidavit of service, with
77.29 the commission. A copy of the response must be served on the requesting participant and
77.30 all other parties to the proceeding.

78.1 (e) The requesting participant may file a reply with the commission within 15 days after
78.2 a response is filed under paragraph (d). A copy of the reply and an affidavit of service must
78.3 be served on all other parties to the proceeding.

78.4 (f) If additional costs are incurred by a participant as a result of additional proceedings
78.5 following the commission's initial order, the participant may file an amended request within
78.6 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an
78.7 amended request.

78.8 (g) The commission must issue a decision on participant compensation within 120 days
78.9 of the date a request for compensation is filed by a participant.

78.10 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
78.11 30 days upon the request of a participant or on the commission's own initiative.

78.12 (i) A participant may request reconsideration of the commission's compensation decision
78.13 within 30 days of the decision date.

78.14 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment
78.15 of participant compensation, the public utility that was the subject of the proceeding must
78.16 pay the full compensation to the participant and file proof of payment with the commission
78.17 within 30 days after the later of:

78.18 (1) the expiration of the period within which a petition for reconsideration of the
78.19 commission's compensation decision must be filed; or

78.20 (2) the date the commission issues an order following reconsideration of the commission's
78.21 order on participant compensation.

78.22 (b) If the commission issues an order requiring payment of participant compensation in
78.23 a proceeding involving multiple public utilities, the commission must apportion costs among
78.24 the public utilities in proportion to each public utility's annual revenue.

78.25 (c) The commission may issue orders necessary to allow a public utility to recover the
78.26 costs of participant compensation on a timely basis.

78.27 Subd. 7. **Report.** By July 1, 2026, the commission must report to the chairs and ranking
78.28 minority members of the senate and house of representatives committees with primary
78.29 jurisdiction over energy policy on the operation of this section. The report must include but
78.30 is not limited to:

78.31 (1) the amount of compensation paid each year by each utility;

79.1 (2) each recipient of compensation, the commission dockets in which compensation was
79.2 awarded, and the compensation amounts; and

79.3 (3) the impact of the participation of compensated participants.

79.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
79.5 applies to any proceeding in which the commission has not issued a final order as of that
79.6 date.

79.7 Sec. 4. **REPEALER.**

79.8 Minnesota Statutes 2022, section 216B.16, subdivision 10, is repealed.

79.9 **ARTICLE 6**

79.10 **CLIMATE**

79.11 Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL**
79.12 **ANALYSIS.**

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

79.15 (b) "Carbon steel" means steel in which the main alloying element is carbon and whose
79.16 properties are chiefly dependent on the percentage of carbon present.

79.17 (c) "Commissioner" means the commissioner of the Department of Administration.

79.18 (d) "Electric arc furnace" means a furnace that produces molten alloy metal and heats
79.19 the charge materials with electric arcs from carbon electrodes.

79.20 (e) "Eligible material" means:

79.21 (1) carbon steel rebar;

79.22 (2) structural steel;

79.23 (3) concrete; or

79.24 (4) asphalt paving mixtures.

79.25 (f) "Eligible project" means:

79.26 (1) new construction of a state building larger than 50,000 gross square feet of occupied
79.27 or conditioned space;

80.1 (2) renovation of more than 50,000 gross square feet of occupied or conditioned space
80.2 in a state building whose renovation cost exceeds 50 percent of the building's assessed value;
80.3 or

80.4 (3) new construction or reconstruction of two or more lane-miles of a trunk highway.

80.5 (g) "Environmental product declaration" means a supply chain specific type III
80.6 environmental product declaration that:

80.7 (1) contains a material production lifecycle assessment of the environmental impacts of
80.8 manufacturing a specific product by a specific firm, including the impacts of extracting and
80.9 producing the raw materials and components that compose the product;

80.10 (2) is verified by a third party; and

80.11 (3) meets the ISO 14025 standard developed and maintained by the International
80.12 Organization for Standardization (ISO).

80.13 (h) "Global warming potential" has the meaning given in section 216H.10, subdivision
80.14 6.

80.15 (i) "Greenhouse gas" has the meaning given to "statewide greenhouse gas emissions"
80.16 in section 216H.01, subdivision 2.

80.17 (j) "Integrated steel production" means the production of iron and subsequently steel
80.18 primarily from iron ore or iron ore pellets.

80.19 (k) "Material production lifecycle" means an analysis that includes the environmental
80.20 impacts of all stages of a specific product's production, from mining and processing its raw
80.21 materials to the process of manufacturing the product itself.

80.22 (l) "Rebar" means a steel reinforcing bar or rod encased in concrete.

80.23 (m) "Secondary steel production" means the production of steel from primarily ferrous
80.24 scrap and other metallics inputs melted and refined in an electric arc furnace.

80.25 (n) "State building" means a building which is owned by the state of Minnesota or a
80.26 Minnesota state agency.

80.27 (o) "Structural steel" means steel that is classified by the shapes of its cross-sections,
80.28 such as I, T, and C shapes.

80.29 (p) "Supply chain specific" means an environmental product declaration that includes
80.30 specific data for the production processes of the materials and components composing a
80.31 product that contribute at least 80 percent of the product's material production lifecycle

81.1 global warming potential, as defined in International Organization for Standardization
81.2 standard 21930.

81.3 Subd. 2. **Standard; maximum global warming potential.** (a) The commissioner shall,
81.4 after reviewing the recommendations from the Environmental Standards Procurement Task
81.5 Force made under subdivision 5, paragraph (c), establish and publish a maximum acceptable
81.6 global warming potential for each eligible material used in an eligible project, in accordance
81.7 with the following schedule:

81.8 (1) for concrete used in buildings, no later than January 15, 2026; and

81.9 (2) for carbon steel rebar and structural steel and, after conferring with the commissioner
81.10 of transportation, for asphalt paving mixtures and concrete pavement, no later than January
81.11 15, 2028.

81.12 (b) The commissioner shall, after considering nationally or internationally recognized
81.13 databases of environmental product declarations for an eligible material, establish the
81.14 maximum acceptable global warming potential for that eligible material.

81.15 (c) The commissioner may set different maximum global warming potentials for different
81.16 specific products and subproduct categories that are examples of the same eligible material
81.17 based on distinctions between eligible material production and manufacturing processes
81.18 such as integrated versus secondary steel production.

81.19 (d) The commissioner must establish maximum global warming potentials that are
81.20 consistent with criteria in an environmental product declaration.

81.21 (e) Not later than three years after establishing the maximum global warming potential
81.22 for an eligible material under paragraph (a), and not longer than every three years thereafter,
81.23 the commissioner, after conferring with the commissioner of transportation with respect to
81.24 asphalt paving mixtures and concrete pavement, shall review the maximum acceptable
81.25 global warming potential for each eligible material and for specific eligible material products.
81.26 The commissioner may adjust any of those values downward to reflect industry improvements
81.27 if, based on the process described in paragraph (b), the commissioner determines that the
81.28 industry average has declined.

81.29 Subd. 3. **Procurement process.** The Department of Administration and the Department
81.30 of Transportation shall, after reviewing the recommendations of the Environmental Standards
81.31 Procurement Task Force made under subdivision 5, paragraph (c), establish processes for
81.32 incorporating the maximum allowable global warming potential of eligible materials into
81.33 their bidding processes by the effective dates listed in subdivision 2.

82.1 Subd. 4. **Pilot program.** (a) No later than July 1, 2024, the Department of Administration
82.2 must establish a pilot program that seeks to obtain from vendors an estimate of the material
82.3 production lifecycle greenhouse gas emissions of products selected by the departments from
82.4 among those procured. The pilot program must encourage, but may not require, a vendor
82.5 to submit the following data for each selected product that represents at least 90 percent of
82.6 the total cost of the materials or components composing the selected product:

82.7 (1) the quantity of the product purchased by the department;

82.8 (2) a current environmental product declaration for the product;

82.9 (3) the name and location of the product's manufacturer;

82.10 (4) a copy of the vendor's Supplier Code of Conduct, if any;

82.11 (5) the names and locations of the product's actual production facilities; and

82.12 (6) an assessment of employee working conditions at the product's production facilities.

82.13 (b) The Department of Administration must construct or provide access to a publicly
82.14 accessible database which shall be posted on their website and shall contain the data reported
82.15 to the department under this subdivision.

82.16 Subd. 5. **Environmental Standards Procurement Task Force.** (a) No later than October
82.17 1, 2023, the commissioners of administration and transportation must establish an
82.18 Environmental Standards Procurement Task Force to examine issues surrounding the
82.19 implementation of a program requiring vendors of certain construction materials purchased
82.20 by the state to:

82.21 (1) submit environmental product declarations that assess the material production lifecycle
82.22 environmental impacts of those materials to state officials as part of the procurement process;
82.23 and

82.24 (2) meet standards established by the commissioner of administration that limit
82.25 greenhouse gas emissions impacts of those materials.

82.26 (b) The task force must examine, at a minimum, the following:

82.27 (1) which construction materials should be subject to the program requirements and
82.28 which construction materials should be considered to be added, including lumber, aluminum,
82.29 glass, and insulation;

82.30 (2) what factors should be considered in establishing greenhouse gas emissions standards
82.31 including distinctions between eligible material production and manufacturing processes
82.32 such as integrated versus secondary steel production;

83.1 (3) a schedule for the development of standards for specific materials and for
83.2 incorporating the standards into the purchasing process including distinctions between
83.3 eligible material production and manufacturing processes;

83.4 (4) the development and use of financial incentives to reward vendors for developing
83.5 products whose greenhouse gas emissions are below the standards;

83.6 (5) the provision of grants to defer a vendor's cost to obtain environmental product
83.7 declarations;

83.8 (6) how to ensure that lowering environmental product declaration values does not
83.9 negatively impact the durability or longevity of construction materials or built structures;

83.10 (7) how to create and manage a database for environmental product declaration data that
83.11 is consistent with data governance procedures of the state and is compatible for data sharing
83.12 with other states and federal agencies;

83.13 (8) how to account for differences among geographical regions with respect to the
83.14 availability of covered materials, fuel, and other necessary resources, and the quantity of
83.15 covered materials that the department uses or plans to use;

83.16 (9) how the issues in clauses (1) to (5) are addressed by existing programs in other states
83.17 and countries;

83.18 (10) coordinate with the federal Buy Clean Task Force established under Executive
83.19 Order 14057 and representatives of the United States Departments of Commerce, Energy,
83.20 Housing and Urban Development, Transportation, Environmental Protection Agency,
83.21 General Services Administration, White House Office of Management and Budget, and the
83.22 White House Domestic Climate Policy Council; and

83.23 (11) any other issues the task force deems relevant.

83.24 (c) The task force shall make recommendations to the commissioners of the Department
83.25 of Administration and the Department of Transportation regarding:

83.26 (1) how to implement requirements that maximum global warming impacts for eligible
83.27 materials be integrated into the bidding process for eligible projects;

83.28 (2) incentive structures that can be included in bidding processes to encourage the use
83.29 of materials whose global warming potential is below the maximum established under
83.30 subdivision 2;

83.31 (3) how a successful bidder for a contract will notify the commissioner of the specific
83.32 environmental product declaration for a material used on a project;

84.1 (4) a process for waiving the requirements to procure materials below the maximum
84.2 global warming potential resulting from product supply problems, geographic
84.3 impracticability, or financial hardship;

84.4 (5) a system for awarding grants to manufacturers of eligible materials located in
84.5 Minnesota to offset the cost of obtaining environmental product declarations or otherwise
84.6 collect environmental product declaration data from manufacturers based in Minnesota;

84.7 (6) whether to use an industry average or a different method to set the maximum allowable
84.8 global warming potential, or whether that average could be used for some materials but not
84.9 others; and

84.10 (7) any other items it deems necessary in order to implement this section.

84.11 (d) Members of the task force must include, but are not limited to, representatives of:

84.12 (1) the Departments of Administration and Transportation;

84.13 (2) the Center for Sustainable Building Research at the University of Minnesota;

84.14 (3) the Aggregate and Ready Mix Association of Minnesota;

84.15 (4) the Concrete Paving Association of Minnesota;

84.16 (5) the Minnesota Asphalt Pavement Association;

84.17 (6) the Minnesota Board of Engineering;

84.18 (7) a representative of the Minnesota iron mining industry;

84.19 (8) building and transportation construction firms;

84.20 (9) suppliers of eligible materials;

84.21 (10) organized labor in the construction trades;

84.22 (11) organized labor in the manufacturing or industrial sectors;

84.23 (12) environmental advocacy organizations; and

84.24 (13) environmental justice organizations.

84.25 (e) The Department of Administration must provide meeting space and serve as staff to
84.26 the task force.

84.27 (f) The commissioner of administration, or the commissioner's designee, shall serve as
84.28 chair of the task force. The task force must meet at least four times annually, and may
84.29 convene additional meetings at the call of the chair.

85.1 (g) The commissioner of administration shall summarize the findings and
85.2 recommendations of the task force in a report submitted to the chairs and ranking minority
85.3 members of the senate and house of representatives committees with primary responsibility
85.4 for state government, transportation, and energy no later than December 1, 2025, and annually
85.5 thereafter for as long as the task force continues its operations.

85.6 (h) The task force is subject to section 15.059, subdivision 6.

85.7 (i) The task force expires on January 1, 2029.

85.8 Subd. 6. **Environmental product declarations; grant program.** A grant program is
85.9 established in the Department of Administration to award grants to assist manufacturers to
85.10 obtain environmental product declarations. The commissioner of administration shall develop
85.11 procedures for processing grant applications and making grant awards. Grant applicants
85.12 must submit an application to the commissioner on a form prescribed by the commissioner.
85.13 The commissioner shall act as fiscal agent for the grant program and shall be responsible
85.14 for receiving and reviewing grant applications and awarding grants under this subdivision.

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

85.16 Sec. 2. **[216C.441] MINNESOTA CLIMATE INNOVATION FINANCE**

85.17 **AUTHORITY.**

85.18 Subdivision 1. **Establishment; purpose.** (a) There is created a public body corporate
85.19 and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose
85.20 purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions
85.21 reduction projects, and other qualified projects through the strategic deployment of public
85.22 funds in the form of grants, loans, credit enhancements, and other financing mechanisms
85.23 in order to leverage existing public and private sources of capital to reduce the upfront and
85.24 total cost of qualified projects and to overcome financial barriers to project adoption,
85.25 especially in low-income communities.

85.26 (b) The goals of the authority include but are not limited to:

85.27 (1) reducing Minnesota's contributions to climate change by accelerating the deployment
85.28 of clean energy projects;

85.29 (2) ensuring that all Minnesotans share the benefits of clean and renewable energy and
85.30 the opportunity to fully participate in the clean energy economy by promoting:

86.1 (i) the creation of clean energy jobs for Minnesota workers, particularly in environmental
86.2 justice communities and communities in which fossil fuel electric generating plants are
86.3 retiring; and

86.4 (ii) the principles of environmental justice in the authority's operations and funding
86.5 decisions; and

86.6 (3) maintaining energy reliability while reducing the economic burden of energy costs,
86.7 especially on low-income households.

86.8 Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the
86.9 meanings given.

86.10 (b) "Authority" means the Minnesota Climate Innovation Finance Authority.

86.11 (c) "Board" means the Minnesota Climate Innovation Finance Authority's board of
86.12 directors established in subdivision 10.

86.13 (d) "Clean energy project" has the meaning given to "qualified project" in paragraph
86.14 (m), clauses (1) to (7).

86.15 (e) "Community navigator" means an organization that works to facilitate access to clean
86.16 energy project financing by community groups.

86.17 (f) "Credit enhancement" means a pool of capital set aside to cover potential losses on
86.18 loans and other investments made by financing entities. Credit enhancement includes but
86.19 is not limited to loan loss reserves and loan guarantees.

86.20 (g) "Energy storage system" has the meaning given in section 216B.2422, subdivision
86.21 1, paragraph (f).

86.22 (h) "Environmental justice" means that:

86.23 (1) communities of color, Indigenous communities, and low-income communities have
86.24 a healthy environment and are treated fairly when environmental statutes, rules, and policies
86.25 are developed, adopted, implemented, and enforced; and

86.26 (2) in all decisions that have the potential to affect the environment of an environmental
86.27 justice community or the public health of an environmental justice community's residents,
86.28 due consideration is given to the history of the area's and the area's residents' cumulative
86.29 exposure to pollutants and to any current socioeconomic conditions that increase the physical
86.30 sensitivity of the area's residents to additional exposure to pollutants.

87.1 (i) "Environmental justice community" means a community in Minnesota that, based
87.2 on the most recent data published by the United States Census Bureau, meets one or more
87.3 of the following criteria:

87.4 (1) 40 percent or more of the community's total population is nonwhite;

87.5 (2) 35 percent or more of households in the community have an income that is at or
87.6 below 200 percent of the federal poverty level;

87.7 (3) 40 percent or more of the community's residents over the age of five have limited
87.8 English proficiency; or

87.9 (4) the community is located within Indian country, as defined in United States Code,
87.10 title 18, section 1151.

87.11 (j) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous
87.12 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by
87.13 anthropogenic sources.

87.14 (k) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender
87.15 if a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the
87.16 private lender.

87.17 (l) "Microgrid system" means an electrical grid that:

87.18 (1) serves a discrete geographical area from distributed energy resources; and

87.19 (2) can operate independently from the central electric grid on a temporary basis.

87.20 (m) "Project labor agreement" means a prehire collective bargaining agreement with a
87.21 council of building and construction trades labor organizations, prohibiting strikes, lockouts,
87.22 and similar disruptions, and providing for a binding procedure to resolve labor disputes on
87.23 the project.

87.24 (n) "Qualified project" means a project, technology, product, service, or measure
87.25 promoting energy efficiency, clean energy, electrification, or water conservation and quality
87.26 that:

87.27 (1) substantially reduces greenhouse gas emissions;

87.28 (2) reduces energy use without diminishing the level of service;

87.29 (3) increases the deployment of renewable energy projects, energy storage systems,
87.30 district heating, smart grid technologies, or microgrid systems;

87.31 (4) replaces existing fossil-fuel-based technology with an end-use electric technology;

88.1 (5) supports the development and deployment of electric vehicle charging stations and
88.2 associated infrastructure, electric buses, and electric fleet vehicles;

88.3 (6) reduces water use or protects, restores, or preserves the quality of surface waters; or

88.4 (7) incentivizes customers to shift demand in response to changes in the price of electricity
88.5 or when system reliability is not jeopardized.

88.6 (o) "Renewable energy" has the meaning given in section 216B.1691, subdivision 1,
88.7 paragraph (c), clauses (1), (2), and (4), and includes fuel cells generated from renewable
88.8 energy.

88.9 (p) "Securitization" means the conversion of an asset composed of individual loans into
88.10 marketable securities.

88.11 (q) "Smart grid" means a digital technology that:

88.12 (1) allows for two-way communication between a utility and the utility's customers; and

88.13 (2) enables the utility to control power flow and load in real time.

88.14 Subd. 3. **General powers.** (a) For the purpose of exercising the specific powers granted
88.15 in this section, the authority has the general powers granted in this subdivision.

88.16 (b) The authority may:

88.17 (1) hire an executive director and staff to conduct the authority's operations;

88.18 (2) sue and be sued;

88.19 (3) have a seal and alter the seal;

88.20 (4) acquire, hold, lease, manage, and dispose of real or personal property for the
88.21 authority's corporate purposes;

88.22 (5) enter into agreements, including cooperative financing agreements, contracts, or
88.23 other transactions, with any federal or state agency, county, local unit of government,
88.24 regional development commission, person, domestic or foreign partnership, corporation,
88.25 association, or organization;

88.26 (6) acquire real property, or an interest therein, in the authority's own name, by purchase,
88.27 where acquisition is necessary or appropriate;

88.28 (7) provide general technical and consultative services related to the authority's purpose;

88.29 (8) promote research and development in matters related to the authority's purpose;

89.1 (9) analyze greenhouse gas emissions reduction project financing needs in the state and
89.2 recommend measures to alleviate any shortage of financing capacity;

89.3 (10) contract with any governmental or private agency or organization, legal counsel,
89.4 financial advisor, investment banker, or others to assist in the exercise of the authority's
89.5 powers;

89.6 (11) enter into agreements with qualified lenders or others insuring or guaranteeing to
89.7 the state the payment of qualified loans or other financing instruments; and

89.8 (12) accept on behalf of the state any gift, grant, or interest in money or personal property
89.9 tendered to the state for any purpose pertaining to the authority's activities.

89.10 Subd. 4. **Authority duties.** (a) The authority must:

89.11 (1) serve as a financial resource to reduce the upfront and total costs of implementing
89.12 qualified projects;

89.13 (2) ensure that all financed projects reduce greenhouse gas emissions;

89.14 (3) ensure that financing terms and conditions offered are well-suited to qualified projects;

89.15 (4) strategically prioritize the use of the authority's funds to leverage private investment
89.16 in qualified projects, with the aim of achieving a high ratio of private to public money
89.17 invested through funding mechanisms that support, enhance, and complement private lending
89.18 and investment;

89.19 (5) coordinate with existing federal, state, local, utility, and other programs to ensure
89.20 that the authority's resources are being used most effectively to add to and complement
89.21 those programs;

89.22 (6) stimulate demand for qualified projects by:

89.23 (i) contracting with the department's Energy Information Center and community
89.24 navigators to provide information to project participants about federal, state, local, utility,
89.25 and other authority financial assistance for qualifying projects, and technical information
89.26 on energy conservation and renewable energy measures;

89.27 (ii) forming partnerships with contractors and informing contractors about the authority's
89.28 financing programs;

89.29 (iii) developing innovative marketing strategies to stimulate project owner interest,
89.30 especially in underserved communities; and

89.31 (iv) incentivizing financing entities to increase activity in underserved markets;

- 90.1 (7) finance projects in all regions of the state;
- 90.2 (8) develop participant eligibility standards and other terms and conditions for financial
90.3 support provided by the authority;
- 90.4 (9) develop and administer:
- 90.5 (i) policies to collect reasonable fees for authority services; and
- 90.6 (ii) risk management activities to support ongoing authority activities;
- 90.7 (10) develop consumer protection standards governing the authority's investments to
90.8 ensure that financial support is provided responsibly and transparently and is in the financial
90.9 interest of participating project owners;
- 90.10 (11) develop methods to accurately measure the impact of the authority's activities,
90.11 particularly on low-income communities and on greenhouse gas emissions reductions;
- 90.12 (12) hire an executive director and sufficient staff with the appropriate skills and
90.13 qualifications to carry out the authority's programs, making an affirmative effort to recruit
90.14 and hire a director and staff who are from, or share the interests of, the communities the
90.15 authority must serve;
- 90.16 (13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas
90.17 Reduction Fund grants authorized by the federal Clean Air Act, title 42, United States Code,
90.18 section 7434, paragraph (a), clauses (2) and (3). If the application deadlines for these grants
90.19 are earlier than is practical for the authority to meet, the commissioner shall apply on behalf
90.20 of the authority. In all cases, applications for these funds by or on behalf of the authority
90.21 must be coordinated with all known Minnesota applicants; and
- 90.22 (14) ensure that authority contracts with all third-party administrators, contractors, and
90.23 subcontractors contain required covenants, representations and warranties specifying that
90.24 such third parties are agents of the authority, and that all acts of such third parties are
90.25 considered acts of the authority, provided that the act is within the contracted scope of work.
- 90.26 (b) The authority may:
- 90.27 (1) employ credit enhancement mechanisms that reduce financial risk for financing
90.28 entities by providing assurance that a limited portion of a loan or other financial instrument
90.29 is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;
- 90.30 (2) co-invest in a qualified project by providing senior or subordinated debt, equity, or
90.31 other mechanisms in conjunction with other investment, co-lending, or financing;

91.1 (3) aggregate small and geographically dispersed qualified projects in order to diversify
91.2 risk or secure additional private investment through securitization or similar resale of the
91.3 authority's interest in a completed qualified project;

91.4 (4) expend up to 25 percent of funds appropriated to the authority for startup purposes,
91.5 which may be used for financing programs and project investments authorized under this
91.6 section, prior to adoption of the strategic plan required under subdivision 7 and the investment
91.7 strategy under subdivision 8; and

91.8 (5) require a specific project to agree to implement a project labor agreement as a
91.9 condition of receiving financing from the authority.

91.10 Subd. 5. Underserved market analysis. (a) Before developing a financing program,
91.11 the authority must conduct an analysis of the financial market the authority is considering
91.12 entering in order to determine the extent to which the market is underserved and to ensure
91.13 that the authority's activities supplement, and do not duplicate or supplant, the efforts of
91.14 financing entities currently serving the market. The analysis must address the nature and
91.15 extent of any barriers or gaps that may be preventing financing entities from adequately
91.16 serving the market, and must examine present and projected future efforts of existing
91.17 financing entities, federal, state, and local governments, and of utilities and others to serve
91.18 the market.

91.19 (b) In determining whether the authority should enter a market, the authority must
91.20 consider:

91.21 (1) whether serving the market advances the authority's policy goals;

91.22 (2) the extent to which the market is currently underserved;

91.23 (3) the unique tools the authority would deploy to overcome existing market barriers or
91.24 gaps;

91.25 (4) how the authority would market the program to potential participants; and

91.26 (5) potential financing partners and the role financing partners would play in
91.27 complementing the authority's activities.

91.28 (c) Before providing any direct loans to residential borrowers, the authority must issue
91.29 a request for information to existing known financing entities, specifying the market need
91.30 and the authority's goals in meeting the underserved market segment, and soliciting each
91.31 financing entity's:

91.32 (1) current financing offerings for that specific market;

92.1 (2) prior efforts to meet that specific market; and

92.2 (3) plans and capabilities to serve that specific market.

92.3 (d) The authority may only provide direct loans to residential borrowers if the authority
92.4 certifies that no financing entity is currently able to meet the specific underserved market
92.5 need and the authority's goals, and that the authority's entry into the market will not supplant
92.6 or duplicate any existing financing activities in that specific market.

92.7 Subd. 6. Authority lending practices; labor and consumer protection standards. (a)
92.8 In determining the projects in which the authority will participate, the authority must give
92.9 preference to projects that:

92.10 (1) maximize the creation of high-quality employment and apprenticeship opportunities
92.11 for local workers, consistent with the public interest, especially workers from environmental
92.12 justice communities, labor organizations, and from Minnesota communities hosting retired
92.13 or retiring electric generation facilities, including workers previously employed at retiring
92.14 facilities;

92.15 (2) utilize energy technologies produced domestically that received an advanced
92.16 manufacturing tax credit under section 45X of the Internal Revenue Code, as allowed under
92.17 the federal Inflation Reduction Act of 2022, Public Law 117-169;

92.18 (3) certify, for all contractors and subcontractors, that the rights of workers to organize
92.19 and unionize are recognized; and

92.20 (4) agree to implement a project labor agreement.

92.21 (b) The authority must require, for all projects for which the authority provides financing,
92.22 that:

92.23 (1) if the budget is \$100,000 or more, all contractors and subcontractors:

92.24 (i) must pay no less than the prevailing wage rate, as defined in section 177.42,
92.25 subdivision 6; and

92.26 (ii) are subject to the requirements and enforcement provisions under sections 177.27,
92.27 177.30, 177.32, 177.41 to 177.43, and 177.45, including the posting of prevailing wage
92.28 rates, prevailing hours of labor and hourly basic rates of pay for all trades on the project in
92.29 at least one conspicuous location at the project site;

92.30 (2) financing is not offered without first ensuring that the participants meet the authority's
92.31 underwriting criteria; and

93.1 (3) any loan made to a homeowner for a project on the homeowner's residence complies
93.2 with section 47.59 and the following federal laws:

93.3 (i) the Truth in Lending Act, United States Code, title 15, section 1601 et seq.;

93.4 (ii) the Fair Credit Reporting Act, United States Code, title 15, section 1681;

93.5 (iii) the Equal Credit Opportunity Act, United States Code, title 15, section 1691 et seq.;

93.6 and

93.7 (iv) the Fair Debt Collection Practices Act, United States Code, title 15, section 1692.

93.8 (c) The authority and any third-party administrator, contractor, subcontractor, or agent
93.9 that conducts lending, financing, investment, marketing, administration, servicing, or
93.10 installation of measures in connection with a qualified project financed in whole or in part
93.11 with authority funds is subject to sections 325D.43 to 325D.48; 325F.67 to 325F.71; 325G.06
93.12 to 325G.14; 325G.29 to 325G.37; and 332.37.

93.13 (d) For the purposes of this section, "local workers" means Minnesota residents who
93.14 permanently reside within 150 miles of the location of a proposed project in which the
93.15 authority is considering to participate.

93.16 Subd. 7. **Strategic plan.** (a) By December 15, 2024, and each December 15 in
93.17 even-numbered years thereafter, the authority must develop and adopt a strategic plan that
93.18 prioritizes the authority's activities over the next two years. A strategic plan must:

93.19 (1) identify targeted underserved markets for qualified projects in Minnesota;

93.20 (2) develop specific programs to overcome market impediments through access to
93.21 authority financing and technical assistance; and

93.22 (3) develop outreach and marketing strategies designed to make potential project
93.23 developers, participants, and communities aware of financing and technical assistance
93.24 available from the authority, including the deployment of community navigators.

93.25 (b) Elements of the strategic plan must be informed by the authority's analysis of the
93.26 market for qualified projects, and by the authority's experience under the previous strategic
93.27 plan, including the degree to which performance targets were or were not achieved by each
93.28 financing program. In addition, the authority must actively seek input regarding activities
93.29 that should be included in the strategic plan from stakeholders, environmental justice
93.30 communities, the general public, and participants, including via meetings required under
93.31 subdivision 9.

94.1 (c) The authority must establish annual targets in a strategic plan for each financing
94.2 program regarding the number of projects, level of authority investments, greenhouse gas
94.3 emissions reductions, and installed generating capacity or energy savings the authority
94.4 hopes to achieve, including separate targets for authority activities undertaken in
94.5 environmental justice communities.

94.6 (d) The authority's targets and strategies must be designed to ensure that no less than 40
94.7 percent of the direct benefits of authority activities flow to environmental justice communities
94.8 as defined under subdivision 2, by the United States Department of Energy, or as modified
94.9 by the department.

94.10 **Subd. 8. Investment strategy; content; process.** (a) No later than December 15, 2024,
94.11 and every four years thereafter, the authority must adopt a long-term investment strategy
94.12 to ensure the authority's paramount goal to reduce greenhouse gas emissions is reflected in
94.13 all of the authority's operations. The investment strategy must address:

94.14 (1) the types of qualified projects the authority should focus on;

94.15 (2) gaps in current qualified project financing that present the greatest opportunities for
94.16 successful action by the authority;

94.17 (3) how the authority can best position itself to maximize its impact without displacing,
94.18 subsidizing, or assuming risk that should be shared with financing entities;

94.19 (4) financing tools that will be most effective in achieving the authority's goals;

94.20 (5) partnerships the authority should establish with other organizations to increase the
94.21 likelihood of success; and

94.22 (6) how values of equity, environmental justice, and geographic balance can be integrated
94.23 into all investment operations of the authority.

94.24 (b) In developing an investment strategy, the authority must consult, at a minimum, with
94.25 similar organizations in other states, lending authorities, state agencies, utilities,
94.26 environmental and energy policy nonprofits, labor organizations, and other organizations
94.27 that can provide valuable advice on the authority's activities.

94.28 (c) The long-term investment strategy must contain provisions ensuring that:

94.29 (1) authority investments are not made solely to reduce private risk; and

94.30 (2) private financing entities do not unilaterally control the terms of investments to which
94.31 the authority is a party.

95.1 (d) The board must submit a draft long-term investment strategy for comment to each
95.2 of the groups and individuals the board consults under paragraph (b) and to the chairs and
95.3 ranking minority members of the senate and house of representatives committees with
95.4 primary jurisdiction over energy finance and policy, and must post the draft strategy on the
95.5 authority's website. The authority must accept written comments on the draft strategy for
95.6 at least 30 days and must consider the comments in preparing the final long-term investment
95.7 strategy.

95.8 Subd. 9. **Public communications and outreach.** The authority must:

95.9 (1) maintain a public website that provides information about the authority's operations,
95.10 current financing programs, and practices, including rates, terms, and conditions; the number
95.11 and amount of investments by project type; the number of jobs created; the financing
95.12 application process; and other information;

95.13 (2) periodically issue an electronic newsletter to stakeholders and the public containing
95.14 information on the authority's products, programs, and services and key authority events
95.15 and decisions; and

95.16 (3) hold quarterly meetings accessible online to update the general public on the
95.17 authority's activities, report progress being made in regard to the authority's strategic plan
95.18 and long-term investment strategy, and invite audience questions regarding authority
95.19 programs.

95.20 Subd. 10. **Board of directors.** (a) The Minnesota Climate Innovation Finance Authority
95.21 Board of Directors shall consist of the following 13 members:

95.22 (1) the commissioner of commerce, or the commissioner's designee;

95.23 (2) the commissioner of labor and industry, or the commissioner's designee;

95.24 (3) the commissioner of the Minnesota Pollution Control Agency, or the commissioner's
95.25 designee;

95.26 (4) the commissioner of employment and economic development, or the commissioner's
95.27 designee;

95.28 (5) the commissioner of the Minnesota Housing Finance Agency, or the commissioner's
95.29 designee;

95.30 (6) the chair of the Minnesota Indian Affairs Council, or the chair's designee; and

95.31 (7) seven additional members appointed by the governor, as follows:

96.1 (i) one member representing either a municipal electric utility or a cooperative electric
96.2 association;

96.3 (ii) one member, appointed after the governor consults with labor organizations in the
96.4 state, must be a representative of a labor union with experience working on clean energy
96.5 projects;

96.6 (iii) one member with expertise in the impact of climate change on Minnesota
96.7 communities, particularly low-income communities;

96.8 (iv) one member with expertise in financing projects at a community bank, credit union,
96.9 community development institution, or local government;

96.10 (v) one member with expertise in sustainable development and energy conservation;

96.11 (vi) one member with expertise in environmental justice; and

96.12 (vii) one member with expertise in investment fund management or financing and
96.13 deploying clean energy technologies.

96.14 (b) At least two members appointed to the board must permanently reside outside the
96.15 metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively
96.16 reflect the geographic and ethnic diversity of the state.

96.17 (c) Board members appointed under paragraph (a), clause (6), shall serve a term of four
96.18 years, except that the initial appointments made under clause (6), items (i) to (iii), shall be
96.19 for two-year terms, and the initial appointments made under clause (6), items (iv) to (vi),
96.20 shall be for three-year terms.

96.21 (d) Members appointed to the board must:

96.22 (1) provide evidence of a commitment to the authority's purposes and goals; and

96.23 (2) not hold any personal or professional conflicts of interest related to the authority's
96.24 activities, including with respect to the member's financial investments and employment or
96.25 the financial investments and employment of the member's immediate family members.

96.26 (e) The governor must make the appointments required under this section no later than
96.27 October 1, 2023.

96.28 (f) The initial meeting of the board of directors must be held no later than November
96.29 17, 2023. At the initial meeting, the board shall elect a chair and vice-chair by majority vote
96.30 of the members present.

97.1 (g) The authority shall contract with the department to provide administrative and
97.2 technical services to the board and to prospective borrowers, especially those serving or
97.3 located in environmental justice communities.

97.4 (h) Compensation of board members, removal of members, and filling of vacancies are
97.5 governed by the provisions of section 15.0575.

97.6 (i) Board members may be reappointed for up to two full terms.

97.7 (j) A majority of board members, excluding vacancies, constitutes a quorum for the
97.8 purpose of conducting business and exercising powers, and for all other purposes. Action
97.9 may be taken by the authority upon a vote of a majority of the quorum present.

97.10 (k) Board members and officers are not personally liable, either jointly or severally, for
97.11 any debt or obligation created or incurred by the authority.

97.12 Subd. 11. **Report; audit.** Beginning February 1, 2024, the authority must annually
97.13 submit a comprehensive report on the authority's activities during the previous year to the
97.14 governor and the chairs and ranking minority members of the legislative committees with
97.15 primary jurisdiction over energy policy. The report must contain, at a minimum, information
97.16 on:

97.17 (1) the amount of authority capital invested, by project type;

97.18 (2) the amount of private and public capital leveraged by authority investments, by
97.19 project type;

97.20 (3) the number of qualified projects supported, by project type and location within
97.21 Minnesota, including in environmental justice communities;

97.22 (4) the estimated number of jobs created for local workers and nonlocal workers, the
97.23 ratio of projects subject to and exempt from prevailing wage requirements under subdivision
97.24 6, paragraph (b), and tax revenue generated as a result of the authority's activities;

97.25 (5) estimated reductions in greenhouse gas emissions resulting from the authority's
97.26 activities;

97.27 (6) the number of clean energy projects financed in low- and moderate-income
97.28 households;

97.29 (7) a narrative describing the progress made toward the authority's equity, social, and
97.30 labor standards goals; and

97.31 (8) a financial audit conducted by an independent party.

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

98.2 Sec. 3. Minnesota Statutes 2022, section 216H.02, subdivision 1, is amended to read:

98.3 Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state
98.4 to reduce statewide greenhouse gas emissions across all sectors producing ~~those~~ greenhouse
98.5 gas emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30
98.6 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by
98.7 2050; by at least the following amounts, compared with the level of emissions in 2005:

98.8 (1) 15 percent by 2015;

98.9 (2) 30 percent by 2025;

98.10 (3) 50 percent by 2030; and

98.11 (4) to net zero by 2050.

98.12 (b) To the maximum extent practicable, actions taken to achieve these goals must avoid
98.13 causing disproportionate adverse impacts to residents of communities that are or have been
98.14 incommensurately exposed to pollution affecting human health and environmental quality.

98.15 (c) The ~~levels shall~~ targets must be reviewed based on the climate change action plan
98.16 study annually by the commissioner of the Pollution Control Agency, taking into account
98.17 the latest scientific research on the impacts of climate change and strategies to reduce
98.18 greenhouse gas emissions published by the Intergovernmental Panel on Climate Change.
98.19 The commissioner must forward any recommended changes to the targets to the chairs and
98.20 ranking minority members of legislative committees with primary jurisdiction over climate
98.21 change and environmental policy.

98.22 (d) For the purposes of the subdivision, "net zero" means:

98.23 (1) statewide greenhouse gas emissions equal to zero; or

98.24 (2) the balance of annual statewide greenhouse gas emissions, minus any terrestrial
98.25 sequestration of statewide greenhouse gas emissions, equals zero or less.

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

98.27 Sec. 4. **LOCAL CLIMATE ACTION GRANT PROGRAM.**

98.28 Subdivision 1. **Definitions.** For the purpose of this section, the following terms have
98.29 the meanings given:

99.1 (1) "climate change" means a change in global or regional climate patterns associated
 99.2 with increased levels of greenhouse gas emissions entering the atmosphere largely as a
 99.3 result of human activity;

99.4 (2) "commissioner" means the commissioner of the Pollution Control Agency;

99.5 (3) "eligible applicant" means a political subdivision, an organization exempt from
 99.6 taxation under section 501(c)(3) of the Internal Revenue Code, or an educational institution;

99.7 (4) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous
 99.8 oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that
 99.9 trap heat in the atmosphere;

99.10 (5) "local jurisdiction" means the geographical area in which grant activities are to take
 99.11 place; and

99.12 (6) "political subdivision" means:

99.13 (i) a county, home rule charter and statutory city or town, regional development
 99.14 commission established under Minnesota Statutes, section 462.387, or any other local
 99.15 political subdivision; or

99.16 (ii) a Tribal government, as defined in Minnesota Statutes, section 116J.64, subdivision
 99.17 4.

99.18 Subd. 2. **Establishment.** The commissioner must establish a local climate action grant
 99.19 program in the Pollution Control Agency. The purpose of the program is to provide grants
 99.20 to support local jurisdictions to address climate change by developing and implementing
 99.21 plans of action or creating new organizations and institutions to devise policies and programs
 99.22 that:

99.23 (1) enable local jurisdictions to adapt to extreme weather events and a changing climate;
 99.24 or

99.25 (2) reduce the local jurisdiction's contributions to the causes of climate change.

99.26 Subd. 3. **Application.** (a) Application for a grant under this section must be made to the
 99.27 commissioner on a form developed by the commissioner. The commissioner must develop
 99.28 procedures for soliciting and reviewing applications and awarding grants under this section.

99.29 (b) Eligible applicants for a grant under this section must be located in or conduct the
 99.30 preponderance of their work in the local jurisdiction where the grant activities are to take
 99.31 place.

100.1 Subd. 4. **Awarding grants.** (a) In awarding grants under this section, the commissioner
100.2 must give preference to proposals that seek to involve a broad array of community residents,
100.3 organizations, and institutions in the local jurisdiction's efforts to address climate change.

100.4 (b) The commissioner shall endeavor to award grants under this section to applicants in
100.5 all regions of the state.

100.6 Subd. 5. **Grant amounts.** (a) No grant awarded under this section may exceed \$50,000.

100.7 (b) A grant awarded under this section for activities taking place in a local jurisdiction
100.8 whose population equals or exceeds 20,000 must be matched 50 percent with local funds.

100.9 (c) A grant awarded under this section for activities taking place in a local jurisdiction
100.10 whose population is under 20,000 must be matched a minimum of five percent with local
100.11 funds or equivalent in-kind services.

100.12 Subd. 6. **Contract; greenhouse gas emissions data.** The commissioner shall contract
100.13 with an independent consultant to estimate the annual amount of greenhouse gas emissions
100.14 generated within those political subdivisions awarded a grant under this section that the
100.15 commissioner determines need the data in order to carry out the proposed grant activities.
100.16 The information must contain emissions data for the most recent three years available, and
100.17 must conform with the ICLEI U.S. Community Protocol for Accounting and Reporting of
100.18 Greenhouse Gas Emissions, including, at a minimum, the Basic Emissions Generating
100.19 Activities described therein.

100.20 Subd. 7. **Technical assistance.** The Pollution Control Agency shall provide directly or
100.21 contract with an entity outside the agency to provide technical assistance to applicants
100.22 proposing to develop an action plan under this section, including greenhouse gas emissions
100.23 estimates developed under subdivision 6, and examples of actions taken and plans developed
100.24 by other local communities in Minnesota and elsewhere.

100.25 Subd. 8. **Eligible expenditures.** Appropriations made to support the activities of this
100.26 section may be used only to:

100.27 (1) provide grants as specified in this section;

100.28 (2) pay a consultant for contracted services provided under subdivisions 6 and 7; and

100.29 (3) reimburse the reasonable expenses of the Pollution Control Agency to provide
100.30 technical assistance to applicants and to administer the grant program.

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

ARTICLE 7**SOLAR**

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Section 1. Minnesota Statutes 2022, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) \$10,000,000 in 2021;

(2) \$10,000,000 in 2022;

(3) ~~\$5,000,000~~ \$10,000,000 in 2023; ~~and~~

(4) ~~\$5,000,000~~ \$10,000,000 in 2024;

(5) \$15,000,000 in 2025;

(6) \$15,000,000 in 2026; and

(7) \$15,000,000 in 2027.

(e) Notwithstanding the Department of Commerce's November 14, 2018 Decision in Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production incentive program, of the amounts allocated under paragraph (d), clauses (3), (4), and (5), \$5,000,000 in each year must be reserved for solar energy systems whose installation meets the eligibility standards for the low-income program established in the November 14, 2018 Decision or successor decisions of the department. All other program operations of the solar

102.1 energy production incentive program shall continue to be governed by the provisions of the
102.2 November 14, 2018 Decision or successor decisions of the department.

102.3 ~~(e)~~ (f) Funds allocated to the solar energy production incentive program that have not
102.4 been committed to a specific project at the end of a program year remain available to the
102.5 solar energy production incentive program.

102.6 ~~(f)~~ (g) Any unspent amount remaining on January 1, ~~2025~~ 2028, must be transferred to
102.7 the renewable development account.

102.8 ~~(g)~~ (h) A solar energy system receiving a production incentive under this section must
102.9 be sized to less than 120 percent of the customer's on-site annual energy consumption when
102.10 combined with other distributed generation resources and subscriptions provided under
102.11 section 216B.1641 associated with the premise. The production incentive must be paid for
102.12 ten years commencing with the commissioning of the system.

102.13 ~~(h)~~ (i) The utility must file a plan to operate the program with the commissioner of
102.14 commerce. The utility may not operate the program until it is approved by the commissioner.
102.15 A change to the program to include projects up to a nameplate capacity of 40 kilowatts or
102.16 less does not require the utility to file a plan with the commissioner. Any plan approved by
102.17 the commissioner of commerce must not provide an increased incentive scale over prior
102.18 years unless the commissioner demonstrates that changes in the market for solar energy
102.19 facilities require an increase.

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

102.21 **Sec. 2. [116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

102.24 (b) "Agency" means the Minnesota Pollution Control Agency.

102.25 (c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that
102.26 served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

102.27 (d) "Corrective action determination" means a decision by the agency regarding actions
102.28 to be taken to remediate contaminated soil and groundwater at Area C.

102.29 (e) "Owner" means the owner of solar energy generating system planned to be deployed
102.30 at Area C.

102.31 (f) "Solar energy generating system" has the meaning given in section 216E.01,
102.32 subdivision 9a.

103.1 Subd. 2. **Account established.** The Area C contingency account is established as a
103.2 separate account in the special revenue fund in the state treasury. Transfers and appropriations
103.3 to the account, and any earnings or dividends accruing to assets in the account, must be
103.4 credited to the account. The commissioner shall serve as fiscal agent and shall manage the
103.5 account.

103.6 Subd. 3. **Distribution of funds; conditions.** Money from the account may be distributed
103.7 by the commissioner to the owner of a solar energy generating system planned to be deployed
103.8 on Area C under the following conditions:

103.9 (1) the agency issues a corrective action determination after the owner has begun to
103.10 design or construct the project, and implementation of the corrective action results in a need
103.11 for the project to be redesigned or construction to be interrupted or altered; or

103.12 (2) the agency issues a corrective action determination whose work plan results in
103.13 temporary cessation or partial or complete removal of the solar energy generating system
103.14 after it has become operational.

103.15 Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution
103.16 of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing
103.17 must describe the nature of the impact of the work plan that results in economic losses to
103.18 the owner, and a reasonable estimate of the amount of those losses.

103.19 (b) The owner must provide the commissioner with information the commissioner
103.20 determines to be necessary to assist in the review of the filing required under this subdivision.

103.21 (c) The commissioner shall review the owner's filing within 60 days of submission and
103.22 shall approve a request the commissioner determines to be reasonable.

103.23 Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this
103.24 section may be used by the owner only to pay for:

103.25 (1) removal, storage, and transportation costs incurred for removal of the solar energy
103.26 generating system or any associated infrastructure, and any costs to reinstall equipment;

103.27 (2) costs of redesign or new equipment or infrastructure made necessary by the activities
103.28 of the agency's work plan;

103.29 (3) lost revenues resulting from the inability of the solar energy generating system to
103.30 generate sufficient electricity to fulfill the terms of the power purchase agreement between
103.31 the owner and the purchaser of electricity generated by the solar energy generating system;

104.1 (4) other damages incurred under the power purchase agreement resulting from the
104.2 cessation of operations made necessary by the activities of the agency's work plan; and

104.3 (5) the cost of energy required to replace the energy that was to be generated by the solar
104.4 energy generating system and purchased under the power purchase agreement.

104.5 Subd. 6. **Report.** Beginning July 1, 2026, and every three years thereafter, the agency
104.6 must submit a written report to the chairs and ranking minority members of the senate and
104.7 house of representatives committees with jurisdiction over environment and energy assessing
104.8 the likelihood of the agency's approving a corrective action determination to remediate Area
104.9 C.

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

104.11 Sec. 3. Minnesota Statutes 2022, section 216B.164, is amended by adding a subdivision
104.12 to read:

104.13 Subd. 12. **Customer's access to electricity usage data.** A utility must provide a
104.14 customer's electricity usage data to the customer within ten days of the date the utility
104.15 receives a request from the customer that is accompanied by evidence that the energy usage
104.16 data is relevant to the interconnection of a qualifying facility on behalf of the customer. For
104.17 the purposes of this subdivision, "electricity usage data" includes but is not limited to: (1)
104.18 the total amount of electricity used by a customer monthly; (2) usage by time period if the
104.19 customer operates under a tariff where costs vary by time-of-use; and (3) usage data that is
104.20 used to calculate a customer's demand charge.

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

104.22 Sec. 4. Minnesota Statutes 2022, section 216B.1641, is amended to read:

104.23 **216B.1641 COMMUNITY SOLAR GARDEN.**

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

104.26 (b) "Subscribed energy" means electricity generated by the community solar garden that
104.27 is attributable to a subscriber's subscription.

104.28 (c) "Subscriber" means a retail customer who owns one or more subscriptions of a
104.29 community solar garden interconnected with the retail customer's utility.

104.30 (d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

105.1 Subd. 2. Solar garden; project requirements. (a) ~~The~~ Each public utility ~~subject to~~
105.2 ~~section 116C.779~~ providing electric service at retail to customers in Minnesota shall file by
105.3 ~~September 30, 2013~~ January 15, 2024, a plan with the commission to operate a community
105.4 solar garden program which shall begin operations within 90 days after commission approval
105.5 of the plan. ~~Other public utilities may file an application at their election.~~ The community
105.6 solar garden program must be designed to offset the energy use of not less than five
105.7 subscribers in each community solar garden facility of which no single subscriber has more
105.8 than a 40 percent interest. The owner of the community solar garden may be a public utility
105.9 or any other entity or organization that contracts to sell the output from the community solar
105.10 garden to the utility under section 216B.164. There shall be no limitation on the number or
105.11 cumulative generating capacity of community solar garden facilities other than the limitations
105.12 imposed under section 216B.164, subdivision 4c, or other limitations provided in law or
105.13 regulations.

105.14 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
105.15 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
105.16 electricity generated in proportion to the size of their subscription. The solar garden must
105.17 have a nameplate capacity of no more than ~~one megawatt~~ five megawatts. Each subscription
105.18 shall be sized to represent at least 200 watts of the community solar garden's generating
105.19 capacity and to supply, when combined with other distributed generation resources serving
105.20 the premises, no more than 120 percent of the average annual consumption of electricity
105.21 by each subscriber at the premises to which the subscription is attributed.

105.22 (c) The solar generation facility must be located in the service territory of the public
105.23 utility filing the plan. Subscribers must be retail customers of the public utility ~~located in~~
105.24 ~~the same county or a county contiguous to where the facility is located.~~

105.25 (d) The public utility must purchase from the community solar garden all energy generated
105.26 by the solar garden. The purchase shall be at the rate calculated under section 216B.164,
105.27 subdivision 10, or, until that rate for the public utility has been approved by the commission,
105.28 the applicable retail rate. A solar garden is eligible for any incentive programs offered under
105.29 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
105.30 the subscriber's bill.

105.31 Subd. 3. Solar garden plan; requirements; nonutility status. ~~(e)~~ (a) The commission
105.32 may approve, disapprove, or modify a community solar garden program. Any plan approved
105.33 by the commission must:

106.1 (1) reasonably allow for the creation, financing, and accessibility of community solar
106.2 gardens;

106.3 (2) establish uniform standards, fees, and processes for the interconnection of community
106.4 solar garden facilities that allow the utility to recover reasonable interconnection costs for
106.5 each community solar garden;

106.6 (3) not apply different requirements to utility and nonutility community solar garden
106.7 facilities;

106.8 (4) be consistent with the public interest;

106.9 (5) identify the information that must be provided to potential subscribers to ensure fair
106.10 disclosure of future costs and benefits of subscriptions;

106.11 (6) include a program implementation schedule;

106.12 (7) identify all proposed rules, fees, and charges; and

106.13 (8) identify the means by which the program will be promoted.

106.14 ~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a
106.15 community solar garden facility shall be considered a utility solely as a result of their
106.16 participation in the community solar garden facility.

106.17 ~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility
106.18 shall begin crediting subscriber accounts for each community solar garden facility in its
106.19 service territory, and shall file with the commissioner of commerce a description of its
106.20 crediting system.

106.21 ~~(h) For the purposes of this section, the following terms have the meanings given:~~

106.22 ~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions~~
106.23 ~~of a community solar garden facility interconnected with that utility; and~~

106.24 ~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

106.25 **Subd. 4. Community access project; eligibility.** (a) An owner of a community solar
106.26 garden may apply to the utility to be designated as a community access project at any time:

106.27 (1) before the owner makes an initial payment under an interconnection agreement
106.28 entered into with a public utility; or

106.29 (2) if the owner made an initial payment under an interconnection agreement between
106.30 January 1, 2023, and the effective date of this section, before commercial operation begins.

107.1 (b) The utility must designate a solar garden as a community access project if the owner
107.2 of a solar garden commits in writing to meet the following conditions:

107.3 (1) at least 50 percent of the solar garden's generating capacity is subscribed by residential
107.4 customers;

107.5 (2) the contract between the owner of the solar garden and the public utility that purchases
107.6 the garden's electricity, and any agreement between the utility or owner of the solar garden
107.7 and subscribers, states that the owner of the solar garden does not discriminate against or
107.8 screen subscribers based on income or credit score and that any customer of a utility with
107.9 a community solar garden plan approved by the commission under subdivision 3 is eligible
107.10 to become a subscriber;

107.11 (3) the solar garden is operated by an entity that maintains a physical address in Minnesota
107.12 and has designated a contact person in Minnesota who responds to subscriber inquiries; and

107.13 (4) the agreement between the owner of the solar garden and subscribers states that the
107.14 owner must adequately publicize and convene at least one meeting annually to provide an
107.15 opportunity for subscribers to pose questions to the manager or owner.

107.16 Subd. 5. **Community access project; financial arrangements.** (a) If a utility approves
107.17 a solar garden as a community access project:

107.18 (1) the public utility purchasing the electricity generated by the community access project
107.19 may charge the owner of the community access project no more than one cent per watt
107.20 alternating current based on the solar garden's generating capacity for any refundable deposit
107.21 the utility requires of a solar garden during the application process;

107.22 (2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all
107.23 energy generated by the community access project at the retail rate; and

107.24 (3) all renewable energy credits generated by the community access project belong to
107.25 subscribers unless the owner of the solar garden:

107.26 (i) contracts to:

107.27 (A) sell the credits to a third party; or

107.28 (B) sell or transfer the credits to the utility; and

107.29 (ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a
107.30 subscription.

108.1 (b) If at any time after commercial operation begins a solar garden that the utility
108.2 approved as a community access project fails to meet the conditions under subdivision 4,
108.3 the solar garden:

108.4 (1) is no longer subject to this subdivision and subdivision 6; and

108.5 (2) must operate under the program rules established by the commission for a solar
108.6 garden that does not qualify as a community access project.

108.7 (c) An owner of a solar garden whose designation as a community access project is
108.8 revoked under this subdivision may reapply to the commission at any time to have the
108.9 community access project designation reinstated under subdivision 4.

108.10 Subd. 6. **Community access project; reporting.** The owner of a community access
108.11 project must include the following information in an annual report to the community access
108.12 project subscribers and the utility:

108.13 (1) a description of the process by which subscribers may provide input to solar garden
108.14 policy and decision making;

108.15 (2) the amount of revenues received by the solar garden in the previous year that were
108.16 allocated to categories that include but are not limited to operating costs, debt service, profits
108.17 distributed to subscribers, and profits distributed to others; and

108.18 (3) an estimate of the proportion of low- and moderate-income subscribers, and a
108.19 description of one or more of the following methods used to make the estimate:

108.20 (i) evidence provided by a subscriber that the subscriber or a member of the subscriber's
108.21 household receives assistance from any of the following sources:

108.22 (A) the federal Low-Income Home Energy Assistance Program;

108.23 (B) federal Section 8 housing assistance;

108.24 (C) medical assistance;

108.25 (D) the federal Supplemental Nutrition Assistance Program; or

108.26 (E) the federal National School Lunch Program;

108.27 (ii) characterization of the census tract where the subscriber resides as low- or
108.28 moderate-income by the Federal Financial Institutions Examination Council; or

108.29 (iii) other methods approved by the commission.

108.30 Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the
108.31 commission must issue an order addressing the requirements of this section.

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

109.2 Sec. 5. Minnesota Statutes 2022, section 216C.08, is amended to read:

109.3 **216C.08 JURISDICTION.**

109.4 The commissioner has sole authority and responsibility for the administration of sections
109.5 216C.05 to 216C.30 and 216C.375. Other laws notwithstanding, the authority granted the
109.6 commissioner shall supersede the authority given any other agency whenever overlapping,
109.7 duplication, or additional administrative or legal procedures might occur in the administration
109.8 of sections 216C.05 to 216C.30 and 216C.375. The commissioner shall consult with other
109.9 state departments or agencies in matters related to energy and shall contract with them to
109.10 provide appropriate services to effectuate the purposes of sections 216C.05 to 216C.30 and
109.11 216C.375. Any other department, agency, or official of this state or political subdivision
109.12 thereof which would in any way affect the administration or enforcement of sections 216C.05
109.13 to 216C.30 and 216C.375 shall cooperate and coordinate all activities with the commissioner
109.14 to assure orderly and efficient administration and enforcement of sections 216C.05 to
109.15 216C.30 and 216C.375.

109.16 The commissioner shall designate a liaison officer whose duty shall be to insure the
109.17 maximum possible consistency in procedures and to eliminate duplication between the
109.18 commissioner and the other agencies that may be involved in energy.

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

109.20 Sec. 6. Minnesota Statutes 2022, section 216C.09, is amended to read:

109.21 **216C.09 COMMISSIONER DUTIES.**

109.22 (a) The commissioner shall:

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

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

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

110.1 (4) carry out energy conservation measures as specified by the legislature and recommend
110.2 to the governor and the legislature additional energy policies and conservation measures as
110.3 required to meet the objectives of sections 216C.05 to 216C.30 and 216C.375;

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

110.6 (6) evaluate policies governing the establishment of rates and prices for energy as related
110.7 to energy conservation, and other goals and policies of sections 216C.05 to 216C.30 and
110.8 216C.375, and make recommendations for changes in energy pricing policies and rate
110.9 schedules;

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

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

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

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

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

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

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

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

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

111.8 Sec. 7. Minnesota Statutes 2022, section 216C.375, is amended to read:

111.9 **216C.375 SOLAR FOR SCHOOLS PROGRAM.**

111.10 Subdivision 1. **Definitions.** (a) For the purposes of this section ~~and section 216C.376,~~
 111.11 the following terms have the meanings given them.

111.12 (b) "Developer" means an entity that installs a solar energy system on a school building
 111.13 that has been awarded a grant under this section.

111.14 (c) "Electricity expenses" means expenses associated with:

111.15 (1) purchasing electricity from a utility; or

111.16 (2) purchasing and installing a solar energy system, including financing and power
 111.17 purchase agreement payments, operation and maintenance contract payments, and interest
 111.18 charges.

111.19 ~~(d)~~ (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

111.20 ~~(e)~~ (e) "School" means:

111.21 (1) a school that operates as part of ~~an independent or special~~ a school district;

111.22 (2) a Tribal contract school; or

111.23 ~~(3)~~ (3) a state college or university that is under the jurisdiction of the Board of Trustees
 111.24 of the Minnesota State Colleges and Universities.

111.25 ~~(f)~~ (f) "School district" means:

111.26 (1) ~~an independent or~~ school district, as defined in section 120A.05, subdivision 10;

111.27 (2) a special school district, as defined in section 120A.05, subdivision 14; or

111.28 (3) a cooperative unit, as defined in section 123A.24, subdivision 2.

111.29 ~~(g)~~ (g) "Solar energy system" means photovoltaic or solar thermal devices.

112.1 ~~(g)~~ (h) "Solar thermal" has the meaning given to "qualifying solar thermal project" in
 112.2 section 216B.2411, subdivision 2, paragraph (d).

112.3 ~~(h)~~ (i) "State colleges and universities" has the meaning given in section 136F.01,
 112.4 subdivision 4.

112.5 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
 112.6 Department of Commerce. The purpose of the program is to provide grants to stimulate the
 112.7 installation of solar energy systems on or adjacent to school buildings by reducing the ~~cost~~
 112.8 school's electricity expenses, and to enable schools to use the solar energy system as a
 112.9 teaching tool that can be integrated into the school's curriculum.

112.10 Subd. 3. **Establishment of account.** A solar for schools program account is established
 112.11 in the special revenue fund. Money received from the general fund and from the renewable
 112.12 development account established under section 116C.779, subdivision 1, must be transferred
 112.13 to the commissioner of commerce and credited to the account. The account consists of
 112.14 money received from the general fund and the renewable development account, provided
 112.15 by law, donated, allocated, transferred, or otherwise provided to the account. Earnings,
 112.16 including interest, dividends, and any other earnings arising from the assets of the account
 112.17 must be credited to the account. Except as otherwise provided in this paragraph, money
 112.18 deposited in the account remains in the account until expended. Any money that remains
 112.19 in the account on June 30, ~~2027~~ 2034, cancels to the general fund.

112.20 Subd. 4. **Expenditures.** (a) Money in the account may be used only:

112.21 (1) for grant awards made under this section; and

112.22 (2) to pay the reasonable costs incurred by the department to administer this section.

112.23 (b) Grant awards made with funds ~~in the account~~ from the general fund must be used
 112.24 only for grants for solar energy systems installed on or adjacent to school buildings receiving
 112.25 retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

112.26 (c) Grant awards made with funds from the renewable development account must be
 112.27 used only for grants for solar energy systems installed on or adjacent to school buildings
 112.28 receiving retail electric service from a utility that is subject to section 116C.779, subdivision
 112.29 1.

112.30 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section
 112.31 only if the solar energy system that is the subject of the grant:

113.1 (1) is installed on or adjacent to the school building that consumes the electricity generated
113.2 by the solar energy system, on property within the service territory of the utility currently
113.3 providing electric service to the school building;

113.4 (2) if installed on or adjacent to a school building receiving retail electric service from
113.5 a utility that is not subject to section 116C.779, subdivision 1, has a capacity that does not
113.6 exceed the lesser of 40 kilowatts alternating current or 120 percent of the estimated annual
113.7 electricity consumption of the school building at which the solar energy system is installed;
113.8 and

113.9 (3) if installed on or adjacent to a school building receiving retail electric service from
113.10 a utility that is subject to section 116C.779, subdivision 1, has a capacity that does not
113.11 exceed the lesser of 1,000 kilowatts alternating current or 120 percent of the estimated
113.12 annual electricity consumption of the school building at which the solar energy system is
113.13 installed;

113.14 (4) has real-time and cumulative display devices, located in a prominent location
113.15 accessible to students and the public, that indicate the system's electrical performance.

113.16 (b) A school that receives a rebate or other financial incentive under section 216B.241
113.17 for a solar energy system and that demonstrates considerable need for financial assistance,
113.18 as determined by the commissioner, is eligible for a grant under this section for the same
113.19 solar energy system.

113.20 **Subd. 6. Application process.** (a) The commissioner must issue a request for proposals
113.21 to utilities, schools, and developers who may wish to apply for a grant under this section
113.22 on behalf of a school.

113.23 (b) A utility or developer must submit an application to the commissioner on behalf of
113.24 a school on a form prescribed by the commissioner. The form must include, at a minimum,
113.25 the following information:

113.26 (1) the capacity of the proposed solar energy system and the amount of electricity that
113.27 is expected to be generated;

113.28 (2) the current energy demand of the school building on which the solar energy generating
113.29 system is to be installed and information regarding any distributed energy resource, including
113.30 subscription to a community solar garden, that currently provides electricity to the school
113.31 building;

113.32 (3) a description of any solar thermal devices proposed as part of the solar energy system;

114.1 (4) the total cost to purchase and install the solar energy system and the solar energy
114.2 system's lifecycle cost, including removal and disposal at the end of the system's life;

114.3 (5) a copy of the proposed contract agreement between the school and the public utility
114.4 to which the solar energy system will be interconnected or the developer that includes
114.5 provisions addressing responsibility for maintenance of the solar energy system;

114.6 (6) the school's plan to make the solar energy system serve as a visible learning tool for
114.7 students, teachers, and visitors to the school, including how the solar energy system may
114.8 be integrated into the school's curriculum and provisions for real-time monitoring of the
114.9 solar energy system performance for display in a prominent location within the school or
114.10 on-demand in the classroom;

114.11 (7) information that demonstrates the school's level of need for financial assistance
114.12 available under this section;

114.13 (8) information that demonstrates the school's readiness to implement the project,
114.14 including but not limited to the availability of the site on which the solar energy system is
114.15 to be installed and the level of the school's engagement with the utility providing electric
114.16 service to the school building on which the solar energy system is to be installed on issues
114.17 relevant to the implementation of the project, including metering and other issues;

114.18 (9) with respect to the installation and operation of the solar energy system, the
114.19 willingness and ability of the developer or the public utility to:

114.20 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
114.21 subdivision 6; and

114.22 (ii) adhere to the provisions of section 177.43;

114.23 (10) ~~how the developer or public utility plans to reduce the school's initial capital expense~~
114.24 ~~to~~ projected reductions in electricity expenses resulting from the purchase and install
114.25 installation of the solar energy system by providing financial assistance to the school; and

114.26 (11) any other information deemed relevant by the commissioner.

114.27 (c) The commissioner must administer an open application process under this section
114.28 at least twice annually.

114.29 (d) The commissioner must develop administrative procedures governing the application
114.30 and grant award process.

114.31 (e) The school, the developer, or the utility to which the solar energy generating system
114.32 is interconnected must annually submit to the commissioner on a form prescribed by the

115.1 commissioner a report containing the following information for each of the 12 previous
115.2 months:

115.3 (1) the total number of kilowatt-hours of electricity consumed by the school;

115.4 (2) the total number of kilowatt-hours generated by the solar energy generating system;

115.5 (3) the amount paid by the school to its utility for electricity; and

115.6 (4) any other information requested by the commissioner.

115.7 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
115.8 a grant under this section ~~shall~~ must provide the commissioner information regarding energy
115.9 conservation measures implemented at the school building at which the solar energy system
115.10 is installed. The commissioner may make recommendations to the school regarding
115.11 cost-effective conservation measures it can implement and may provide technical assistance
115.12 and direct the school to available financial assistance programs.

115.13 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
115.14 schools to develop and execute projects under this section.

115.15 Subd. 9. **Grant payments.** The commissioner must award a grant from the account
115.16 established under subdivision 3 to a school for the necessary costs associated with the
115.17 purchase and installation of a solar energy system. The amount of the grant must be based
115.18 on the commissioner's assessment of the school's need for financial assistance.

115.19 Subd. 10. **Application deadline.** No application may be submitted under this section
115.20 after December 31, ~~2025~~ 2032.

115.21 Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January
115.22 15, ~~2028~~ 2035, the commissioner must report to the chairs and ranking minority members
115.23 of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts
115.24 awarded to schools under this section during the previous year; ~~(2) financial assistance,~~
115.25 ~~including amounts per award, provided to schools under section 216C.376 during the~~
115.26 ~~previous year; and (3) any remaining balances available under this section and section~~
115.27 ~~216C.376.~~ (2) the amount of electricity generated by solar energy generating systems awarded
115.28 a grant under this section; and (3) the impact on school electricity expenses.

115.29 Subd. 12. **Renewable energy credits.** Renewable energy credits associated with the
115.30 electricity generated by a solar energy generating system installed under this section in the
115.31 electric service area of a public utility subject to section 116C.779 are the property of the
115.32 public utility for the life of the solar energy generating system.

116.1 **Sec. 8. [216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.**

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

116.4 (b) "Developer" means an entity that applies for a grant on behalf of a public building
116.5 under this section to install a solar energy generating system on the public building.

116.6 (c) "Local unit of government" means:

116.7 (1) a county, statutory or home rule charter city, town, or other local government
116.8 jurisdiction, excluding a school district eligible to receive financial assistance under section
116.9 216C.375 or 216C.376; or

116.10 (2) a federally recognized Tribe in Minnesota.

116.11 (d) "Municipal electric utility" means a utility that provides electric service to retail
116.12 customers in Minnesota and is governed by a city council or a local utilities commission.

116.13 (e) "Public building" means:

116.14 (1) a building owned and operated by a local unit of government; or

116.15 (2) a building owned by a federally recognized Tribe in Minnesota whose primary
116.16 purpose is Tribal government operations.

116.17 (f) "Solar energy generating system" has the meaning given in section 216E.01,
116.18 subdivision 9a.

116.19 Subd. 2. **Establishment; purpose.** A solar on public buildings grant program is
116.20 established in the Department of Commerce. The purpose of the program is to provide grants
116.21 to stimulate the installation of solar energy generating systems on public buildings.

116.22 Subd. 3. **Establishment of account.** A solar on public buildings grant program account
116.23 is established in the special revenue fund. Money received from the general fund and the
116.24 renewable development account established in section 116C.779, subdivision 1, must be
116.25 transferred to the commissioner of commerce and credited to the account. Earnings, including
116.26 interest, dividends, and any other earnings arising from the assets of the account, must be
116.27 credited to the account. Earnings remaining in the account at the end of a fiscal year do not
116.28 cancel to the general fund or renewable development account but remain in the account
116.29 until expended. The commissioner must manage the account.

116.30 Subd. 4. **Appropriation; expenditures.** Money in the account established under
116.31 subdivision 3 is appropriated to the commissioner for the purposes of this section and must
116.32 be used only:

117.1 (1) for grant awards made under this section; and

117.2 (2) to pay the reasonable costs of the department to administer this section.

117.3 Subd. 5. **Eligible system.** (a) A grant may be awarded to a local unit of government
117.4 under this section only if the solar energy generating system that is the subject of the grant:

117.5 (1) is installed on or adjacent to a public building that consumes the electricity generated
117.6 by the solar energy generating system, on property within the service territory of the utility
117.7 currently providing electric service to the public building; and

117.8 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
117.9 average annual electricity consumption of the public building, measured over the most
117.10 recent three calendar years, at which the solar energy generating system is installed.

117.11 (b) A public building that receives a rebate or other financial incentive under section
117.12 216B.241 for a solar energy generating system is eligible for a grant under this section for
117.13 the same solar energy generating system.

117.14 (c) Before filing an application for a grant under this section, a local unit of government
117.15 or public building that is served by a municipal electric utility must inform the municipal
117.16 electric utility of the local unit of government's or public building's intention to do so. A
117.17 municipal electric utility may, under an agreement with a local unit of government, own
117.18 and operate a solar energy generating system awarded a grant under this section on behalf
117.19 of and for the benefit of the local unit of government.

117.20 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals
117.21 to utilities, local units of government, and developers who may wish to apply for a grant
117.22 under this section on behalf of a public building.

117.23 (b) A utility or developer must submit an application to the commissioner on behalf of
117.24 a public building on a form prescribed by the commissioner. The form must include, at a
117.25 minimum, the following information:

117.26 (1) the capacity of the proposed solar energy generating system and the amount of
117.27 electricity that is expected to be generated;

117.28 (2) the current energy demand of the public building on which the solar energy generating
117.29 system is to be installed, information regarding any distributed energy resource that currently
117.30 provides electricity to the public building, and the size of the public building's subscription
117.31 to a community solar garden, if applicable;

118.1 (3) information sufficient to estimate the energy and monetary savings that are projected
118.2 to result from installation of the solar energy generating system over the system's useful
118.3 life;

118.4 (4) the total cost to purchase and install the solar energy system and the solar energy
118.5 system's lifecycle cost, including removal and disposal at the end of the system's life;

118.6 (5) a copy of the proposed contract agreement between the local unit of government and
118.7 the utility or developer that includes provisions addressing responsibility for maintenance,
118.8 removal, and disposal of the solar energy generating system; and

118.9 (6) if the applicant is other than the utility providing electric service to the public building
118.10 at which the solar energy generating system is to be installed, a written statement from that
118.11 utility that no issues that would prevent interconnection of the solar energy generating
118.12 system as proposed are foreseen.

118.13 (c) The commissioner must administer an open application process under this section
118.14 at least twice annually.

118.15 (d) The commissioner must develop administrative procedures governing the application
118.16 and grant award process under this section.

118.17 Subd. 7. **Energy conservation review.** At the commissioner's request, a local unit of
118.18 government awarded a grant under this section must provide the commissioner with
118.19 information regarding energy conservation measures implemented at the public building at
118.20 which the solar energy generating system is to be installed. The commissioner may make
118.21 recommendations to the local unit of government regarding cost-effective conservation
118.22 measures the local unit of government can implement and may provide technical assistance
118.23 and direct the local unit of government to available financial assistance programs.

118.24 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
118.25 local units of government to develop and execute projects under this section.

118.26 Subd. 9. **Grant payments.** The commissioner must award a grant from the account
118.27 established under subdivision 3 to a local unit of government for the necessary and reasonable
118.28 costs associated with the purchase and installation of a solar energy generating system. In
118.29 determining the amount of a grant award, the commissioner shall take into consideration
118.30 the financial capacity of the local unit of government awarded the grant.

118.31 Subd. 10. **Application deadline.** An application must not be submitted under this section
118.32 after June 30, 2026.

119.1 Subd. 11. **Contractor conditions.** A contractor or subcontractor performing construction
119.2 work on a project supported by a grant awarded under this section:

119.3 (1) must pay employees working on the project no less than the prevailing wage rate,
119.4 as defined in section 177.42; and

119.5 (2) is subject to the requirements and enforcement provisions of sections 177.27, 177.30,
119.6 177.32, 177.41 to 177.435, and 177.45.

119.7 Subd. 12. **Reporting.** Beginning January 15, 2024, and each year thereafter until January
119.8 15, 2027, the commissioner must report to the chairs and ranking minority members of the
119.9 legislative committees with jurisdiction over energy finance and policy regarding grants
119.10 and amounts awarded to local units of government under this section during the previous
119.11 year and any remaining balances available in the account established under this section.

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

119.13 Sec. 9. **[216C.379] DISTRIBUTED ENERGY RESOURCES SYSTEM UPGRADE**
119.14 **PROGRAM.**

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

119.17 (b) "Capacity constrained location" means a location on an electric utility's distribution
119.18 system that the utility has reasonably determined requires significant distribution or network
119.19 upgrades before additional distributed energy resources can interconnect.

119.20 (c) "Distribution upgrades" means the additions, modifications, and upgrades made to
119.21 an electric utility's distribution system to facilitate interconnection of distributed energy
119.22 resources.

119.23 (d) "Interconnection" means the process governed by the Minnesota Distributed Energy
119.24 Resources Interconnection Process and Agreement, as approved in the Minnesota Public
119.25 Utilities Commission's order issued April 19, 2019.

119.26 (e) "Net metered facility" has the meaning given in section 216B.164.

119.27 (f) "Network upgrades" means additions, modifications, and upgrades to the transmission
119.28 system required at or beyond the point at which the distributed energy resource interconnects
119.29 with an electric utility's distribution system to accommodate the interconnection of the
119.30 distributed energy resource with the electric utility's distribution system. Network upgrades
119.31 do not include distribution upgrades.

120.1 Subd. 2. **Establishment; purpose.** A distributed energy resources system upgrade
120.2 program is established in the Department of Commerce. The purpose of the program is to
120.3 provide funding to the utility subject to section 116C.779 to complete infrastructure upgrades
120.4 necessary to enable electricity customers to interconnect distributed energy resources. The
120.5 program must be designed to achieve the following goals to the maximum extent feasible:

120.6 (1) make upgrades at capacity constrained locations on the utility's distribution system
120.7 so that the number and capacity of distributed energy resources projects with a capacity of
120.8 up to 40 kilowatts alternating current that can be interconnected is sufficient to serve projected
120.9 demand;

120.10 (2) enable all distributed energy resources projects with a nameplate capacity of up to
120.11 40 kilowatts alternating current to be reviewed and approved by the utility within 43 business
120.12 days;

120.13 (3) minimize interconnection barriers for electricity customers seeking to construct net
120.14 metered facilities for on-site electricity use; and

120.15 (4) advance innovative solutions that can minimize the cost of distribution and network
120.16 upgrades required for interconnection, such as energy storage, control technologies, smart
120.17 inverters, distributed energy resources management systems, and other innovative
120.18 technologies and programs.

120.19 Subd. 3. **Required plan.** (a) By November 1, 2023, the utility subject to section 116C.779
120.20 must file a plan for the distributed energy resources system upgrade program with the
120.21 commissioner. The plan must contain:

120.22 (1) a description of how the utility proposes to use money in the distributed energy
120.23 resources system upgrade program account to upgrade its distribution system so that the
120.24 number and capacity of distributed energy resources that can be interconnected is sufficient
120.25 to serve projected demand;

120.26 (2) the locations where the utility proposes to make investments under the program;

120.27 (3) the number and capacity of distributed energy resources projects the utility anticipates
120.28 will be able to interconnect as a result of the program;

120.29 (4) a plan for reporting on the program's outcomes; and

120.30 (5) any additional information required by the commissioner.

120.31 (b) The utility subject to section 116C.779 is prohibited from implementing the program
120.32 until the commissioner approves the plan submitted under this subdivision. The commissioner

121.1 must approve a plan under this subdivision that the commissioner determines is in the public
121.2 interest no later than March 31, 2024. Any proposed modification to the plan approved
121.3 under this subdivision must be approved by the commissioner.

121.4 Subd. 4. **Project priorities.** In developing the plan required by subdivision 3, the utility
121.5 must prioritize making investments under this program:

121.6 (1) at capacity constrained locations on the distribution grid;

121.7 (2) in communities with demonstrated customer interest in distributed energy resources
121.8 as measured by completed, pending, and anticipated interconnection applications; and

121.9 (3) in communities with a climate action plan, clean energy goal, or policies that:

121.10 (i) seek to mitigate the impacts of climate change on the city; or

121.11 (ii) reduce the city's contributions to the causes of climate change.

121.12 Subd. 5. **Eligible costs.** The commissioner may pay the following reasonable costs of
121.13 the utility subject to section 116C.779 under a plan approved in accordance with subdivision
121.14 3 from money available in the distributed energy resources system upgrade program account:

121.15 (1) distribution upgrades and network upgrades;

121.16 (2) energy storage, control technologies such as a distributed energy resources
121.17 management system, or other innovative technology used to achieve the purpose of the
121.18 program established under this section;

121.19 (3) pilot programs operated by the utility to implement innovative technology solutions;
121.20 and

121.21 (4) costs incurred by the department to administer this section.

121.22 Subd. 6. **Capacity reserved.** The utility subject to section 116C.779 must reserve any
121.23 increase in capacity made available by upgrades paid for under this section for net metered
121.24 facilities and distributed energy resources with a nameplate capacity of up to 40 kilowatts
121.25 alternating current. The commissioner may modify the requirements of this subdivision
121.26 when the commissioner finds that it is in the public interest.

121.27 Subd. 7. **Establishment of account.** (a) A distributed energy resources system upgrade
121.28 program account is established in the special revenue fund. Earnings, including interest,
121.29 dividends, and any other earnings arising from the assets of the account, must be credited
121.30 to the account. Earnings remaining in the account at the end of a fiscal year do not cancel
121.31 to the general fund or renewable development account but remain in the account until
121.32 expended. The commissioner must manage the account.

122.1 (b) Money from the account is appropriated to the commissioner for the purposes of
122.2 section 216C.379.

122.3 Subd. 8. **Reporting of certain incidents.** The utility subject to section 116C.779 must
122.4 report to the commissioner within 60 days if any distributed energy resources project with
122.5 a capacity up to 40 kilowatts alternating current is unable to interconnect at a location for
122.6 which upgrade funding was provided under this program due to safety or reliability issues,
122.7 or the additional cost of distribution or network upgrades required. The utility must make
122.8 available to the commissioner all engineering analysis, studies, and information related to
122.9 any such instances. The commissioner may modify or waive this requirement after December
122.10 31, 2025.

122.11 Sec. 10. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY**
122.12 **SYSTEMS PROHIBITED.**

122.13 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
122.14 subdivision have the meanings given.

122.15 (b) "Private entity" means a homeowners association, community association, or other
122.16 association that is subject to a homeowners association document.

122.17 (c) "Homeowners association document" means a document containing the declaration,
122.18 articles of incorporation, bylaws, or rules and regulations of:

122.19 (1) a common interest community, as defined in section 515B.1-103, regardless of
122.20 whether the common interest community is subject to chapter 515B; and

122.21 (2) a residential community that is not a common interest community.

122.22 (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

122.23 Subd. 2. **Applicability.** This section applies to:

122.24 (1) single-family detached dwellings whose owner is the sole owner of the entire building
122.25 in which the dwelling is located and who is solely responsible for the maintenance, repair,
122.26 replacement, and insurance of the entire building; and

122.27 (2) multifamily attached dwellings whose owner is the sole owner of the entire building
122.28 in which the dwelling is located and who is solely responsible for the maintenance, repair,
122.29 replacement, and insurance of the entire building.

122.30 Subd. 3. **General rule.** Except as otherwise provided in this section and notwithstanding
122.31 any covenant, restriction, or condition contained in a deed, security instrument, homeowners
122.32 association document, or any other instrument affecting the transfer, sale of, or an interest

123.1 in real property, a private entity must not prohibit or refuse to permit the owner of a
123.2 single-family dwelling to install, maintain, or use a roof-mounted solar energy system.

123.3 Subd. 4. Allowable conditions. (a) A private entity may require that:

123.4 (1) a licensed contractor install a solar energy system;

123.5 (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or
123.6 beyond the edge of the roof;

123.7 (3) the owner or installer of a solar energy system indemnify or reimburse the private
123.8 entity or the private entity's members for loss or damage caused by the installation,
123.9 maintenance, use, repair, or removal of a solar energy system;

123.10 (4) the owner and each successive owner of a solar energy system list the private entity
123.11 as a certificate holder on the homeowner's insurance policy; or

123.12 (5) the owner and each successive owner of a solar energy system be responsible for
123.13 removing the system if reasonably necessary to repair, perform maintenance, or replace
123.14 common elements or limited common elements, as defined in section 515B.1-103.

123.15 (b) A private entity may impose other reasonable restrictions on installing, maintaining,
123.16 or using solar energy systems, provided that the restrictions do not (1) decrease the solar
123.17 energy system's projected energy generation by more than ten percent; or (2) increase the
123.18 solar energy system's cost by more than (i) 20 percent for a solar water heater, or (ii) \$1,000
123.19 for a solar photovoltaic system, when compared with the solar energy system's energy
123.20 generation and the cost of labor and materials as originally proposed without the restrictions,
123.21 as certified by the solar energy system's designer or installer. A private entity may obtain
123.22 an alternative bid and design from a solar energy system designer or installer for the purposes
123.23 of this paragraph.

123.24 (c) A solar energy system must meet applicable standards and requirements imposed by
123.25 the state and by governmental units, as defined in section 462.384.

123.26 (d) A solar energy system for heating water must be certified by the Solar Rating
123.27 Certification Corporation or an equivalent certification agency. A solar energy system for
123.28 producing electricity must meet (1) all applicable safety and performance standards
123.29 established by the National Electrical Code, the Institute of Electrical and Electronics
123.30 Engineers, and accredited testing laboratories, including but not limited to Underwriters
123.31 Laboratories; and (2) where applicable, rules of the Public Utilities Commission regarding
123.32 safety and reliability.

124.1 (e) If approval by a private entity is required prior to installing or using a solar energy
124.2 system, the application for approval (1) must be processed and approved in the same manner
124.3 as an application for approval of an architectural modification to the property, and (2) must
124.4 not be willfully avoided or delayed. In no event will a private entity have less than 60 days
124.5 to approve or disapprove an application for a solar energy system.

124.6 (f) An application for approval must be made in writing and must contain certification
124.7 that the applicant must meet any conditions required by a private entity under subdivision
124.8 4. An application must include a copy of the interconnection application submitted to the
124.9 applicable electric utility.

124.10 (g) A private entity must approve or deny an application in writing. If an application is
124.11 not denied in writing within 60 days of the date the application was received, the application
124.12 is deemed approved unless the delay is the result of a reasonable request for additional
124.13 information. If a private entity determines that it needs additional information from the
124.14 applicant in order to approve or disapprove the application, the private entity must request
124.15 the additional information in writing within 60 days from the date of receipt of the
124.16 application. If the private entity makes a request for additional information within 15 days
124.17 from the date the private entity initially received the application, the private entity shall
124.18 have 60 days from the date of receipt of the additional information in which to approve or
124.19 deny the application. If the private entity makes a written request to the applicant for
124.20 additional information more than 15 days after the private entity initially received the
124.21 application, the private entity shall have 15 days after the private entity receives the additional
124.22 information it requested from the applicant in which to approve or disapprove the application,
124.23 but in no event shall the private entity have less than 60 days from the date the private entity
124.24 initially received the application in which to approve or disapprove the application.

124.25 Sec. 11. Minnesota Statutes 2022, section 515B.2-103, is amended to read:

124.26 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
124.27 **BYLAWS.**

124.28 (a) All provisions of the declaration and bylaws are severable.

124.29 (b) The rule against perpetuities may not be applied to defeat any provision of the
124.30 declaration or this chapter, or any instrument executed pursuant to the declaration or this
124.31 chapter.

125.1 (c) In the event of a conflict between the provisions of the declaration and the bylaws,
125.2 the declaration prevails except to the extent that the declaration is inconsistent with this
125.3 chapter.

125.4 (d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

125.5 Sec. 12. Minnesota Statutes 2022, section 515B.3-102, is amended to read:

125.6 **515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

125.7 (a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions
125.8 of the declaration or bylaws, the association shall have the power to:

125.9 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
125.10 incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
125.11 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
125.12 jeopardize the health, safety or welfare of other occupants, which involves noise or other
125.13 disturbing activity, or which may damage the common elements or other units; (iii) regulating
125.14 or prohibiting animals; (iv) regulating changes in the appearance of the common elements
125.15 and conduct which may damage the common interest community; (v) regulating the exterior
125.16 appearance of the common interest community, including, for example, balconies and patios,
125.17 window treatments, and signs and other displays, regardless of whether inside a unit; (vi)
125.18 implementing the articles of incorporation, declaration and bylaws, and exercising the
125.19 powers granted by this section; and (vii) otherwise facilitating the operation of the common
125.20 interest community;

125.21 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
125.22 collect assessments for common expenses from unit owners;

125.23 (3) hire and discharge managing agents and other employees, agents, and independent
125.24 contractors;

125.25 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
125.26 own name on behalf of itself or two or more unit owners on matters affecting the common
125.27 elements or other matters affecting the common interest community or, (ii) with the consent
125.28 of the owners of the affected units on matters affecting only those units;

125.29 (5) make contracts and incur liabilities;

125.30 (6) regulate the use, maintenance, repair, replacement, and modification of the common
125.31 elements and the units;

126.1 (7) cause improvements to be made as a part of the common elements, and, in the case
126.2 of a cooperative, the units;

126.3 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
126.4 real estate or personal property, but (i) common elements in a condominium or planned
126.5 community may be conveyed or subjected to a security interest only pursuant to section
126.6 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
126.7 may be subjected to a security interest, only pursuant to section 515B.3-112;

126.8 (9) grant or amend easements for public utilities, public rights-of-way or other public
126.9 purposes, and cable television or other communications, through, over or under the common
126.10 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
126.11 by the declaration; and, subject to approval by a vote of unit owners other than declarant
126.12 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
126.13 the common elements;

126.14 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
126.15 of the common elements, other than limited common elements, and for services provided
126.16 to unit owners;

126.17 (11) impose interest and late charges for late payment of assessments and, after notice
126.18 and an opportunity to be heard before the board or a committee appointed by it, levy
126.19 reasonable fines for violations of the declaration, bylaws, and rules and regulations of the
126.20 association;

126.21 (12) impose reasonable charges for the review, preparation and recordation of
126.22 amendments to the declaration, resale certificates required by section 515B.4-107, statements
126.23 of unpaid assessments, or furnishing copies of association records;

126.24 (13) provide for the indemnification of its officers and directors, and maintain directors'
126.25 and officers' liability insurance;

126.26 (14) provide for reasonable procedures governing the conduct of meetings and election
126.27 of directors;

126.28 (15) exercise any other powers conferred by law, or by the declaration, articles of
126.29 incorporation or bylaws; and

126.30 (16) exercise any other powers necessary and proper for the governance and operation
126.31 of the association.

127.1 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
127.2 on the power of the association to deal with the declarant which are more restrictive than
127.3 the limitations imposed on the power of the association to deal with other persons.

127.4 (c) Notwithstanding subsection (a), powers exercised under this section must comply
127.5 with ~~section~~ sections 500.215 and 500.216.

127.6 (d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the
127.7 association, before instituting litigation or arbitration involving construction defect claims
127.8 against a development party, shall:

127.9 (1) mail or deliver written notice of the anticipated commencement of the action to each
127.10 unit owner at the addresses, if any, established for notices to owners in the declaration and,
127.11 if the declaration does not state how notices are to be given to owners, to the owner's last
127.12 known address. The notice shall specify the nature of the construction defect claims to be
127.13 alleged, the relief sought, and the manner in which the association proposes to fund the cost
127.14 of pursuing the construction defect claims; and

127.15 (2) obtain the approval of owners of units to which a majority of the total votes in the
127.16 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
127.17 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
127.18 are excluded. The association may obtain the required approval by a vote at an annual or
127.19 special meeting of the members or, if authorized by the statute under which the association
127.20 is created and taken in compliance with that statute, by a vote of the members taken by
127.21 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
127.22 means or mailed ballots is authorized by that statute, the association shall also provide for
127.23 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
127.24 or mailed ballots, except that the votes must be used in combination with the vote taken at
127.25 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
127.26 for purposes of determining whether a quorum was present. Proxies may not be used for a
127.27 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
127.28 the notice required under subsection (d)(1) and the proxy expressly references this notice.

127.29 (e) The association may intervene in a litigation or arbitration involving a construction
127.30 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
127.31 claim before complying with subsections (d)(1) and (d)(2) but the association's complaint
127.32 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
127.33 prejudice unless the association has complied with the requirements of subsection (d) within

128.1 90 days of the association's commencement of the complaint in an intervention or the
128.2 assertion of the counterclaim, crossclaim, or third-party claim.

128.3 Sec. 13. **TRANSFER OF UNENCUMBERED WITHHELD FUNDS.**

128.4 Any unencumbered funds withheld by the public utility subject to Minnesota Statutes,
128.5 section 116C.779, subdivision 1, for the purpose of providing financial assistance to schools
128.6 to purchase and install solar energy systems, as required under Minnesota Statutes 2022,
128.7 section 216C.376, subdivision 5, paragraph (a), that are unexpended as of the effective date
128.8 of this act must be transferred to the solar for schools program account established under
128.9 Minnesota Statutes, section 216C.375, subdivision 3.

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

128.11 Sec. 14. **REPEALER.**

128.12 Minnesota Statutes 2022, section 216C.376, is repealed.

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

128.14

ARTICLE 8

128.15

MISCELLANEOUS

128.16 Section 1. Minnesota Statutes 2022, section 116C.779, subdivision 1, is amended to read:

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

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

129.1 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
129.2 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
129.3 plant must transfer to the renewable development account \$500,000 each year for each dry
129.4 cask containing spent fuel that is located at the Prairie Island power plant for each year the
129.5 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
129.6 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
129.7 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
129.8 part of a year.

129.9 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
129.10 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
129.11 plant must transfer to the renewable development account \$350,000 each year for each dry
129.12 cask containing spent fuel that is located at the Monticello nuclear power plant for each
129.13 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
129.14 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
129.15 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
129.16 any part of a year.

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

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

129.29 (g) If the commission approves a new or amended power purchase agreement, or the
129.30 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
129.31 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
129.32 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
129.33 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
129.34 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
129.35 30 days after the commission approves the new or amended power purchase agreement, or

130.1 the termination of the power purchase agreement, and on each June 1 thereafter through
130.2 2021, to assist the transition required by the new, amended, or terminated power purchase
130.3 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
130.4 to the renewable development account as provided in paragraphs (b) and (e).

130.5 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
130.6 and (g) is limited to the amount deposited into the renewable development account, and its
130.7 predecessor, the renewable development account, established under this section, that was
130.8 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
130.9 10.

130.10 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
130.11 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
130.12 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
130.13 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
130.14 in which the commission finds, by the preponderance of the evidence, that the public utility
130.15 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
130.16 permanent or interim storage site out of the state. This determination shall be made at least
130.17 every two years.

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

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

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

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

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

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

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

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

130.32 (2) "grid modernization" means:

- 131.1 (i) enhancing the reliability of the electrical grid;
- 131.2 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
- 131.3 and
- 131.4 (iii) increasing energy conservation opportunities by facilitating communication between
- 131.5 the utility and its customers through the use of two-way meters, control technologies, energy
- 131.6 storage and microgrids, technologies to enable demand response, and other innovative
- 131.7 technologies.
- 131.8 (l) A renewable development account advisory group that includes, among others,
- 131.9 representatives of the public utility and its ratepayers, and includes at least one representative
- 131.10 of the Prairie Island Indian community appointed by that community's tribal council, shall
- 131.11 develop recommendations on account expenditures. The advisory group must design a
- 131.12 request for proposal and evaluate projects submitted in response to a request for proposals.
- 131.13 The advisory group must utilize an independent third-party expert to evaluate proposals
- 131.14 submitted in response to a request for proposal, including all proposals made by the public
- 131.15 utility. A request for proposal for research and development under paragraph (j), clause (1),
- 131.16 may be limited to or include a request to higher education institutions located in Minnesota
- 131.17 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
- 131.18 projects may include a provision that exempts the projects from the third-party expert review
- 131.19 and instead provides for project evaluation and selection by a merit peer review grant system.
- 131.20 In the process of determining request for proposal scope and subject and in evaluating
- 131.21 responses to request for proposals, the advisory group must strongly consider, where
- 131.22 reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.
- 131.23 (m) The advisory group shall submit funding recommendations to the public utility,
- 131.24 which has full and sole authority to determine which expenditures shall be submitted by
- 131.25 the advisory group to the legislature. The commission may approve proposed expenditures,
- 131.26 may disapprove proposed expenditures that it finds not to be in compliance with this
- 131.27 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
- 131.28 modify proposed expenditures. The commission shall, by order, submit its funding
- 131.29 recommendations to the legislature as provided under paragraph (n).
- 131.30 (n) The commission shall present its recommended appropriations from the account to
- 131.31 the senate and house of representatives committees with jurisdiction over energy policy and
- 131.32 finance annually by February 15. Expenditures from the account must be appropriated by
- 131.33 law. In enacting appropriations from the account, the legislature:

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

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

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

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

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

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

132.22 (s) Final reports, any mid-project status reports, and renewable development account
132.23 financial reports must be posted online on a public website designated by the commissioner
132.24 of commerce.

132.25 (t) All final reports must acknowledge that the project was made possible in whole or
132.26 part by the Minnesota renewable development account, noting that the account is financed
132.27 by the public utility's ratepayers.

132.28 (u) Of the amount in the renewable development account, priority must be given to
132.29 making the payments required under section 216C.417.

132.30 (v) Construction projects receiving funds from this account are subject to the requirement
132.31 of paying the prevailing wage rate as defined in section 177.42 and the requirements and
132.32 enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

133.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
133.2 applies to construction contracts entered into on or after that date.

133.3 Sec. 2. **[123B.661] AIR VENTILATION PROGRAM ACT.**

133.4 Sections 123B.661 to 123B.663 may be cited as the "Air Ventilation Program Act."

133.5 Sec. 3. **[123B.662] DEFINITIONS.**

133.6 Subdivision 1. **General.** For purposes of sections 123B.661 to 123B.665, the terms in
133.7 this section have the meanings given unless the language or context clearly shows that a
133.8 different meaning is intended.

133.9 Subd. 2. **ANSI.** "ANSI" means American National Standards Institute.

133.10 Subd. 3. **ASHRAE.** "ASHRAE" means American Society of Heating Refrigeration Air
133.11 Conditioning Engineers.

133.12 Subd. 4. **Certified TAB technician.** "Certified TAB technician" means a technician
133.13 certified to perform testing, adjusting, and balancing of HVAC systems by the Associated
133.14 Air Balance Council, National Environmental Balancing Bureau, or the Testing, Adjusting
133.15 and Balancing Bureau.

133.16 Subd. 5. **HVAC.** "HVAC" means heating, ventilation, and air conditioning.

133.17 Subd. 6. **Licensed professional engineer.** "Licensed professional engineer" means a
133.18 professional engineer licensed under sections 326.02 to 326.15 who holds an active license,
133.19 is in good standing, and is not subject to any disciplinary or other actions with the Board
133.20 of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and
133.21 Interior Design.

133.22 Subd. 7. **MERV.** "MERV" means minimum efficiency reporting value as established
133.23 by ASHRAE Standard 52.2-2017 - Method of Testing General Ventilation Air-Cleaning
133.24 Devices for Removal Efficiency by Particle Size.

133.25 Subd. 8. **Program.** "Program" means the air ventilation program.

133.26 Subd. 9. **Program administrator.** "Program administrator" means the commissioner
133.27 of commerce or the commissioner's representative.

133.28 Subd. 10. **Qualified adjusting personnel.** "Qualified adjusting personnel" means one
133.29 of the following:

133.30 (1) a certified TAB technician; or

134.1 (2) a skilled and trained workforce under the supervision of a certified TAB technician.

134.2 Subd. 11. **Qualified testing personnel.** "Qualified testing personnel" means one of the
134.3 following:

134.4 (1) a certified TAB technician; or

134.5 (2) a skilled and trained workforce under the supervision of a certified TAB technician.

134.6 Subd. 12. **Registered apprenticeship program.** "Registered apprenticeship program"
134.7 means an apprenticeship program that is registered under chapter 178 or Code of Federal
134.8 Regulations, title 29, part 29.

134.9 Subd. 13. **Skilled and trained workforce.** "Skilled and trained workforce" means a
134.10 workforce where at least 80 percent of the construction workers are either graduates of a
134.11 registered apprenticeship program for the applicable occupation or are registered as
134.12 apprentices in a registered apprenticeship program for the applicable occupation.

134.13 Subd. 14. **TAB.** "TAB" means testing, adjusting, and balancing of an HVAC system.

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

134.15 Sec. 4. **[123B.663] AIR VENTILATION PILOT PROGRAM GRANTS AND**
134.16 **GUIDELINES.**

134.17 Subdivision 1. **Grant program.** The Department of Commerce shall establish and
134.18 administer the air ventilation program to award grants to school boards to reimburse for the
134.19 following activities:

134.20 (1) completion of a heating, ventilation, and air conditioning assessment report;

134.21 (2) subsequent testing, adjusting balancing work performed as a result of assessment;

134.22 and

134.23 (3) ventilation equipment upgrades, replacements, or other measures recommended by
134.24 the assessment to improve health, safety, and HVAC system efficiency.

134.25 Subd. 2. **Grant awards.** (a) The program administrator shall award a grant if the school
134.26 board meets the following requirements:

134.27 (1) complete a heating, ventilation, and air conditioning assessment report by a qualified
134.28 testing personnel or qualified adjusting personnel. The report must be verified by a licensed
134.29 professional engineer and include costs of adjustments or repairs necessary to meet minimum
134.30 ventilation and filtration requirements and determine whether any cost-effective energy
134.31 efficiency upgrades or replacements are warranted or recommended;

135.1 (2) all work required after conducting the assessment must be performed by a skilled
135.2 and trained workforce;

135.3 (3) upon completion of the work for which a school board is seeking reimbursement,
135.4 the school board must conduct an HVAC verification report that includes the name and
135.5 address of the school facility and individual or contractor preparing and certifying the report
135.6 and a description of the assessment, maintenance, adjustment, repair, upgrade, and
135.7 replacement activities and outcomes; and

135.8 (4) verification that the school board has complied with all requirements. Verification
135.9 must include documentation that either MERV 13 filters have been installed or verification
135.10 that the maximum MERV-rated filter that the system is able to effectively handle has been
135.11 installed; documentation of the MERV rating; the verified ventilation rates for occupied
135.12 areas of the school and whether those rates meet the requirements set forth in ANSI/ASHRAE
135.13 Standard 62.1-2019, with an accompanying explanation for any ventilation rates that do not
135.14 meet applicable requirements documenting why the current system is unable to meet
135.15 requirements; the verified exhaust for occupied areas and whether those rates meet the
135.16 requirements set forth in the system design intent; documentation of system deficiencies;
135.17 recommendations for additional maintenance, replacement, or upgrades to improve energy
135.18 efficiency, safety, or performance; documentation of initial operating verifications,
135.19 adjustments, and final operating verifications; documentation of any adjustments or repairs
135.20 performed; verification of installation of carbon dioxide monitors, including the make and
135.21 model of monitors; and verification that all work has been performed by qualified personnel,
135.22 including the contractor's name, certified TAB technician name and certification number,
135.23 and verification that all construction work has been performed by a skilled and trained
135.24 workforce.

135.25 (b) Grants shall be prioritized to give direct support to schools and school children in
135.26 communities with high rates of poverty as determined by receipt of federal Title I funding.

135.27 (c) Grants shall be awarded to reimburse schools for 50 percent of costs incurred for
135.28 work performed under paragraph (a), clauses (1) to (3), with a maximum grant award of
135.29 \$.....

135.30 (d) The school board shall maintain a copy of the HVAC verification report and make
135.31 it available to students, parents, school personnel, and to any member of the public or the
135.32 program administrator upon request.

135.33 Subd. 3. **Program guidelines and rules.** (a) The program administrator shall:

135.34 (1) adopt guidelines for the air ventilation program no later than March 1, 2024;

136.1 (2) establish the timing of grant funding; and

136.2 (3) ensure the air ventilation program is operating and may receive applications for
 136.3 grants no later than and begin to approve applications no later than subject to the
 136.4 availability of funds.

136.5 (b) The technical and reporting requirements of the air ventilation program may be
 136.6 amended by the program administrator as necessary to reflect current COVID-19 guidance
 136.7 or other applicable guidance, to achieve the intent of the air ventilation program, and to
 136.8 ensure consistency with other related requirements and codes.

136.9 (c) The program administrator may use no more than five percent of the program funds
 136.10 for administering the program, including providing technical support to program participants.

136.11 (d) The program administrator may establish rules for the air ventilation program.

136.12 Sec. 5. Minnesota Statutes 2022, section 216B.096, subdivision 11, is amended to read:

136.13 Subd. 11. **Reporting.** Annually on ~~November 1~~ October 15, a utility must electronically
 136.14 file with the commission a report, in a format specified by the commission, specifying the
 136.15 number of utility heating service customers whose service is disconnected or remains
 136.16 disconnected for nonpayment as of September 15 and October 1 ~~and October 15~~. If customers
 136.17 remain disconnected on ~~October 15~~ 1, a utility must file a report each week between
 136.18 ~~November 1~~ October 15 and the end of the cold weather period specifying:

136.19 (1) the number of utility heating service customers that are or remain disconnected from
 136.20 service for nonpayment; and

136.21 (2) the number of utility heating service customers that are reconnected to service each
 136.22 week. The utility may discontinue weekly reporting if the number of utility heating service
 136.23 customers that are or remain disconnected reaches zero before the end of the cold weather
 136.24 period.

136.25 The data reported under this subdivision are presumed to be accurate upon submission
 136.26 and must be made available through the commission's electronic filing system.

136.27 Sec. 6. Minnesota Statutes 2022, section 216B.1641, is amended to read:

136.28 **216B.1641 COMMUNITY SOLAR GARDEN.**

136.29 (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a
 136.30 plan with the commission to operate a community solar garden program which shall begin
 136.31 operations within 90 days after commission approval of the plan. Other public utilities may

137.1 file an application at their election. The community solar garden program must be designed
137.2 to offset the energy use of not less than five subscribers in each community solar garden
137.3 facility of which no single subscriber has more than a 40 percent interest. The owner of the
137.4 community solar garden may be a public utility or any other entity or organization that
137.5 contracts to sell the output from the community solar garden to the utility under section
137.6 216B.164. There shall be no limitation on the number or cumulative generating capacity of
137.7 community solar garden facilities other than the limitations imposed under section 216B.164,
137.8 subdivision 4c, or other limitations provided in law or regulations.

137.9 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
137.10 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
137.11 electricity generated in proportion to the size of their subscription. The solar garden must
137.12 have a nameplate capacity of no more than one megawatt. Each subscription shall be sized
137.13 to represent at least 200 watts of the community solar garden's generating capacity and to
137.14 supply, when combined with other distributed generation resources serving the premises,
137.15 no more than 120 percent of the average annual consumption of electricity by each subscriber
137.16 at the premises to which the subscription is attributed.

137.17 (c) The solar generation facility must be located in the service territory of the public
137.18 utility filing the plan. Subscribers must be retail customers of the public utility located in
137.19 the same county or a county contiguous to where the facility is located.

137.20 (d) The public utility must purchase from the community solar garden all energy generated
137.21 by the solar garden. The purchase shall be at the rate calculated under section 216B.164,
137.22 subdivision 10, or, until that rate for the public utility has been approved by the commission,
137.23 the applicable retail rate. A solar garden is eligible for any incentive programs offered under
137.24 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
137.25 the subscriber's bill.

137.26 (e) The commission may approve, disapprove, or modify a community solar garden
137.27 program. Any plan approved by the commission must:

137.28 (1) reasonably allow for the creation, financing, and accessibility of community solar
137.29 gardens;

137.30 (2) establish uniform standards, fees, and processes for the interconnection of community
137.31 solar garden facilities that allow the utility to recover reasonable interconnection costs for
137.32 each community solar garden;

137.33 (3) not apply different requirements to utility and nonutility community solar garden
137.34 facilities;

- 138.1 (4) be consistent with the public interest;
- 138.2 (5) identify the information that must be provided to potential subscribers to ensure fair
138.3 disclosure of future costs and benefits of subscriptions;
- 138.4 (6) include a program implementation schedule;
- 138.5 (7) identify all proposed rules, fees, and charges; ~~and~~
- 138.6 (8) identify the means by which the program will be promoted; and
- 138.7 (9) require an owner of a solar garden to submit a report that meets the requirements of
138.8 section 216C.51, subdivisions 2 and 3, each year the solar garden is in operation.
- 138.9 (f) Notwithstanding any other law, neither the manager of nor the subscribers to a
138.10 community solar garden facility shall be considered a utility solely as a result of their
138.11 participation in the community solar garden facility.
- 138.12 (g) Within 180 days of commission approval of a plan under this section, a utility shall
138.13 begin crediting subscriber accounts for each community solar garden facility in its service
138.14 territory, and shall file with the commissioner of commerce a description of its crediting
138.15 system.
- 138.16 (h) For the purposes of this section, the following terms have the meanings given:
- 138.17 (1) "subscriber" means a retail customer of a utility who owns one or more subscriptions
138.18 of a community solar garden facility interconnected with that utility; and
- 138.19 (2) "subscription" means a contract between a subscriber and the owner of a solar garden.
- 138.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 138.21 Sec. 7. Minnesota Statutes 2022, section 216B.2425, subdivision 3, is amended to read:
- 138.22 Subd. 3. **Commission approval.** (a) By June 1 of each even-numbered year, the
138.23 commission shall adopt a state transmission project list and shall certify, certify as modified,
138.24 or deny certification of the transmission and distribution projects proposed under subdivision
138.25 2. Except as provided in paragraph (b), the commission may only certify a project that is a
138.26 high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the
138.27 commission finds is:
- 138.28 (1) necessary to maintain or enhance the reliability of electric service to Minnesota
138.29 consumers;
- 138.30 (2) needed, applying the criteria in section 216B.243, subdivision 3; and

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

139.3 (b) The commission may certify a project proposed under subdivision 2, paragraph (e),
139.4 only if the commission finds the proposed project is in the public interest.

139.5 Sec. 8. Minnesota Statutes 2022, section 216B.50, subdivision 1, is amended to read:

139.6 Subdivision 1. **Commission approval required.** No public utility shall sell, acquire,
139.7 lease, or rent any plant as an operating unit or system in this state for a total consideration
139.8 in excess of ~~\$100,000~~ \$1,000,000, or merge or consolidate with another public utility or
139.9 transmission company operating in this state, without first being authorized so to do by the
139.10 commission. Upon the filing of an application for the approval and consent of the
139.11 commission, the commission shall investigate, with or without public hearing. The
139.12 commission shall hold a public hearing, upon such notice as the commission may require.
139.13 If the commission finds that the proposed action is consistent with the public interest, it
139.14 shall give its consent and approval by order in writing. In reaching its determination, the
139.15 commission shall take into consideration the reasonable value of the property, plant, or
139.16 securities to be acquired or disposed of, or merged and consolidated.

139.17 This section does not apply to the purchase of property to replace or add to the plant of
139.18 the public utility by construction.

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

139.20 Sec. 9. Minnesota Statutes 2022, section 216B.62, subdivision 3b, is amended to read:

139.21 Subd. 3b. **Assessment for department regional and national duties.** ~~(a)~~ In addition
139.22 to other assessments in subdivision 3, the department may assess up to ~~\$500,000~~ \$1,000,000
139.23 per fiscal year to perform the duties under section 216A.07, subdivision 3a, and to conduct
139.24 analysis that assesses energy grid reliability at state, regional, and national levels. The
139.25 amount in this subdivision shall be assessed to energy utilities in proportion to their respective
139.26 gross operating revenues from retail sales of gas or electric service within the state during
139.27 the last calendar year and shall be deposited into an account in the special revenue fund and
139.28 is appropriated to the commissioner of commerce for the purposes of section 216A.07,
139.29 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
139.30 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
139.31 an "energy utility" means public utilities, generation and transmission cooperative electric
139.32 associations, and municipal power agencies providing natural gas or electric service in the
139.33 state.

140.1 ~~(b) By February 1, 2023, the commissioner of commerce must submit a written report~~
140.2 ~~to the chairs and ranking minority members of the legislative committees with primary~~
140.3 ~~jurisdiction over energy policy. The report must describe how the department has used~~
140.4 ~~utility grid assessment funding under paragraph (a) and must explain the impact the grid~~
140.5 ~~assessment funding has had on grid reliability in Minnesota.~~

140.6 ~~(c) This subdivision expires June 30, 2023.~~

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

140.8 **Sec. 10. [216C.390] LEGISLATIVE FINDINGS.**

140.9 The legislature finds that increasing the competitiveness of Minnesota is critically
140.10 important to ensuring the state's economy is strong and growing. Increasing competitiveness
140.11 can be accomplished by improving productivity, improving competition, and improving
140.12 investments.

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

140.14 **Sec. 11. [216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

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

140.17 (b) "Competitive funds" means federal funds awarded to selected applicants based on
140.18 the grantor's evaluation of the strength of an application measured against all other
140.19 applications.

140.20 (c) "Disadvantaged community" has the meaning given by the federal agency disbursing
140.21 federal funds.

140.22 (d) "Eligible entity" means an entity located in Minnesota that is eligible to receive
140.23 federal funds, or an entity that has at least one Minnesota-based partner, as determined by
140.24 the grantor of the federal funds.

140.25 (e) "Federal funds" means federal formula or competitive funds available for award to
140.26 applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law
140.27 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

140.28 (f) "Formula funds" means federal funds awarded to all eligible applicants on a
140.29 noncompetitive basis.

140.30 (g) "Match" means the amount of state money a successful grantee in Minnesota is
140.31 required to contribute to a project as a condition of receiving federal funds.

141.1 (h) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

141.2 (i) "Project" means the activities proposed to be undertaken by an eligible entity awarded
141.3 federal funds and are located in Minnesota or will directly benefit Minnesotans.

141.4 (j) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

141.5 Subd. 2. **Establishment of account; eligible expenditures.** (a) A state competitiveness
141.6 fund account is created in the special revenue fund of the state treasury. The commissioner
141.7 must credit to the account appropriations and transfers to the account. Earnings, such as
141.8 interest, dividends, and any other earnings arising from assets of the account, must be
141.9 credited to the account. Money remaining in the account at the end of a fiscal year does not
141.10 cancel to the general fund but remains available until June 30, 2034. The commissioner is
141.11 the fiscal agent and must manage the account.

141.12 (b) Money in the account is appropriated to the commissioner and must be used to:

141.13 (1) pay all or any portion of the state match required as a condition of receiving federal
141.14 funds, or to otherwise reduce the cost for projects that are awarded federal funds;

141.15 (2) award grants under subdivision 4 to obtain grant development assistance for eligible
141.16 entities; and

141.17 (3) pay the reasonable costs incurred by the department to assist eligible entities to
141.18 successfully compete for available federal funds.

141.19 Subd. 3. **Grant awards; eligible entities; priorities.** (a) Grants may be awarded under
141.20 this section to eligible entities in accordance with the following order of priorities:

141.21 (1) federal formula funds directed to the state that require a match;

141.22 (2) federal funds directed to a political subdivision or a Tribal government that require
141.23 a match;

141.24 (3) federal funds directed to an institution of higher education, a consumer-owned utility,
141.25 a business, or a nonprofit organization that require a match;

141.26 (4) federal funds directed to investor-owned utilities that require a match;

141.27 (5) federal funds directed to an eligible entity not included in clauses (1) to (4) that
141.28 require a match; and

141.29 (6) all other grant opportunities directed to eligible entities that do not require a match
141.30 but for which the commissioner determines that a grant made under this section is likely to

142.1 enhance the likelihood of an applicant receiving federal funds, or to increase the potential
142.2 amount of federal funds received.

142.3 (b) By November 15, 2023, the commissioner must develop and publicly post, and report
142.4 to the chairs and ranking minority members of the legislative committees with jurisdiction
142.5 over energy finance, the federal energy grant funds that are eligible for state matching funds
142.6 under this section.

142.7 Subd. 4. **Grant awards; grant development assistance.** Grants may be awarded under
142.8 this section to entities with expertise and experience in grant development to assist eligible
142.9 entities to prepare grant applications for federal funds. Eligible grantees under this subdivision
142.10 include regional development commissions established in section 462.387, the West Central
142.11 Initiative Foundation, Minnesota Municipal Utilities Association, Minnesota Rural Electric
142.12 Association, consumer-owned utilities, Tribal governments, and any entity the commissioner
142.13 determines will enhance the competitiveness of grant applications by disadvantaged
142.14 communities and from eligible entities located in areas not served by a regional development
142.15 commission.

142.16 Subd. 5. **Grant amounts.** (a) For grants that meet the criteria in subdivision 3, paragraph
142.17 (a), clauses (1) to (3), the maximum grant award for each entity is 100 percent of the required
142.18 match.

142.19 (b) For grants that meet the criteria in subdivision 3, paragraph (a), clauses (4) and (5),
142.20 the maximum grant award is 50 percent of the required match, except that if the commissioner
142.21 determines that at least 40 percent of the direct benefits resulting from a project awarded
142.22 federal funds would be realized by residents of a disadvantaged community, the commissioner
142.23 may award up to 100 percent of the required match.

142.24 (c) For projects that meet the criteria in subdivision 3, paragraph (a), clause (6), the
142.25 commissioner may award a grant up to ten percent of the amount of federal funds requested
142.26 by the applicant, except that if the commissioner determines that at least 40 percent of the
142.27 direct benefits resulting from a project awarded federal funds would be realized by residents
142.28 of a disadvantaged community, the commissioner may award up to 20 percent of the amount
142.29 of federal funds requested.

142.30 (d) Except for the commissioner, when matching federal funds are directed to the state,
142.31 no single entity may receive, as an award or subaward, grants under this subdivision totaling
142.32 more than \$15,000,000.

142.33 (e) The maximum grant award for each entity under subdivision 4 is \$300,000.

143.1 Subd. 6. Grant awards; administration. (a) An eligible entity seeking a grant award
143.2 under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an
143.3 application to the commissioner on a form prescribed by the commissioner. The
143.4 commissioner is responsible for receiving and reviewing grant applications and awarding
143.5 grants under this section, and shall develop administrative procedures governing the
143.6 application, evaluation, and award process. The commissioner may not make a grant award
143.7 under this section unless the commissioner has determined, and has notified the applicant
143.8 in writing, that the application is complete. In awarding grants under this section, the
143.9 commissioner shall endeavor to make awards to applicants from all regions of the state.

143.10 (b) The department must provide technical assistance to applicants. Applicants may also
143.11 receive grant development assistance at no cost from entities awarded grants for that purpose
143.12 under subdivision 4.

143.13 (c) Within ten business days of determining a grant award amount to an applicant, the
143.14 commissioner must:

143.15 (1) reserve that amount for that specific grant in the state competitiveness fund account;
143.16 and

143.17 (2) notify the Legislative Advisory Commission in writing of the reserved amount, the
143.18 name of the applicant, the purpose of the project, and the unreserved balance of funds
143.19 remaining in the account.

143.20 (d) Reserved funds are committed to the grant and use specified in the notice provided
143.21 under paragraph (c) and are unavailable for reservation or appropriation for other applications
143.22 unless and until the commissioner receives written notice from the applicant that the
143.23 application for federal funds has been withdrawn or from the federal grantor that the
143.24 application for which funds from the account were reserved has been denied federal funds.

143.25 (e) Reserved funds may only be expended upon presentation of written notice from the
143.26 federal grantor to the commissioner stating that the applicant will receive federal funds for
143.27 the project described in the application. If the amount of federal funds awarded to an applicant
143.28 differs from the amount requested in the application, the commissioner may adjust the award
143.29 made under this section accordingly.

143.30 (f) Reserved funds must be made for projects that demonstrate they will help meet the
143.31 state's clean energy and energy-related climate goals through renewable energy development,
143.32 energy conservation, efficiency, or energy-related greenhouse gas reduction benefits.

144.1 (g) The commissioner must notify the chairs and ranking minority members of the
144.2 legislative committees with jurisdiction over energy finance when the unreserved balance
144.3 of the competitiveness fund account reaches the following amounts: 50 percent, unreserved;
144.4 25 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be
144.5 within ten days after each level of unreserved balance is reached.

144.6 Subd. 7. **Report; audit.** Beginning February 15, 2024, and each February 15 thereafter
144.7 until February 15, 2035, the commissioner must submit a written report to the chairs and
144.8 ranking minority members of the legislative committees with jurisdiction over energy finance
144.9 on the activities taken and expenditures made under this section. The report must, at a
144.10 minimum, include the following information for the most recent calendar year:

144.11 (1) the number of applications for grants filed with the commissioner and the total amount
144.12 of grant funds requested;

144.13 (2) each grant awarded;

144.14 (3) the number of additional personnel hired for the purposes of this section;

144.15 (4) expenditures on activities conducted under this section, reported separately for these
144.16 areas:

144.17 (i) the provision of technical assistance;

144.18 (ii) grants made under subdivision 4 to entities to assist applicants with grant
144.19 development;

144.20 (iii) application review and evaluation, including applicants that were denied federal or
144.21 state grant awards and the reason for the denial;

144.22 (iv) information technology activities; and

144.23 (v) other expenditures;

144.24 (5) the unreserved balance remaining in the state competitiveness fund account;

144.25 (6) a copy of a financial audit of the department's expenditures under this section
144.26 conducted by an independent auditor;

144.27 (7) recommendations for legislation to enhance the ability of eligible entities to
144.28 successfully compete for federal funds;

144.29 (8) additional available funding opportunities to obtain energy-related funding from
144.30 federal agencies; and

145.1 (9) federal grant program changes that would affect the federal funds available to the
145.2 state and eligible applicants, including changes that would affect the required match for
145.3 receiving federal funds.

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

145.5 Sec. 12. **[216C.51] UTILITY DIVERSITY REPORTING.**

145.6 Subdivision 1. **Public policy.** It is the public policy of this state to encourage each utility
145.7 that serves Minnesota residents to focus on and improve the diversity of the utility's
145.8 workforce and suppliers.

145.9 Subd. 2. **Definition.** As used in this section, "utility" means:

145.10 (1) a public utility;

145.11 (2) a generation and transmission electric cooperative association;

145.12 (3) a municipal power agency;

145.13 (4) a municipal utility that provides electric service to 10,000 customers or more; or

145.14 (5) a cooperative electric association that provides electric service to 10,000 members
145.15 or more.

145.16 Subd. 3. **Annual report.** (a) Beginning March 15, 2024, and each March 15 thereafter,
145.17 each utility authorized to do business in Minnesota must file an annual diversity report to
145.18 the commissioner in the public eDockets system that describes:

145.19 (1) the utility's goals and efforts to increase diversity in the workplace, including current
145.20 workforce representation numbers and percentages; and

145.21 (2) all procurement goals and actual spending for female-owned, minority-owned,
145.22 veteran-owned, and small business enterprises during the previous calendar year.

145.23 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
145.24 total work performed by the utility submitting the report. The actual spending for
145.25 female-owned, minority-owned, veteran-owned, and small business enterprises must also
145.26 be expressed as a percentage of the total work performed by the utility submitting the report.

145.27 Subd. 4. **Report elements.** Each utility required to report under this section must include
145.28 the following in the annual report to the department:

145.29 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers
145.30 during the next year;

146.1 (2) an explanation of the plan to increase the goals;

146.2 (3) an explanation of the challenges faced to increase workforce and supplier diversity,
146.3 including suggestions regarding actions the department could take to help identify potential
146.4 employees and vendors;

146.5 (4) a list of the certifications the company recognizes that must include the Minnesota
146.6 Unified Certification Program, the Central Certification Program recognized by Hennepin
146.7 County, Ramsey County, the City of Saint Paul and the City of Minneapolis Target Market
146.8 program, and the Minnesota Office of State Procurement program for Targeted Group,
146.9 Economically Disadvantaged and Veteran-Owned small businesses;

146.10 (5) a point of contact for a potential employee or vendor that wishes to work for or do
146.11 business with the utility; and

146.12 (6) a list of successful actions taken to increase workforce and supplier diversity, to
146.13 encourage other companies to emulate best practices.

146.14 Subd. 5. **State data.** Each annual report must include as much state-specific data as
146.15 possible. If the submitting utility does not submit state-specific data, the utility must include
146.16 any relevant national data the utility possesses, explain why the utility could not submit
146.17 state-specific data, and detail how the utility intends to include state-specific data in future
146.18 reports, if possible.

146.19 Subd. 6. **Publication; retention.** The department must publish an annual report on the
146.20 department's website and file the report in the public eDockets system, and must maintain
146.21 each annual report for at least five years.

146.22 Subd. 7. **Annual workshop.** Beginning in 2024, and continuing annually thereafter, the
146.23 Minnesota Public Utilities Commission must organize a workshop for utilities that is open
146.24 to members of the public that focuses on utility efforts to advance supplier diversity and to
146.25 collaboratively explore solutions to do so.

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

146.27 Sec. 13. Minnesota Statutes 2022, section 237.55, is amended to read:

146.28 **237.55 ANNUAL REPORT ON TELECOMMUNICATIONS ACCESS.**

146.29 The commissioner of commerce must prepare a report for presentation to the Public
146.30 Utilities Commission by ~~January~~ March 31 of each year. Each report must review the
146.31 accessibility of telecommunications services to persons who have communication disabilities,
146.32 describe services provided, account for annual revenues and expenditures ~~for each aspect~~

147.1 ~~of the fund to date~~, and include ~~predicted program~~ anticipated future operation program
147.2 operations.

147.3 Sec. 14. Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter
147.4 85, article 7, section 9, is amended to read:

147.5 Sec. 3. **SUNSET.**

147.6 Sections 1 and 2 ~~shall expire on~~ June 30, ~~2023~~ 2028.

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

147.8 Sec. 15. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED**
147.9 **PLANT.**

147.10 The public utility that owns an electric generation facility powered by coal that is located
147.11 within the St. Croix National Scenic Riverway and is scheduled for retirement in 2028 must
147.12 develop a plan and detailed schedule of activities that it proposes to undertake to
147.13 decommission and demolish the electric generation facility and to remediate pollution at
147.14 the electric generation facility site. The public utility must file the plan with the Minnesota
147.15 Public Utilities Commission as part of the public utility's next resource plan filing under
147.16 Minnesota Statutes, section 216B.2422, or in a separate filing by December 31, 2025,
147.17 whichever is earlier. A copy of the plan and schedule must be filed on the same date with
147.18 the governing body of the municipality where the electric generation facility is located.

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

147.20 Sec. 16. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**
147.21 **COMMERCE SUPPORT.**

147.22 (a) The Department of Commerce must provide technical support and subject matter
147.23 expertise to assist and help facilitate any efforts taken by the 11 federally recognized Indian
147.24 Tribes in Minnesota to establish a Tribal advocacy council on energy.

147.25 (b) When providing support to a Tribal advocacy council on energy, the Department of
147.26 Commerce may assist the council to:

147.27 (1) assess and evaluate common Tribal energy issues, including (i) identifying and
147.28 prioritizing energy issues, (ii) facilitating idea sharing between the Tribes to generate
147.29 solutions to energy issues, and (iii) assisting decision making with respect to resolving
147.30 energy issues;

148.1 (2) develop new statewide energy policies or proposed legislation, including (i) organizing
148.2 stakeholder meetings, (ii) gathering input and other relevant information, (iii) assisting with
148.3 policy proposal development, evaluation, and decision making, and (iv) helping facilitate
148.4 actions taken to submit, and obtain approval for or have enacted, policies or legislation
148.5 approved by the council;

148.6 (3) make efforts to raise awareness and provide educational opportunities with respect
148.7 to Tribal energy issues by (i) identifying information resources, (ii) gathering feedback on
148.8 issues and topics the council identifies as areas of interest, and (iii) identifying topics for
148.9 educational forums and helping facilitate the forum process; and

148.10 (4) identify, evaluate, and disseminate successful energy-related practices, and develop
148.11 mechanisms or opportunities to implement the successful practices.

148.12 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized
148.13 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it
148.14 require or obligate any one of the 11 federally recognized Indian Tribes in Minnesota to
148.15 participate in or implement a decision or support an effort made by an established Tribal
148.16 advocacy council on energy.

148.17 (d) Any support provided by the Department of Commerce to a Tribal advocacy council
148.18 on energy under this section may be provided only upon request of the council and is limited
148.19 to issues and areas where the Department of Commerce's expertise and assistance is
148.20 requested."

148.21 Amend the title accordingly