

1.1 moves to amend H.F. No. 3337 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**
1.4 **APPROPRIATIONS**

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 "2023" and "2024" used in this article mean that the appropriations listed under
1.10 them are available for the fiscal year ending June 30, 2023, or June 30, 2024, respectively.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2023</u>	<u>2024</u>

1.15 Sec. 2. **DEPARTMENT OF COMMERCE**

1.16 <u>Subdivision 1. Total Appropriation</u>	\$	<u>80,686,000</u>	\$	<u>15,680,000</u>
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1.17 Appropriations by Fund

	<u>2023</u>	<u>2024</u>	
1.19 <u>General</u>	<u>80,686,000</u>	<u>15,680,000</u>	

1.20 <u>Subd. 2. Energy Resources</u>		<u>80,285,000</u>		<u>15,285,000</u>
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1.21 (a) \$4,000,000 in fiscal year 2023 is for
1.22 deposit in the solar on public buildings grant
1.23 program account for the grant program
1.24 described in Minnesota Statutes, section
1.25 216C.377. The appropriation may not be used

2.1 to provide grants to public buildings located
2.2 within the electric service area of the electric
2.3 utility subject to Minnesota Statutes, section
2.4 116C.779. This is a onetime appropriation and
2.5 remains available until December 31, 2025.

2.6 (b) \$500,000 in fiscal year 2023 is to the
2.7 commissioner of employment and economic
2.8 development for a grant to Unidos MN
2.9 Education Fund and the New Justice Project
2.10 MN to address employment and economic
2.11 disparities for people of color, immigrant
2.12 communities, and low-income unemployed or
2.13 underemployed individuals. The money must
2.14 be used to support preapprenticeship and
2.15 workforce training, career development,
2.16 worker rights training, employment placement
2.17 and entrepreneurship support, related support
2.18 services, and the development of transferable
2.19 skills in high-demand fields related to
2.20 construction, clean energy, and energy
2.21 efficiency. Of this amount, 50 percent is for a
2.22 grant to Unidos MN Education Fund and 50
2.23 percent is for a grant to the New Justice
2.24 Project MN. This is a onetime appropriation
2.25 and is available until June 30, 2024.

2.26 (c) \$30,000,000 in fiscal year 2023 is to
2.27 provide grants to community action agencies
2.28 and other agencies to weatherize residences
2.29 and to install preweatherization measures in
2.30 residential buildings occupied by eligible
2.31 low-income households, as provided under
2.32 Minnesota Statutes, sections 216B.2403,
2.33 subdivision 5; 216B.241, subdivision 7; and
2.34 216C.264. Of this amount:

- 3.1 (1) up to ten percent may be used to
3.2 supplement utility spending on
3.3 preweatherization measures as part of a
3.4 low-income conservation program; and
3.5 (2) up to ten percent may be used to:
3.6 (i) recruit and train energy auditors and
3.7 installers of weatherization assistance services;
3.8 and
3.9 (ii) provide financial incentives to contractors
3.10 and workers who install weatherization
3.11 assistance services.
3.12 The base in fiscal year 2024 is \$15,000,000
3.13 and the base in fiscal year 2025 is
3.14 \$15,000,000.
3.15 For the purposes of this paragraph:
3.16 (A) "low-income conservation program"
3.17 means a utility program that offers energy
3.18 conservation services to low-income
3.19 households as part of the utility's energy
3.20 conservation and optimization plan under
3.21 Minnesota Statutes, sections 216B.2403,
3.22 subdivision 5, and 216B.241, subdivision 7;
3.23 (B) "preweatherization measure" has the
3.24 meaning given in Minnesota Statutes, section
3.25 216B.2402, subdivision 20;
3.26 (C) "weatherization assistance program"
3.27 means the federal program described in Code
3.28 of Federal Regulations, title 10, part 440 et
3.29 seq., designed to assist low-income households
3.30 to cost-effectively reduce energy use; and
3.31 (D) "weatherization assistance services" means
3.32 the energy conservation measures installed in
3.33 households under the weatherization assistance

4.1 program and under low-income conservation
4.2 programs.

4.3 (d) \$2,671,000 in fiscal year 2023 is for
4.4 residential electric panel upgrade grants under
4.5 Minnesota Statutes, section 216C.45, and to
4.6 pay the reasonable costs incurred by the
4.7 department to administer that section. This is
4.8 a onetime appropriation and is available until
4.9 June 30, 2025.

4.10 (e) \$1,000,000 the first year is for transfer to
4.11 the Board of Regents of the University of
4.12 Minnesota for a program in the University of
4.13 Minnesota Extension Service that will enhance
4.14 the capacity of the state's agricultural sector,
4.15 land and resource managers, and communities
4.16 to plan for and adapt to weather extremes like
4.17 droughts and floods. This appropriation shall
4.18 be used to support existing extension service
4.19 staff members and to hire additional staff
4.20 members for a program with broad geographic
4.21 reach throughout the state. The program shall:

4.22 (1) identify, develop, implement, and evaluate
4.23 educational programs that increase the
4.24 capacity of Minnesota's agricultural sector,
4.25 land and resource managers, and communities
4.26 to adapt and be prepared for projected physical
4.27 changes in temperature, precipitation, and
4.28 other weather parameters that affect crops,
4.29 lands, horticulture, pests, and wildlife in ways
4.30 that present challenges to the state's
4.31 agricultural sector and the communities that
4.32 depend on it; and

4.33 (2) communicate and interpret the latest
4.34 research on critical weather trends and the
4.35 science behind them to further prepare

5.1 extension service staff throughout the state to
5.2 educate the agricultural sector, land and
5.3 resource managers, and community members
5.4 at the local level regarding technical
5.5 information on water resource management,
5.6 agriculture and forestry, engineering and
5.7 infrastructure design, and emergency
5.8 management that is necessary for the
5.9 development of strategies to mitigate the
5.10 effects of extreme weather change.

5.11 (f) \$300,000 in fiscal year 2023 is to the
5.12 commissioner of the Pollution Control Agency
5.13 for a report describing potential strategies to
5.14 reduce statewide greenhouse gas emissions in
5.15 order to comply with the state's greenhouse
5.16 gas emissions reductions goals established in
5.17 Minnesota Statutes, section 216H.02,
5.18 subdivision 1, and the 2030 emissions
5.19 reduction goal established by the United States
5.20 under the United Nations Framework
5.21 Convention on Climate Change, also known
5.22 as the Paris Agreement.

5.23 (g) \$600,000 in fiscal year 2023 is for the
5.24 commissioner of administration to contract
5.25 with the Board of Regents of the University
5.26 of Minnesota for a grant to the Institute on the
5.27 Environment to conduct research examining
5.28 how projections of future weather trends may
5.29 exacerbate conditions such as drought,
5.30 elevated temperatures, and flooding that:

5.31 (1) can be integrated into the design and
5.32 evaluation of buildings constructed by the state
5.33 of Minnesota and local units of government
5.34 so as to:

6.1 (i) reduce energy costs by deploying
6.2 cost-effective energy efficiency measures,
6.3 innovative construction materials and
6.4 techniques, and renewable energy sources;
6.5 and
6.6 (ii) prevent and minimize damage to buildings
6.7 caused by extreme weather conditions,
6.8 including but not limited to increased
6.9 frequency of intense precipitation events and
6.10 tornadoes, flooding, and elevated
6.11 temperatures; and
6.12 (2) may weaken the ability of natural systems
6.13 to mitigate those conditions to the point where
6.14 human intervention in the form of the building
6.15 of, or the redesign of the scale and operation
6.16 of, infrastructure is required to address those
6.17 conditions in order to:
6.18 (i) maintain and increase the amount and
6.19 quality of food and wood production;
6.20 (ii) reduce fire risk on forested land;
6.21 (iii) maintain and enhance water quality; and
6.22 (iv) maintain and enhance natural habitats.
6.23 The contract must provide that, no later than
6.24 February 1, 2025, the director of the Institute
6.25 on the Environment, or the director's designee,
6.26 submit a written report to the chairs and
6.27 ranking minority members of the legislative
6.28 committees with primary jurisdiction over
6.29 environment policy and capital investment
6.30 summarizing the findings and
6.31 recommendations of the research, including
6.32 any recommendations for policy changes or
6.33 other legislation. This is a onetime

7.1 appropriation and is available until December
7.2 31, 2024.

7.3 (h) \$146,000 in fiscal year 2023 is to the
7.4 commissioner of labor and industry to
7.5 implement new commercial energy codes, as
7.6 described in Minnesota Statutes, section
7.7 326B.106, subdivision 1. This is a onetime
7.8 appropriation.

7.9 (i) \$2,000,000 in fiscal year 2023 is to the
7.10 commissioner of employment and economic
7.11 development for the community energy
7.12 transition grant program under Minnesota
7.13 Statutes, section 116J.55. This is a onetime
7.14 appropriation and is available until expended.

7.15 (j) \$3,000,000 in fiscal year 2023 is to the
7.16 commissioner of the Pollution Control Agency
7.17 to award grants to political subdivisions to
7.18 encourage the formation of organizations and
7.19 plans to reduce contributions to and mitigate
7.20 the impacts of climate change. This is a
7.21 onetime appropriation and is available until
7.22 December 31, 2023.

7.23 (k) \$500,000 in fiscal year 2023 is for the
7.24 awarding of grants to auto dealers to seek
7.25 certification from electric vehicle
7.26 manufacturers to sell electric vehicles. This is
7.27 a onetime appropriation and is available until
7.28 December 31, 2024.

7.29 (l) \$3,000,000 in fiscal year 2023 is for grants
7.30 under the solar for schools program
7.31 established in Minnesota Statutes, section
7.32 216C.375. This is a onetime appropriation and
7.33 is available until June 30, 2028.

8.1 (m) \$10,000,000 in fiscal year 2023 is for
8.2 transfer to the state competitiveness account
8.3 established in Minnesota Statutes, section
8.4 216C.391, to leverage federal formula and
8.5 competitive funds for energy-related
8.6 infrastructure and clean energy investments
8.7 in Minnesota. This is a onetime appropriation
8.8 and is available until June 30, 2034.

8.9 (n) \$5,000,000 in fiscal year 2023 is for grants
8.10 from the Energy Alley Startup Fund,
8.11 established in Minnesota Statutes, section
8.12 216C.45, to businesses developing
8.13 decarbonization technologies. This is a
8.14 onetime appropriation and is available until
8.15 December 31, 2024.

8.16 (o) \$500,000 in fiscal year 2023 is for funding
8.17 the installation of a network of electric vehicle
8.18 charging stations in public parking facilities
8.19 in county government centers. This is a
8.20 onetime appropriation and is available until
8.21 June 30, 2024.

8.22 (p) \$4,100,000 in fiscal year 2023 is to the
8.23 commissioner of natural resources for funding
8.24 the installation of electric vehicle charging
8.25 stations in public parking facilities located in
8.26 state and regional parks. This is a onetime
8.27 appropriation and is available until June 30,
8.28 2024.

8.29 (q) Notwithstanding any other law to the
8.30 contrary, including any law prohibiting the
8.31 servicing of vehicles or the conduct of private
8.32 business on the right-of-way of a trunk
8.33 highway, \$2,100,000 in fiscal year 2023 is to
8.34 the commissioner of transportation for funding
8.35 the installation of electric vehicle charging

9.1 stations at highway safety rest areas. The
9.2 charging stations may be free or fee-based.
9.3 This is a onetime appropriation and is
9.4 available until June 30, 2024.

9.5 (r) \$133,000 in fiscal year 2023 is to the
9.6 commissioner of labor and industry for
9.7 modifying the State Building Code to address
9.8 needs for electric vehicle charging in parking
9.9 facilities in new commercial and multifamily
9.10 buildings that provide on-site parking. This is
9.11 a onetime appropriation and is available until
9.12 December 31, 2023.

9.13 (s) \$531,000 in fiscal year 2023 is to develop
9.14 an energy benchmarking program under which
9.15 building owners report certain types of
9.16 buildings' annual energy use under Minnesota
9.17 Statutes, section 216C.331. This is a onetime
9.18 appropriation and is available until December
9.19 31, 2023.

9.20 (t) \$314,000 in fiscal year 2023 is to the
9.21 commissioner of administration to staff a task
9.22 force to advise the commissioner on
9.23 developing environmental standards for the
9.24 state's procurement of certain building
9.25 materials. This is a onetime appropriation and
9.26 is available until June 30, 2024.

9.27 (u) \$109,000 in fiscal year 2023 is for
9.28 participation in customer disputes before the
9.29 Public Utilities Commission under the
9.30 consumer dispute process established in
9.31 Minnesota Statutes, section 216B.172.

9.32 (v) \$35,000 in fiscal year 2023 is to participate
9.33 in the intervenor compensation process under
9.34 Minnesota Statutes, section 216B.631.

10.1 (w) \$10,000,000 the first year is for a grant to
 10.2 the Minnesota Innovation Finance Authority
 10.3 for organizational start-up costs and for the
 10.4 purposes of Minnesota Statutes, section
 10.5 216C.441. The commissioner of commerce is
 10.6 the fiscal agent for the grant and shall establish
 10.7 reporting requirements with respect to
 10.8 activities and expenditures of the authority.

10.9 This is a onetime appropriation and is
 10.10 available until December 31, 2024.

10.11 (x) \$141,000 in fiscal year 2023 is for
 10.12 participation in proceedings of the Minnesota
 10.13 Public Utilities Commission regarding energy
 10.14 storage systems under Minnesota Statutes,
 10.15 sections 216B.1616 and 216C.378.

10.16 **Sec. 3. PUBLIC UTILITIES COMMISSION \$ 391,000 \$ 385,000**

10.17 (a) \$234,000 in fiscal year 2023 is to
 10.18 administer the customer dispute process
 10.19 established in Minnesota Statutes, section
 10.20 216B.172. The base for this appropriation in
 10.21 fiscal year 2024 and thereafter is \$228,000.

10.22 (b) \$32,000 in fiscal year 2023 is to administer
 10.23 the intervenor compensation process under
 10.24 Minnesota Statutes, section 216B.631.

10.25 (c) \$135,000 in fiscal year 2023 is for
 10.26 commission proceedings regarding energy
 10.27 storage systems under Minnesota Statutes,
 10.28 sections 216B.1616 and 216C.378.

10.29 **ARTICLE 2**

10.30 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

10.31 **Section 1. APPROPRIATIONS.**

10.32 (a) The sums shown in the columns marked "Appropriations" are appropriated to the
 10.33 agencies and for the purposes specified in this article. The appropriations are from the

11.1 renewable development account in the special revenue fund established in Minnesota
 11.2 Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated
 11.3 for each purpose. The figures "2023" and "2024" used in this article mean that the
 11.4 appropriations listed under them are available for the fiscal year ending June 30, 2023, or
 11.5 June 30, 2024, respectively.

11.6 (b) If an appropriation in this article is enacted more than once in the 2022 regular or
 11.7 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>2023</u>	<u>2024</u>
11.8			
11.9			
11.10			
11.11			
11.12	Sec. 2. <u>DEPARTMENT OF COMMERCE</u>	<u>\$ 40,221,000</u>	<u>\$ 17,752,000</u>

11.13 (a) Notwithstanding Minnesota Statutes,
 11.14 section 116C.779, subdivision 1, paragraph
 11.15 (j), \$5,000,000 in fiscal year 2023 is for
 11.16 operation of the Grants for Renewable
 11.17 Integration and Demonstration program
 11.18 established in Minnesota Statutes, section
 11.19 216C.46, to award grants to businesses to
 11.20 develop decarbonization technologies for
 11.21 commercialization.

11.22 (b) Notwithstanding Minnesota Statutes,
 11.23 section 116C.779, subdivision 1, paragraph
 11.24 (j), \$1,000,000 in fiscal year 2023 is for
 11.25 implementation of a program to award grants
 11.26 for the upgrading of electrical panels in
 11.27 single-family and multifamily residences
 11.28 under Minnesota Statutes, section 216C.45.
 11.29 This is a onetime appropriation and is
 11.30 available until June 30, 2025.

11.31 (c) Notwithstanding Minnesota Statutes,
 11.32 section 116C.779, subdivision 1, paragraph
 11.33 (j), \$3,000,000 in fiscal year 2023 is for the
 11.34 Metropolitan Council for the purchase of buses
 11.35 that operate solely on electricity provided by

12.1 rechargeable on-board batteries. Until this
12.2 appropriation is exhausted, the Metropolitan
12.3 Council may not purchase any nonelectric
12.4 buses. This is a onetime appropriation and is
12.5 available until June 30, 2023.

12.6 (d) Notwithstanding Minnesota Statutes,
12.7 section 116C.779, subdivision 1, paragraph
12.8 (j), \$1,000,000 in fiscal year 2023 is for
12.9 deposit in a contingency fund for disbursement
12.10 to the owner of a solar energy generating
12.11 system installed on land on the former Ford
12.12 Motor Company in St. Paul known as Area C
12.13 only if the Minnesota Pollution Control
12.14 Agency requires actions to be taken to
12.15 remediate contaminated land at the site that
12.16 requires the solar energy generating system to
12.17 be removed while remediation takes place, as
12.18 provided in Minnesota Statutes, section
12.19 116C.7793. The base in fiscal year 2024 is
12.20 \$1,000,000 and the base in fiscal year 2025 is
12.21 \$1,000,000. The base in fiscal year 2026 is
12.22 \$0.

12.23 (e) Notwithstanding Minnesota Statutes,
12.24 section 116C.779, subdivision 1, paragraph
12.25 (j), \$6,500,000 in fiscal year 2023 is for a
12.26 grant to the Anoka-Hennepin Public School
12.27 District to construct a geothermal energy
12.28 system at the Sorteberg Early Childhood
12.29 Center that uses the constant temperature of
12.30 the earth, in conjunction with a heat pump,
12.31 new HVAC system, and new boilers, to
12.32 provide space heating and cooling to the
12.33 building. This is a onetime appropriation and
12.34 is available until June 30, 2024.

13.1 (f) Notwithstanding Minnesota Statutes,
13.2 section 116C.779, subdivision 1, paragraph
13.3 (j), \$531,000 in fiscal year 2024 is to
13.4 implement an energy benchmarking program
13.5 under which building owners report certain
13.6 types of buildings' annual energy use under
13.7 Minnesota Statutes, section 216C.331. The
13.8 base in fiscal year 2025 and thereafter is
13.9 \$431,000.

13.10 (g) Notwithstanding Minnesota Statutes,
13.11 section 116C.779, subdivision 1, paragraph
13.12 (j), \$500,000 in fiscal year 2023 is for funding
13.13 the installation of a network of electric vehicle
13.14 charging stations in public parking facilities
13.15 located in county government centers. This is
13.16 a onetime appropriation and is available until
13.17 June 30, 2024.

13.18 (h) Notwithstanding Minnesota Statutes,
13.19 section 116C.779, subdivision 1, paragraph
13.20 (j), \$5,000,000 in fiscal year 2023 and
13.21 \$5,000,000 in fiscal year 2024 are to be
13.22 withheld by the public utility subject to
13.23 Minnesota Statutes, section 116C.779, from
13.24 deposit in the renewable development account,
13.25 as provided in Minnesota Statutes, section
13.26 116C.7792, for a financial incentive for the
13.27 installation of solar energy generating systems
13.28 under Minnesota Statutes, section 116C.7792.
13.29 The amount to be withheld for this purpose in
13.30 fiscal year 2025 is \$10,000,000.

13.31 (i) Notwithstanding Minnesota Statutes,
13.32 section 116C.779, subdivision 1, paragraph
13.33 (j), \$4,000,000 in fiscal year 2023 is for a
13.34 financial incentive for the installation of

- 14.1 energy storage systems under Minnesota
14.2 Statutes, section 116C.7792.
- 14.3 (j) Notwithstanding Minnesota Statutes,
14.4 section 116C.779, subdivision 1, paragraph
14.5 (j), \$4,000,000 in fiscal year 2023 and
14.6 \$2,000,000 in fiscal year 2024 are for the solar
14.7 on public buildings grant program described
14.8 in Minnesota Statutes, section 216C.377. The
14.9 appropriation must be used to provide grants
14.10 to public buildings located within the electric
14.11 service area of the electric utility subject to
14.12 Minnesota Statutes, section 116C.779. The
14.13 base in fiscal year 2025 and thereafter is
14.14 \$2,000,000.
- 14.15 (k) Notwithstanding Minnesota Statutes,
14.16 section 116C.779, subdivision 1, paragraph
14.17 (j), \$10,000,000 in fiscal year 2023 is for
14.18 transfer to the state competitiveness account
14.19 established in Minnesota Statutes, section
14.20 216C.391, to leverage federal formula and
14.21 competitive funds for energy-related
14.22 infrastructure and clean energy investments
14.23 in Minnesota. This is a onetime appropriation
14.24 and is available until June 30, 2024.
- 14.25 (l) Notwithstanding Minnesota Statutes,
14.26 section 116C.779, subdivision 1, paragraph
14.27 (j), \$221,000 in fiscal year 2023 is for
14.28 participation in proceedings of the Minnesota
14.29 Public Utilities Commission regarding energy
14.30 storage systems under Minnesota Statutes,
14.31 sections 216B.1616 and 216C.378.

15.1

ARTICLE 3

15.2

ENERGY CONSERVATION

15.3 Section 1. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision
15.4 to read:

15.5 Subd. 1a. **State supplementary weatherization grants account.** (a) A state
15.6 supplementary weatherization grants account is established as a separate account in the
15.7 special revenue fund in the state treasury. The commissioner shall credit to the account
15.8 appropriations and transfers to the account. Earnings, such as interest, dividends, and any
15.9 other earnings arising from assets of the account, must be credited to the account. Funds
15.10 remaining in the account at the end of a fiscal year are not canceled to the general fund, but
15.11 remain in the account until expended. The commissioner shall manage the account.

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

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

15.15 Sec. 2. Minnesota Statutes 2020, section 216C.264, subdivision 5, is amended to read:

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

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

15.23 (2) the installation of preweatherization measures, as defined in section 216B.2402,
15.24 subdivision 20, established by the commissioner under section 216B.241, subdivision 7,
15.25 paragraph (g);

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

15.27 (4) to conduct outreach activities to make income-eligible households aware of the
15.28 weatherization services available to them, to assist applicants in filling out applications for
15.29 weatherization assistance, and to provide translation services where necessary;

15.30 (5) to enable projects in multifamily buildings to proceed even if they cannot comply
15.31 with the federal requirement that projects must be completed within the same federal fiscal
15.32 year in which they are begun;

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

16.3 (7) to support the operation of the weatherization training program under section
16.4 216C.2641;

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

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

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

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

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

16.13 **Sec. 3. [216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.**

16.14 Subdivision 1. **Establishment.** The commissioner of commerce shall establish a
16.15 weatherization training grant program to award grants to employers to train workers for
16.16 careers in the weatherization industry.

16.17 Subd. 2. **Grants.** (a) The commissioner must award grants to employers through a
16.18 competitive grant process.

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

16.21 (c) Grants may be awarded under this section only to:

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

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

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

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

17.1 (e) In awarding grants under this section, the commissioner shall give priority to
17.2 applications that will provide the highest quality training to prepare trainees for
17.3 weatherization employment opportunities that meet technical standards and certifications
17.4 developed by the Building Performance Institute, Inc. or the Standard Work Specifications
17.5 developed by the United States Department of Energy for the federal Weatherization
17.6 Assistance Program.

17.7 Subd. 3. **Reports.** By January 15, 2024, and each January 15 thereafter, the commissioner
17.8 must submit a report to the chairs and ranking minority members of the senate and house
17.9 of representatives committees with jurisdiction over energy policy that details the use of
17.10 grant funds under this section, including data on the number of trainees trained and the
17.11 career progress of trainees supported by prior grants.

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

17.13 Sec. 4. **[216C.331] ENERGY BENCHMARKING.**

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

17.16 (b) "Benchmark" means to electronically input into a benchmarking tool the total energy
17.17 use data and other descriptive information about a building that is required by a benchmarking
17.18 tool.

17.19 (c) "Benchmarking information" means data related to a building's energy use generated
17.20 by a benchmarking tool and other information about the building's physical and operational
17.21 characteristics. Benchmarking information includes but is not limited to the building's:

17.22 (1) address;

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

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

17.26 (4) energy use intensity;

17.27 (5) greenhouse gas emissions; and

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

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

18.1 (e) "Covered property" means a building whose total floor area is equal to or greater
18.2 than 50,000 square feet. Covered property does not include:

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

18.4 (2) a property classified as manufacturing under the North American Industrial
18.5 Classification System (NAICS); or

18.6 (3) other property types that do not meet the purposes of this section, as determined by
18.7 the commissioner.

18.8 (f) "Energy" means electricity, natural gas, steam, or another product used to (1) provide
18.9 heating, cooling, lighting, or water heating, or (2) power other end uses in a building.

18.10 (g) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

18.11 (h) "Energy intensity" means the total annual energy consumed in a building divided by
18.12 the building's total floor area.

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

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

18.21 (k) "Financial distress" means a covered property that, at the time benchmarking is
18.22 conducted:

18.23 (1) is the subject of a qualified tax lien sale or public auction due to property tax
18.24 arrears;

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

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

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

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

18.29 (l) "Owner" means (1) an individual or entity that possesses title to a covered property,
18.30 or (2) an agent authorized to act on behalf of the covered property owner.

19.1 (m) "Total floor area" means the sum of gross square footage inside a building's envelope,
 19.2 measured between the outside exterior walls of the building. Total floor area includes covered
 19.3 parking structures.

19.4 Subd. 2. **Establishment.** A building energy benchmarking program is established in the
 19.5 department. The purpose of the program is to:

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

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

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

19.13	<u>Class</u>	<u>Total Floor Area (sq. ft.)</u>
19.14	<u>1</u>	<u>150,000 or more</u>
19.15	<u>2</u>	<u>100,000 to 149,999</u>
19.16	<u>3</u>	<u>75,000 to 99,999</u>
19.17	<u>4</u>	<u>50,000 to 74,999</u>

19.18 Subd. 4. **Benchmarking requirement.** (a) In conformity with the schedule in subdivision
 19.19 6, an owner must annually benchmark all covered property owned as of December 31 during
 19.20 the previous calendar year. Energy use data must be compiled by:

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

19.22 (2) reading a master meter.

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

19.26 (c) An owner who becomes aware that any information entered into a benchmarking
 19.27 tool is inaccurate or incomplete must amend the information in the benchmarking tool within
 19.28 30 days of the date the owner learned of the inaccuracy.

19.29 Subd. 5. **Exemption.** (a) The commissioner may exempt an owner from the requirements
 19.30 of subdivision 4 for a covered property if the owner provides evidence satisfying the
 19.31 commissioner that the covered property:

19.32 (1) is presently experiencing financial distress;

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

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

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

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

20.6 or

20.7 (6) is participating in a benchmarking program operated by a city or other political
20.8 subdivision that the commissioner determines is equivalent to the benchmarking program
20.9 established in this section.

20.10 (b) An exemption granted under this subdivision applies only to a single calendar year.
20.11 An owner must reapply to the commissioner each year an extension is sought.

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

20.18 Subd. 6. **Benchmarking schedule.** An owner must annually benchmark each covered
20.19 property for the previous calendar year according to the following schedule:

20.20 (1) all Class 1 properties by June 1, 2023, and by every June 1 thereafter;

20.21 (2) all Class 2 properties by June 1, 2024, and by every June 1 thereafter;

20.22 (3) all Class 3 properties by June 1, 2025, and by every June 1 thereafter; and

20.23 (4) all Class 4 properties by June 1, 2026, and by every June 1 thereafter.

20.24 Subd. 7. **Energy audit.** (a) The commissioner must notify in writing an owner of a
20.25 building whose energy performance score is 25 or lower or whose calculated energy intensity
20.26 is among the highest 25 percent compared to similar building types within the building's
20.27 class, as determined by the commissioner, that, except as provided in paragraph (c), the
20.28 owner is required to contract for an energy audit of the building no later than one year after
20.29 the notice is issued, unless the commissioner extends the deadline.

20.30 (b) The commissioner must award a grant to an owner who completes an energy audit
20.31 after receiving notice under this subdivision. The grant amount must be the lower of \$.....

21.1 or ... percent of the cost of the audit. An owner must not receive more than one grant under
21.2 this subdivision.

21.3 (c) If a building owner that receives notice under this subdivision submits evidence to
21.4 the commissioner's satisfaction that an energy audit of the building that is the subject of the
21.5 notice was conducted within the previous five years, the owner is exempt from the
21.6 requirement to conduct an energy audit.

21.7 Subd. 8. **Data collection and management.** (a) The commissioner must:

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

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

21.11 (3) collaborate with utilities regarding the provision of energy use information to owners
21.12 and tenants to enable owners to comply with this section.

21.13 (b) A utility must comply with a request from the commissioner to provide energy use
21.14 information to the commissioner or to an owner that is needed to effectively operate the
21.15 energy benchmarking program.

21.16 (c) The commissioner must:

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

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

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

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

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

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

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

22.1 Subd. 9. **Data disclosure to public.** (a) The commissioner must post on the department's
22.2 website and update annually the following information for the previous calendar year:

22.3 (1) annual summary statistics on energy use for all covered properties in Minnesota;

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

22.6 (3) the percentage of covered properties in each building class listed in subdivision 3
22.7 that are in compliance with the benchmarking requirements under subdivisions 4 to 6; and

22.8 (4) for each covered property, at a minimum, total energy use, energy use per square
22.9 foot of total floor area, annual greenhouse gas emissions, and an energy performance score,
22.10 if available.

22.11 (b) The commissioner must post the information required under this subdivision for each
22.12 class of covered property beginning one year after the date the initial benchmarking
22.13 submission is made by the owner under the schedule in subdivision 6.

22.14 Subd. 10. **Building performance disclosure to potential tenants.** An owner must, on
22.15 any application provided to a potential tenant seeking to rent a unit in a covered property,
22.16 include the following language in a 12-point or larger font on the first page of the application:
22.17 "This building has received a [insert number of stars assigned to the building by the
22.18 commissioner under subdivision 8, paragraph (c)] star rating of the building's energy
22.19 efficiency from the Minnesota Department of Commerce, where four stars represents the
22.20 most energy efficient buildings and one star represents the least energy efficient buildings."

22.21 Subd. 11. **Notifications.** (a) By March 1 each year, the commissioner must notify the
22.22 owner of each covered property required to benchmark for the previous calendar year of
22.23 the requirement to benchmark by June 1 of that year.

22.24 (b) By July 15 each year, the commissioner must notify the owner of each covered
22.25 property required to benchmark for the previous calendar year that has failed to benchmark
22.26 that the owner has 30 days to comply with the benchmarking requirement.

22.27 Subd. 12. **Program implementation.** The commissioner may contract with an
22.28 independent third party to implement any or all of the duties required of the commissioner
22.29 under subdivisions 2 to 10.

22.30 Subd. 13. **Enforcement.** If the commissioner determines that an owner has failed to
22.31 benchmark in a timely, complete, and accurate fashion as required under this section, the
22.32 commissioner may impose on the owner a civil fine of up to \$1,000. Each day that the owner
22.33 fails to benchmark to the satisfaction of the commissioner for each covered property owned

23.1 by the owner may be deemed a separate offense and the commissioner may impose a separate
23.2 civil penalty.

23.3 Subd. 14. Rules. The commissioner is authorized to adopt rules under chapter 14 to
23.4 implement this section.

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

23.6 Sec. 5. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

23.7 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
23.8 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
23.9 Construction Codes Advisory Council establish a code of standards for the construction,
23.10 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
23.11 design and construction, fire protection, health, sanitation, and safety, including design and
23.12 construction standards regarding heat loss control, illumination, and climate control. The
23.13 code must also include duties and responsibilities for code administration, including
23.14 procedures for administrative action, penalties, and suspension and revocation of certification.
23.15 The code must conform insofar as practicable to model building codes generally accepted
23.16 and in use throughout the United States, including a code for building conservation. In the
23.17 preparation of the code, consideration must be given to the existing statewide specialty
23.18 codes presently in use in the state. Model codes with necessary modifications and statewide
23.19 specialty codes may be adopted by reference. The code must be based on the application
23.20 of scientific principles, approved tests, and professional judgment. To the extent possible,
23.21 the code must be adopted in terms of desired results instead of the means of achieving those
23.22 results, avoiding wherever possible the incorporation of specifications of particular methods
23.23 or materials. To that end the code must encourage the use of new methods and new materials.
23.24 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
23.25 administer and enforce the provisions of those sections.

23.26 (b) The commissioner shall develop rules addressing the plan review fee assessed to
23.27 similar buildings without significant modifications including provisions for use of building
23.28 systems as specified in the industrial/modular program specified in section 326B.194.
23.29 Additional plan review fees associated with similar plans must be based on costs
23.30 commensurate with the direct and indirect costs of the service.

23.31 (c) Beginning with the 2018 edition of the model building codes and every six years
23.32 thereafter, the commissioner shall review the new model building codes and adopt the model
23.33 codes as amended for use in Minnesota, within two years of the published edition date. The
23.34 commissioner may adopt amendments to the building codes prior to the adoption of the

24.1 new building codes to advance construction methods, technology, or materials, or, where
 24.2 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
 24.3 or the use of a building.

24.4 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
 24.5 residential energy code and the new model commercial energy code in accordance with
 24.6 federal law for which the United States Department of Energy has issued an affirmative
 24.7 determination in compliance with United States Code, title 42, section 6833. A municipality
 24.8 may adopt the most recently published new model commercial energy code ASHRAE 90.1
 24.9 until a more energy efficient code is adopted by the commissioner. A municipality may not
 24.10 amend or otherwise change any provisions of the most recent ASHRAE 90.1 standard,
 24.11 except that a municipality is required to adopt amendments to the previous version of
 24.12 ASHRAE 90.1 in the current commercial energy code adopted by the commissioner. The
 24.13 commissioner may adopt amendments prior to adoption of the new energy codes, as amended
 24.14 for use in Minnesota, to advance construction methods, technology, or materials, or, where
 24.15 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
 24.16 or use of a building. The commissioner of commerce may include energy code support
 24.17 measures in the technical guidance developed under section 216B.241, subdivision 1d.

24.18 ARTICLE 4

24.19 COMMISSION PROCEEDINGS

24.20 Section 1. Minnesota Statutes 2020, section 216B.17, subdivision 1, is amended to read:

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

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

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

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

25.4 (b) "Appeal" means a request filed with the commission by a complainant to review and
25.5 make a final decision regarding the resolution of the complainant's complaint by the consumer
25.6 affairs office.

25.7 (c) "Complainant" means an individual residential customer of a public utility who has
25.8 filed a complaint with the consumer affairs office.

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

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

25.13 (2) is unreasonable; or

25.14 (3) has harmed or, if not addressed, will harm a complainant.

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

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

25.20 (f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7929.0100.

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

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

25.23 **Subd. 2. Complaint resolution procedure.** A complainant must first attempt to resolve
25.24 a dispute with a public utility by filing a complaint with the consumer affairs office. The
25.25 consumer affairs office must notify the complainant of the resolution of the complaint and
25.26 must provide written notice of the complainant's right to appeal the resolution to the
25.27 commission and the steps the complainant may take to appeal the resolution. Upon request,
25.28 the consumer affairs office must provide to the complainant a written notice containing the
25.29 substance of and basis for the resolution.

25.30 **Subd. 3. Appeal; final commission decision.** (a) If a complainant is not satisfied with
25.31 the resolution of a complaint by the consumer affairs office, the complainant may file an

26.1 appeal with the commission requesting the commission to make a final decision on the
26.2 complaint. The commission's response to an appeal filed under this subdivision must comply
26.3 with the notice requirements under section 216B.17, subdivisions 2 to 5.

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

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

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

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

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

26.13 (c) If the commission decides that the complaint should be resolved through an informal
26.14 commission proceeding or referred to the Office of Administrative Hearings for a contested
26.15 case proceeding, the executive secretary shall issue a procedural schedule and any notices
26.16 or orders required to initiate a contested case proceeding under chapter 14.

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

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

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

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

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

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

26.31 (4) demonstrates the complainant's household income is at or below 50 percent of state
26.32 median income.

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

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

27.5 Sec. 3. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
27.6 to read:

27.7 Subd. 8. **Transmission planning in advance of generation retirement.** A utility must
27.8 identify in a resource plan each nonrenewable energy facility on the utility's system that
27.9 has a depreciation term, probable service life, or operating license term that ends within 15
27.10 years of the resource plan filing date. For each nonrenewable energy facility identified, the
27.11 utility must include in the resource plan an initial plan to: (1) replace the nonrenewable
27.12 energy facility; and (2) upgrade any transmission or other grid capabilities needed to support
27.13 the retirement of that nonrenewable energy facility.

27.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
27.15 applies to an integrated resource plan filed with the commission on or after that date.

27.16 Sec. 4. **[216B.491] DEFINITIONS.**

27.17 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.499, the terms
27.18 defined in this subdivision have the meanings given.

27.19 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,
27.20 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity
27.21 or credit support arrangement, or other financial arrangement entered into in connection
27.22 with extraordinary event bonds that is designed to promote the credit quality and
27.23 marketability of extraordinary event bonds or to mitigate the risk of an increase in interest
27.24 rates.

27.25 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in extraordinary
27.26 event property is sold, assigned, transferred, or conveyed, other than as security, and any
27.27 successor to or subsequent assignee of the person.

27.28 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of extraordinary event
27.29 bonds.

27.30 Subd. 5. **Customer.** "Customer" means a person who takes natural gas service from a
27.31 natural gas utility for consumption of natural gas in Minnesota.

28.1 Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from
28.2 unforeseen circumstances and of sufficient magnitude as determined by the commission:

28.3 (1) to impose significant costs on customers; and

28.4 (2) for which the issuance of extraordinary event bonds in response to the event meets
28.5 the conditions of section 216B.492, subdivision 2, as determined by the commission.

28.6 (b) Extraordinary event includes but is not limited to a storm event or other natural
28.7 disaster, an act of God, war, terrorism, sabotage or vandalism, a cybersecurity attack, or a
28.8 temporary significant increase in the wholesale price of natural gas.

28.9 Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity
28.10 undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide
28.11 natural gas service following one or more extraordinary events, including, but not limited
28.12 to, activities related to mobilization, staging, construction, reconstruction, replacement, or
28.13 repair of natural gas transmission, distribution, storage, or general facilities.

28.14 Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means low-cost
28.15 corporate securities, including but not limited to senior secured bonds, debentures, notes,
28.16 certificates of participation, certificates of beneficial interest, certificates of ownership, or
28.17 other evidences of indebtedness or ownership that have a scheduled maturity of no longer
28.18 than 30 years and a final legal maturity date that is not later than 32 years from the issue
28.19 date, that are rated AA or Aa2 or better by a major independent credit rating agency at the
28.20 time of issuance, and that are issued by a utility or an assignee under a financing order.

28.21 Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a
28.22 nonbypassable charge that:

28.23 (1) is imposed on all customer bills by a utility that is the subject of a financing order
28.24 or the utility's successors or assignees;

28.25 (2) is separate from the utility's base rates; and

28.26 (3) provides a source of revenue solely to repay, finance, or refinance extraordinary
28.27 event costs.

28.28 Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

28.29 (1) means all incremental costs of extraordinary event activities that are approved by
28.30 the commission in a financing order issued under section 216B.492 as being:

28.31 (i) necessary to enable the utility to restore or maintain natural gas service to customers
28.32 after the utility experiences an extraordinary event; and

29.1 (ii) prudent and reasonable;

29.2 (2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary
29.3 event activities;

29.4 (3) shall be net of applicable insurance proceeds, tax benefits, and any other amounts
29.5 intended to reimburse the utility for extraordinary event activities, including government
29.6 grants or aid of any kind;

29.7 (4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by
29.8 a government agency or court under a federal or state environmental statute, rule, or
29.9 regulation; and

29.10 (5) must be adjusted to reflect:

29.11 (i) the difference, as determined by the commission, between extraordinary event costs
29.12 that the utility expects to incur and actual, reasonable, and prudent costs incurred; or

29.13 (ii) a more fair or reasonable allocation of extraordinary event costs to customers over
29.14 time, as expressed in a commission order.

29.15 Subd. 11. **Extraordinary event property.** "Extraordinary event property" means:

29.16 (1) all rights and interests of a utility or the utility's successor or assignee under a
29.17 financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments
29.18 to extraordinary event charges authorized under a financing order issued by the commission;
29.19 and

29.20 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds
29.21 arising from the rights and interests specified in clause (1), regardless of whether any are
29.22 commingled with other revenue, collections, rights to payment, payments, money, or
29.23 proceeds.

29.24 Subd. 12. **Extraordinary event revenue.** "Extraordinary event revenue" means revenue,
29.25 receipts, collections, payments, money, claims, or other proceeds arising from extraordinary
29.26 event property.

29.27 Subd. 13. **Financing costs.** "Financing costs" means:

29.28 (1) principal, interest, and redemption premiums that are payable on extraordinary event
29.29 bonds;

29.30 (2) payments required under an ancillary agreement and amounts required to fund or
29.31 replenish a reserve account or other accounts established under the terms of any indenture,
29.32 ancillary agreement, or other financing document pertaining to the bonds;

30.1 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and
30.2 servicing the bonds, including but not limited to servicing fees, accounting and auditing
30.3 fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees,
30.4 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange
30.5 listing and compliance fees, security registration fees, filing fees, information technology
30.6 programming costs, and any other demonstrable costs necessary to otherwise ensure and
30.7 guarantee the timely payment of the bonds or other amounts or charges payable in connection
30.8 with the bonds;

30.9 (4) taxes and license fees imposed on the revenue generated from collecting an
30.10 extraordinary event charge;

30.11 (5) state and local taxes, including franchise, sales and use, and other taxes or similar
30.12 charges, including but not limited to regulatory assessment fees, whether paid, payable, or
30.13 accrued; and

30.14 (6) costs incurred by the commission to hire and compensate additional temporary staff
30.15 needed to perform the commission's responsibilities under this section and, in accordance
30.16 with section 216B.494, to engage specialized counsel and expert consultants experienced
30.17 in securitized utility ratepayer-backed bond financing similar to extraordinary event bonds.

30.18 Subd. 14. **Financing order.** "Financing order" means an order issued by the commission
30.19 under section 216B.492 that authorizes an applicant to:

30.20 (1) issue extraordinary event bonds in one or more series;

30.21 (2) impose, charge, and collect extraordinary event charges; and

30.22 (3) create extraordinary event property.

30.23 Subd. 15. **Financing party.** "Financing party" means a holder of extraordinary event
30.24 bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other
30.25 person acting for the benefit of extraordinary event bondholders.

30.26 Subd. 16. **Natural gas facility.** "Natural gas facility" means natural gas pipelines,
30.27 including distribution lines, underground storage areas, liquefied natural gas facilities,
30.28 propane storage tanks, and other facilities the commission determines are used and useful
30.29 to provide natural gas service to retail and transportation customers in Minnesota.

30.30 Subd. 17. **Nonbypassable.** "Nonbypassable" means that the payment of an extraordinary
30.31 event charge required to repay bonds and related costs may not be avoided by any retail
30.32 customer located within a utility service area.

31.1 Subd. 18. **Pretax costs.** "Pretax costs" means costs incurred by a utility and approved
31.2 by the commission, including but not limited to:

31.3 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed
31.4 by a storm event;

31.5 (2) costs to decommission and restore the site of a natural gas facility damaged or
31.6 destroyed by an extraordinary event;

31.7 (3) other applicable capital and operating costs, accrued carrying charges, deferred
31.8 expenses, reductions for applicable insurance, and salvage proceeds; and

31.9 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing
31.10 debt agreements, or for waivers or consents related to existing debt agreements.

31.11 Subd. 19. **Storm event.** "Storm event" means a tornado, derecho, ice or snow storm,
31.12 flood, earthquake, or other significant weather or natural disaster that causes substantial
31.13 damage to a utility's infrastructure.

31.14 Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law
31.15 to the rights and obligations of another legal entity as a result of bankruptcy, reorganization,
31.16 restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or
31.17 transfer of assets.

31.18 Subd. 21. **Utility.** "Utility" means a public utility, as defined in section 216B.02,
31.19 subdivision 4, that provides natural gas service to Minnesota customers. Utility includes
31.20 the utility's successors or assignees.

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

31.22 Sec. 5. **[216B.492] FINANCING ORDER.**

31.23 Subdivision 1. **Application.** (a) A utility may file an application with the commission
31.24 for the issuance of a financing order to enable the utility to recover extraordinary event costs
31.25 through the issuance of extraordinary event bonds under this section.

31.26 (b) The application must include the following information, as applicable:

31.27 (1) a description of each natural gas facility to be repaired or replaced;

31.28 (2) the undepreciated value remaining in the natural gas facility whose repair or
31.29 replacement is proposed to be financed through the issuance of bonds under sections
31.30 216B.491 to 216B.499, and the method used to calculate the amount;

32.1 (3) the estimated amount of costs imposed on customers resulting from an extraordinary
32.2 event that involves no physical damage to natural gas facilities;

32.3 (4) the estimated savings or estimated mitigation of rate impacts to utility customers if
32.4 the financing order is issued as requested in the application, calculated by comparing the
32.5 costs to customers that are expected to result from implementing the financing order and
32.6 the estimated costs associated with implementing traditional utility financing mechanisms
32.7 with respect to the same undepreciated balance, expressed in net present value terms;

32.8 (5) a description of the nonbypassable extraordinary event charge utility customers
32.9 would be required to pay in order to fully recover financing costs and the method and
32.10 assumptions used to calculate the amount;

32.11 (6) a proposed methodology to allocate the revenue requirement for the extraordinary
32.12 event charge among the utility's customer classes;

32.13 (7) a description of a proposed adjustment mechanism to be implemented when necessary
32.14 to correct any overcollection or undercollection of extraordinary event charges, in order to
32.15 complete payment of scheduled principal and interest on extraordinary event bonds and
32.16 other financing costs in a timely fashion;

32.17 (8) a memorandum with supporting exhibits, from a securities firm that is experienced
32.18 in the marketing of bonds and that is approved by the commissioner of management and
32.19 budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher
32.20 rating or equivalent rating criteria of at least one nationally recognized securities rating
32.21 organization for issuances similar to the proposed extraordinary event bonds;

32.22 (9) an estimate of the timing of the issuance and the term of the extraordinary event
32.23 bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance
32.24 does not exceed 30 years;

32.25 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,
32.26 interest in extraordinary event property, including identification of an assignee, and
32.27 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
32.28 by the utility;

32.29 (11) identification of ancillary agreements that may be necessary or appropriate;

32.30 (12) one or more alternative financing scenarios in addition to the preferred scenario
32.31 contained in the application;

32.32 (13) the extent of damage to the utility's infrastructure caused by an extraordinary event
32.33 and the estimated costs to repair or replace the damaged infrastructure;

33.1 (14) a schedule of proposed repairs to and replacement of damaged infrastructure;

33.2 (15) a description of steps taken to provide customers interim natural gas service while
33.3 the damaged infrastructure is being repaired or replaced; and

33.4 (16) a description of impacts on the utility's current workforce resulting from
33.5 implementing an infrastructure repair or replacement plan following an extraordinary event.

33.6 Subd. 2. **Findings.** After providing notice and holding a public hearing on an application
33.7 filed under subdivision 1, the commission may issue a financing order if the commission
33.8 finds that:

33.9 (1) the extraordinary event costs described in the application are reasonable;

33.10 (2) the proposed issuance of extraordinary event bonds and the imposition and collection
33.11 of extraordinary event charges:

33.12 (i) are just and reasonable;

33.13 (ii) are consistent with the public interest;

33.14 (iii) constitute a prudent and reasonable mechanism to finance the extraordinary event
33.15 costs; and

33.16 (iv) provide tangible and quantifiable benefits to customers that exceed the benefits that
33.17 would have been achieved absent the issuance of extraordinary event bonds; and

33.18 (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:

33.19 (i) significantly lower overall costs to customers or significantly mitigate rate impacts
33.20 to customers relative to traditional methods of financing; and

33.21 (ii) achieve significant customer savings or significant mitigation of rate impacts to
33.22 customers, as determined by the commission in a financing order, consistent with market
33.23 conditions at the time of sale and the terms of the financing order.

33.24 Subd. 3. **Contents.** (a) A financing order issued under this section must:

33.25 (1) determine the maximum amount of extraordinary event costs that may be financed
33.26 from proceeds of extraordinary event bonds issued pursuant to the financing order;

33.27 (2) describe the proposed customer billing mechanism for extraordinary event charges
33.28 and include a finding that the mechanism is just and reasonable;

33.29 (3) describe the financing costs that may be recovered through extraordinary event
33.30 charges and the period over which the costs may be recovered, which must end no earlier
33.31 than the date of final legal maturity of the extraordinary event bonds;

34.1 (4) describe the extraordinary event property that is created and that may be used to pay,
34.2 and secure the payment of, the extraordinary event bonds and financing costs authorized in
34.3 the financing order;

34.4 (5) authorize the utility to finance extraordinary event costs through the issuance of one
34.5 or more series of extraordinary event bonds. A utility is not required to secure a separate
34.6 financing order for each issuance of extraordinary event bonds or for each scheduled phase
34.7 of the replacement of natural gas facilities approved in the financing order;

34.8 (6) include a formula-based mechanism that must be used to make expeditious periodic
34.9 adjustments to the extraordinary event charge authorized by the financing order that are
34.10 necessary to correct for any overcollection or undercollection, or to otherwise guarantee
34.11 the timely payment of extraordinary event bonds, financing costs, and other required amounts
34.12 and charges payable in connection with extraordinary event bonds;

34.13 (7) specify the degree of flexibility afforded to the utility in establishing the terms and
34.14 conditions of the extraordinary event bonds, including but not limited to repayment schedules,
34.15 expected interest rates, and other financing costs;

34.16 (8) specify that the extraordinary event bonds must be issued as soon as feasible following
34.17 issuance of the financing order;

34.18 (9) require the utility, at the same time as extraordinary event charges are initially
34.19 collected and independent of the schedule to close and decommission any natural gas facility
34.20 replaced as the result of an extraordinary event, to remove the natural gas facility from the
34.21 utility's rate base and commensurately reduce the utility's base rates;

34.22 (10) specify a future ratemaking process to reconcile any difference between the projected
34.23 pretax costs included in the amount financed by extraordinary event bonds and the final
34.24 actual pretax costs incurred by the utility to retire or replace the natural gas facility;

34.25 (11) specify information regarding bond issuance and repayments, financing costs,
34.26 energy transaction charges, extraordinary event property, and related matters that the natural
34.27 gas utility is required to provide to the commission on a schedule determined by the
34.28 commission;

34.29 (12) allow and may require the creation of a utility's extraordinary event property to be
34.30 conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary
34.31 event property to an assignee and the pledge of the extraordinary event property to secure
34.32 the extraordinary event bonds;

35.1 (13) ensure that the structuring, marketing, and pricing of extraordinary event bonds
35.2 result in reasonable securitization bond charges and significant customer savings or rate
35.3 impact mitigation, consistent with market conditions and the terms of the financing order;
35.4 and

35.5 (14) specify that a utility financing the replacement of one or more natural gas facilities
35.6 after the natural gas facilities subject to the finance order are removed from the utility's rate
35.7 base is prohibited from:

35.8 (i) operating the natural gas facilities; or

35.9 (ii) selling the natural gas facilities to another entity to be operated as natural gas facilities.

35.10 (b) A financing order issued under this section may:

35.11 (1) include conditions different from those requested in the application that the
35.12 commission determines are necessary to:

35.13 (i) promote the public interest; and

35.14 (ii) maximize the financial benefits or minimize the financial risks of the transaction to
35.15 customers and to directly impacted Minnesota workers and communities; and

35.16 (2) specify the selection of one or more underwriters of the extraordinary event bonds.

35.17 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains
35.18 in effect until the extraordinary event bonds issued under the financing order and all financing
35.19 costs related to the bonds have been paid in full.

35.20 (b) A financing order remains in effect and unabated notwithstanding the bankruptcy,
35.21 reorganization, or insolvency of the utility to which the financing order applies or any
35.22 affiliate, successor, or assignee of the utility to which the financing order applies.

35.23 (c) Subject to judicial review under section 216B.52, a financing order is irrevocable
35.24 and is not reviewable by a future commission. The commission may not reduce, impair,
35.25 postpone, or terminate extraordinary event charges approved in a financing order, or impair
35.26 extraordinary event property or the collection or recovery of extraordinary event revenue.

35.27 (d) Notwithstanding paragraph (c), the commission may, on the commission's own
35.28 motion or at the request of a utility or any other person, commence a proceeding and issue
35.29 a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary
35.30 event bonds issued under the original financing order if:

35.31 (1) the commission makes all of the findings specified in subdivision 2 with respect to
35.32 the subsequent financing order; and

36.1 (2) the modification contained in the subsequent financing order does not in any way
36.2 impair the covenants and terms of the extraordinary event bonds being refinanced, retired,
36.3 or refunded.

36.4 Subd. 5. Effect on commission jurisdiction. (a) Except as provided in paragraph (b),
36.5 the commission, in exercising the powers and carrying out the duties under this section, is
36.6 prohibited from:

36.7 (1) considering extraordinary event bonds issued under this section to be debt of the
36.8 utility other than for income tax purposes, unless it is necessary to consider the extraordinary
36.9 event bonds to be debt in order to achieve consistency with prevailing utility debt rating
36.10 methodologies;

36.11 (2) considering the extraordinary event charges paid under the financing order to be
36.12 revenue of the utility;

36.13 (3) considering the extraordinary event or financing costs specified in the financing
36.14 order to be the regulated costs or assets of the utility; or

36.15 (4) determining any prudent action taken by a utility that is consistent with the financing
36.16 order to be unjust or unreasonable.

36.17 (b) Nothing in this subdivision:

36.18 (1) affects the authority of the commission to apply or modify any billing mechanism
36.19 designed to recover extraordinary event charges;

36.20 (2) prevents or precludes the commission from investigating a utility's compliance with
36.21 the terms and conditions of a financing order and requiring compliance with the financing
36.22 order; or

36.23 (3) prevents or precludes the commission from imposing regulatory sanctions against a
36.24 utility for failure to comply with the terms and conditions of a financing order or the
36.25 requirements of this section.

36.26 (c) The commission is prohibited from refusing to allow a utility to recover any costs
36.27 associated with the replacement of natural gas facilities solely because the utility has elected
36.28 to finance the natural gas facility replacement through a financing mechanism other than
36.29 extraordinary event bonds.

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

37.1 Sec. 6. **[216B.493] POSTORDER COMMISSION DUTIES.**

37.2 Subdivision 1. **Financing cost review.** Within 120 days after the date extraordinary
37.3 event bonds are issued, a utility subject to a financing order must file with the commission
37.4 the actual initial and ongoing financing costs, the final structure and pricing of the
37.5 extraordinary event bonds, and the actual extraordinary event charge. The commission must
37.6 review the prudence of the natural gas utility's actions to determine whether the actual
37.7 financing costs were the lowest that could reasonably be achieved given the terms of the
37.8 financing order and market conditions prevailing at the time of the bond's issuance.

37.9 Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this
37.10 section are not prudent or are inconsistent with the financing order, the commission may
37.11 apply any remedies available, provided that any remedy applied may not directly or indirectly
37.12 impair the security for the extraordinary event bonds.

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

37.14 Sec. 7. **[216B.494] USE OF OUTSIDE EXPERTS.**

37.15 (a) In carrying out the duties under this section, the commission may:

37.16 (1) contract with outside consultants and counsel experienced in securitized utility
37.17 customer-backed bond financing similar to extraordinary event bonds; and

37.18 (2) hire and compensate additional temporary staff as needed.

37.19 Expenses incurred by the commission under this paragraph must be treated as financing
37.20 costs and included in the extraordinary event charge. The costs incurred under clause (1)
37.21 are not an obligation of the state and are assigned solely to the transaction.

37.22 (b) A utility presented with a written request from the commission for reimbursement
37.23 of the commission's expenses incurred under paragraph (a), accompanied by a detailed
37.24 account of those expenses, must remit full payment of the expenses to the commission
37.25 within 30 days of receiving the request.

37.26 (c) If a utility's application for a financing order is denied or withdrawn for any reason
37.27 and extraordinary event bonds are not issued, the commission's costs to retain expert
37.28 consultants under this section must be paid by the applicant utility and are deemed to be
37.29 prudent deferred expenses eligible for recovery in the utility's future rates.

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

38.1 **Sec. 8. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.**

38.2 (a) A utility that obtains a financing order and causes extraordinary event bonds to be
38.3 issued must:

38.4 (1) include on each customer's monthly natural gas bill:

38.5 (i) a statement that a portion of the charges represents extraordinary event charges
38.6 approved in a financing order;

38.7 (ii) the amount and rate of the extraordinary event charge as a separate line item titled
38.8 "extraordinary event charge"; and

38.9 (iii) if extraordinary event property has been transferred to an assignee, a statement that
38.10 the assignee is the owner of the rights to extraordinary event charges and that the utility or
38.11 other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

38.12 (2) file annually with the commission:

38.13 (i) a calculation of the impact of financing the retirement or replacement of natural gas
38.14 facilities on customer rates, itemized by customer class; and

38.15 (ii) evidence demonstrating that extraordinary event revenues are applied solely to the
38.16 repayment of extraordinary event bonds and other financing costs.

38.17 (b) Extraordinary event charges are nonbypassable and must be paid by all existing and
38.18 future customers receiving service from the utility or the utility's successors or assignees
38.19 under commission-approved rate schedules or special contracts.

38.20 (c) A utility's failure to comply with this section does not invalidate, impair, or affect
38.21 any financing order, extraordinary event property, extraordinary event charge, or
38.22 extraordinary event bonds, but does subject the utility to penalties under applicable
38.23 commission rules.

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

38.25 **Sec. 9. [216B.496] EXTRAORDINARY EVENT PROPERTY.**

38.26 Subdivision 1. **General.** (a) Extraordinary event property is an existing present property
38.27 right or interest in a property right, even though the imposition and collection of extraordinary
38.28 event charges depend on the utility collecting extraordinary event charges and on future
38.29 natural gas consumption. The property right or interest exists regardless of whether the
38.30 revenues or proceeds arising from the extraordinary event property have been billed, have
38.31 accrued, or have been collected.

39.1 (b) Extraordinary event property exists until all extraordinary event bonds issued under
39.2 a financing order are paid in full and all financing costs and other costs of the extraordinary
39.3 event bonds have been recovered in full.

39.4 (c) All or any portion of extraordinary event property described in a financing order
39.5 issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee
39.6 that is wholly owned, directly or indirectly, by the utility and is created for the limited
39.7 purpose of acquiring, owning, or administering extraordinary event property or issuing
39.8 extraordinary event bonds authorized by the financing order. All or any portion of
39.9 extraordinary event property may be pledged to secure extraordinary event bonds issued
39.10 under a financing order, amounts payable to financing parties and to counterparties under
39.11 any ancillary agreements, and other financing costs. Each transfer, sale, conveyance,
39.12 assignment, or pledge by a utility or an affiliate of extraordinary event property is a
39.13 transaction in the ordinary course of business.

39.14 (d) If a utility defaults on any required payment of charges arising from extraordinary
39.15 event property described in a financing order, a court, upon petition by an interested party
39.16 and without limiting any other remedies available to the petitioner, must order the
39.17 sequestration and payment of the revenues arising from the extraordinary event property to
39.18 the financing parties.

39.19 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary
39.20 event property specified in a financing order issued to a utility, and in the revenue and
39.21 collections arising from the property, is not subject to setoff, counterclaim, surcharge, or
39.22 defense by the utility or any other person, or in connection with the reorganization,
39.23 bankruptcy, or other insolvency of the utility or any other entity.

39.24 (f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other
39.25 insolvency proceeding; merger or acquisition; sale; other business combination; transfer by
39.26 operation of law; utility restructuring; or otherwise, must perform and satisfy all obligations
39.27 of, and has the same duties and rights under, a financing order as the utility to which the
39.28 financing order applies. A successor to a utility must perform the duties and exercise the
39.29 rights in the same manner and to the same extent as the utility, including collecting and
39.30 paying to any person entitled to receive revenues, collections, payments, or proceeds of
39.31 extraordinary event property.

39.32 Subd. 2. Security interests in extraordinary event property. (a) The creation,
39.33 perfection, and enforcement of any security interest in extraordinary event property to secure

40.1 the repayment of the principal and interest on extraordinary event bonds, amounts payable
40.2 under any ancillary agreement, and other financing costs are governed solely by this section.

40.3 (b) A security interest in extraordinary event property is created, valid, and binding
40.4 when:

40.5 (1) the financing order that describes the extraordinary event property is issued;

40.6 (2) a security agreement is executed and delivered; and

40.7 (3) value is received for the extraordinary event bonds.

40.8 (c) Once a security interest in extraordinary event property is created, the security interest
40.9 attaches without any physical delivery of collateral or any other act. The lien of the security
40.10 interest is valid, binding, and perfected against all parties having claims of any kind in tort,
40.11 contract, or otherwise against the person granting the security interest, regardless of whether
40.12 the parties have notice of the lien, upon the filing of a financing statement with the secretary
40.13 of state.

40.14 (d) The description or indication of extraordinary event property in a transfer or security
40.15 agreement and a financing statement is sufficient only if the description or indication refers
40.16 to this section and the financing order creating the extraordinary event property.

40.17 (e) A security interest in extraordinary event property is a continuously perfected security
40.18 interest and has priority over any other lien, created by operation of law or otherwise, which
40.19 may subsequently attach to the extraordinary event property unless the holder of the security
40.20 interest has agreed otherwise in writing.

40.21 (f) The priority of a security interest in extraordinary event property is not affected by
40.22 the commingling of extraordinary event property or extraordinary event revenue with other
40.23 money. An assignee, bondholder, or financing party has a perfected security interest in the
40.24 amount of all extraordinary event property or extraordinary event revenue that is pledged
40.25 to pay extraordinary event bonds, even if the extraordinary event property or extraordinary
40.26 event revenue is deposited in a cash or deposit account of the utility in which the
40.27 extraordinary event revenue is commingled with other money. Any other security interest
40.28 that applies to the other money does not apply to the extraordinary event revenue.

40.29 (g) Neither a subsequent commission order amending a financing order under section
40.30 216B.492, subdivision 4, nor application of an adjustment mechanism authorized by a
40.31 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or
40.32 priority of a security interest in or transfer of extraordinary event property.

41.1 (h) A valid and enforceable security interest in extraordinary event property is perfected
41.2 only when the security interest has attached and when a financing order has been filed with
41.3 the secretary of state in accordance with procedures established by the secretary of state.
41.4 The financing order must name the pledgor of the extraordinary event property as debtor
41.5 and identify the property.

41.6 Subd. 3. Sales of extraordinary event property. (a) A sale, assignment, or transfer of
41.7 extraordinary event property is an absolute transfer and true sale of, and not a pledge of or
41.8 secured transaction relating to, the seller's right, title, and interest in, to, and under the
41.9 extraordinary event property if the documents governing the transaction expressly state that
41.10 the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary
41.11 event property may be created when:

41.12 (1) the financing order creating and describing the extraordinary event property is
41.13 effective;

41.14 (2) the documents evidencing the transfer of the extraordinary event property are executed
41.15 and delivered to the assignee; and

41.16 (3) value is received.

41.17 (b) A transfer of an interest in extraordinary event property must be filed with the
41.18 secretary of state against all third persons and perfected under sections 336.3-301 to
41.19 336.3-312, including any judicial lien or other lien creditors or any claims of the seller or
41.20 creditors of the seller, other than creditors holding a prior security interest, ownership
41.21 interest, or assignment in the extraordinary event property previously perfected under this
41.22 subdivision or subdivision 2.

41.23 (c) The characterization of a sale, assignment, or transfer as an absolute transfer and
41.24 true sale, and the corresponding characterization of the property interest of the assignee, is
41.25 not affected or impaired by:

41.26 (1) commingling of extraordinary event revenue with other money;

41.27 (2) the retention by the seller of:

41.28 (i) a partial or residual interest, including an equity interest, in the extraordinary event
41.29 property, whether direct or indirect, or whether subordinate or otherwise; or

41.30 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed
41.31 on the collection of extraordinary event revenue;

41.32 (3) any recourse that the purchaser may have against the seller;

42.1 (4) any indemnification rights, obligations, or repurchase rights made or provided by
42.2 the seller;

42.3 (5) an obligation of the seller to collect extraordinary event revenues on behalf of an
42.4 assignee;

42.5 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other
42.6 purposes;

42.7 (7) any subsequent financing order amending a financing order under section 216B.492,
42.8 subdivision 4, paragraph (d); or

42.9 (8) any application of an adjustment mechanism under section 216B.492, subdivision
42.10 3, paragraph (a), clause (6).

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

42.12 **Sec. 10. [216B.497] EXTRAORDINARY EVENT BONDS.**

42.13 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,
42.14 administrators, guardians, trustees, and other fiduciaries may legally invest any money
42.15 within the individual's or entity's control in extraordinary event bonds.

42.16 (b) Extraordinary event bonds issued under a financing order are not debt of or a pledge
42.17 of the faith and credit or taxing power of the state, any agency of the state, or any political
42.18 subdivision. Holders of extraordinary event bonds may not have taxes levied by the state
42.19 or a political subdivision in order to pay the principal or interest on extraordinary event
42.20 bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently
42.21 obligate the state or a political subdivision to levy any tax or make any appropriation to pay
42.22 principal or interest on the extraordinary event bonds.

42.23 (c) The state pledges to and agrees with holders of extraordinary event bonds, any
42.24 assignee, and any financing parties that the state will not:

42.25 (1) take or permit any action that impairs the value of extraordinary event property; or

42.26 (2) reduce, alter, or impair extraordinary event charges that are imposed, collected, and
42.27 remitted for the benefit of holders of extraordinary event bonds, any assignee, and any
42.28 financing parties until any principal, interest, and redemption premium payable on
42.29 extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or
42.30 financing party under an ancillary agreement are paid in full.

43.1 (d) A person who issues extraordinary event bonds may include the pledge specified in
43.2 paragraph (c) in the extraordinary event bonds, ancillary agreements, and documentation
43.3 related to the issuance and marketing of the extraordinary event bonds.

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

43.5 Sec. 11. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO**
43.6 **COMMISSION REGULATION.**

43.7 An assignee or financing party that is not already regulated by the commission does not
43.8 become subject to commission regulation solely as a result of engaging in any transaction
43.9 authorized by or described in sections 216B.491 to 216B.499.

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

43.11 Sec. 12. **[216B.499] EFFECT ON OTHER LAWS.**

43.12 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law
43.13 regarding the attachment, assignment, perfection, effect of perfection, or priority of any
43.14 security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499
43.15 govern.

43.16 (b) Nothing in this section precludes a utility for which the commission has initially
43.17 issued a financing order from applying to the commission for:

43.18 (1) a subsequent financing order amending the financing order under section 216B.492,
43.19 subdivision 4, paragraph (d); or

43.20 (2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding
43.21 series of extraordinary event bonds.

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

43.23 Sec. 13. Minnesota Statutes 2020, section 216B.50, subdivision 1, is amended to read:

43.24 Subdivision 1. **Commission approval required.** No public utility shall sell, acquire,
43.25 lease, or rent any plant as an operating unit or system in this state for a total consideration
43.26 in excess of ~~\$100,000~~ \$1,000,000, or merge or consolidate with another public utility or
43.27 transmission company operating in this state, without first being authorized so to do by the
43.28 commission. Upon the filing of an application for the approval and consent of the
43.29 commission, the commission shall investigate, with or without public hearing. The
43.30 commission shall hold a public hearing, upon such notice as the commission may require.
43.31 If the commission finds that the proposed action is consistent with the public interest, it

44.1 shall give its consent and approval by order in writing. In reaching its determination, the
44.2 commission shall take into consideration the reasonable value of the property, plant, or
44.3 securities to be acquired or disposed of, or merged and consolidated.

44.4 This section does not apply to the purchase of property to replace or add to the plant of
44.5 the public utility by construction.

44.6 Sec. 14. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

44.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
44.8 the meaning given.

44.9 (b) "Participant" means a person who meets the requirements of subdivision 2 and who:

44.10 (1) files comments or appears in a commission proceeding concerning one or more
44.11 public utilities, excluding public hearings held in contested cases and commission proceedings
44.12 conducted to receive general public comments; or

44.13 (2) is permitted by the commission to intervene in a commission proceeding concerning
44.14 one or more public utilities; and

44.15 (3) files a request for compensation under this section.

44.16 (c) "Party" means a person who files comments or appears in a commission proceeding,
44.17 other than public hearings, concerning one or more public utilities.

44.18 (d) "Proceeding" means an undertaking of the commission in which it seeks to resolve
44.19 an issue affecting one or more public utilities and which results in a commission order.

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

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

44.23 (1) a nonprofit organization that is:

44.24 (i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue
44.25 Code;

44.26 (ii) incorporated or organized in Minnesota;

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

44.28 (iv) determined by the commission under subdivision 3, paragraph (c), to suffer financial
44.29 hardship if not compensated for its participation in the applicable proceeding;

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

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

45.6 Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to
45.7 compensate all or part of a participant's reasonable costs of participation in a proceeding
45.8 before the commission if the commission finds:

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

45.10 (2) if the participant is a nonprofit organization, that the participant would suffer financial
45.11 hardship if its participation in the proceeding was not compensated.

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

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

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

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

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

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

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

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

45.27 (1) incorporated or organized within three years of the beginning of the applicable
45.28 proceeding;

45.29 (2) has payroll expense below \$750,000; or

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

46.4 (d) In reviewing a compensation request, the commission must consider whether the
46.5 costs presented in the participant's claim are reasonable.

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

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

46.10 (2) in a general rate case proceeding under section 216B.16 or an integrated resource
46.11 plan proceeding under section 216B.2422, the maximum single participant compensation
46.12 per proceeding under this section must not exceed \$75,000.

46.13 (b) A single participant must not be granted more than \$200,000 under this section in a
46.14 single calendar year.

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

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

46.19 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue
46.20 in Minnesota;

46.21 (2) \$275,000, for a public utility with at least \$300,000,000 but less than \$900,000,000
46.22 annual gross operating revenue in Minnesota;

46.23 (3) \$375,000, for a public utility with at least \$900,000,000 but less than \$2,000,000,000
46.24 annual gross operating revenue in Minnesota; and

46.25 (4) \$1,250,000, for a public utility with \$2,000,000,000 or more annual gross operating
46.26 revenue in Minnesota.

46.27 (e) When requests for compensation from any public utility approach the limits established
46.28 in paragraph (d), the commission may prioritize requests from participants that received
46.29 less than \$150,000 in total compensation during the previous two years.

46.30 Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a
46.31 request and an affidavit of service with the commission, and serve a copy of the request on
46.32 each party to the proceeding. The request must be filed no more than 30 days after the later

47.1 of: (1) the expiration of the period within which a petition for rehearing, amendment,
47.2 vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues
47.3 an order following rehearing, amendment, vacation, reconsideration, or reargument.

47.4 (b) A compensation request must include:

47.5 (1) the name and address of the participant or nonprofit organization the participant is
47.6 representing;

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

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

47.9 (4) for a nonprofit participant, evidence supporting its eligibility for compensation under
47.10 the financial hardship test under subdivision 3, paragraph (c);

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

47.13 (6) an itemization of the participant's costs, including hours worked and associated hourly
47.14 rates for each individual contributing to the participation, not including overhead costs;
47.15 participant revenues dedicated for the proceeding; and the total compensation request; and

47.16 (7) a narrative describing the unique contribution made to the proceeding by the
47.17 participant.

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

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

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

47.31 (f) If additional costs are incurred by a participant as a result of additional proceedings
47.32 following the commission's initial order, the participant may file an amended request within

48.1 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an
48.2 amended request.

48.3 (g) The commission must issue a decision on participant compensation within 60 days
48.4 of the date a request for compensation is filed by a participant.

48.5 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
48.6 30 days upon the request of a participant or on the commission's own initiative.

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

48.9 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment
48.10 of participant compensation, the public utility that was the subject of the proceeding must
48.11 pay the full compensation to the participant and file proof of payment with the commission
48.12 within 30 days after the later of: (1) the expiration of the period within which a petition for
48.13 reconsideration of the commission's compensation decision must be filed; or (2) the date
48.14 the commission issues an order following reconsideration of the commission's order on
48.15 participant compensation.

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

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

48.21 Subd. 7. **Report.** By July 1, 2025, the commission shall report to the chairs and ranking
48.22 minority members of the senate and house of representatives committees with primary
48.23 jurisdiction over energy policy on the operation of this section, including but not limited
48.24 to:

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

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

48.28 (3) the impact of the commission's adoption of the positions of compensated participants.

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

49.1 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 11, is amended to read:

49.2 Subd. 11. **Department of Commerce to provide technical expertise and other**
49.3 **assistance.** (a) The commissioner of the Department of Commerce shall consult with other
49.4 state agencies and provide technical expertise and other assistance to the commission or to
49.5 individual members of the commission for activities and proceedings under this chapter
49.6 and chapters 216F and 216G. This assistance shall include the sharing of power plant siting
49.7 and routing staff and other resources as necessary. The commissioner shall periodically
49.8 report to the commission concerning the Department of Commerce's costs of providing
49.9 assistance. The report shall conform to the schedule and include the required contents
49.10 specified by the commission. The commission shall include the costs of the assistance in
49.11 assessments for activities and proceedings under those sections and reimburse the special
49.12 revenue fund for those costs. If either the commissioner or the commission deems it
49.13 necessary, the department and the commission shall enter into an interagency agreement
49.14 establishing terms and conditions for the provision of assistance and sharing of resources
49.15 under this subdivision.

49.16 (b) Notwithstanding the requirements of section 216B.33, the commissioner of the
49.17 Department of Commerce may take any action required or requested by the commission
49.18 related to the environmental review requirements of chapters 216E or 216F immediately
49.19 following a hearing and vote of the commission, prior to the issuance of a written order,
49.20 finding, authorization, or certificate.

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

49.22 Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

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

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

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

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

49.28 (4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles
49.29 in length in Minnesota;

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

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

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

50.6 (8) large electric power generating plants that are powered by solar energy.

50.7 EFFECTIVE DATE. This section is effective the day following final enactment and
50.8 applies to a high-voltage transmission line in excess of 200 kilovolts whose owner has filed
50.9 an application for a route permit with the Minnesota Public Utilities Commission on or after
50.10 that date.

50.11 Sec. 17. REPEALER.

50.12 Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

50.13 ARTICLE 5

50.14 ENERGY STORAGE

50.15 Section 1. Minnesota Statutes 2020, section 216B.1611, is amended by adding a subdivision
50.16 to read:

50.17 Subd. 5. Energy storage; capacity; treatment. For the purpose of interconnecting a
50.18 distributed generation facility that operates in conjunction with an energy storage system,
50.19 as defined in section 216B.2422, subdivision 1, paragraph (f), the system capacity must be
50.20 calculated as the alternating current capacity of the distributed generation facility alone,
50.21 provided that the energy storage system is connected to the distributed generating facility:

50.22 (1) by direct current; or

50.23 (2) by alternating current, and is configured to limit the maximum export of electricity
50.24 beyond the common point of coupling with the utility to an amount no greater than the
50.25 capacity of the distributed generation facility.

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

50.27 Sec. 2. [216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.

50.28 No later than September 15, 2022, the commission shall initiate a docket designed to
50.29 determine fair compensation to be paid to customer-owners of on-site energy storage systems,
50.30 as defined in section 216B.2422, subdivision 1, paragraph (f), for the voluntary discharge

51.1 of stored energy and capacity during periods of peak electricity demand or at other times
 51.2 as dispatched or requested by a utility.

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

51.4 Sec. 3. Minnesota Statutes 2020, section 216B.2422, subdivision 7, is amended to read:

51.5 Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a
 51.6 resource plan under subdivision 2 must include in the filing an assessment of energy storage
 51.7 systems that analyzes how the deployment of energy storage systems contributes to:

51.8 (1) meeting identified generation and capacity needs; and

51.9 (2) evaluating ancillary services.

51.10 (b) The assessment must:

51.11 (1) employ appropriate modeling methods to enable the analysis required in paragraph

51.12 (a); and

51.13 (2) address how energy storage systems may contribute to the achievement of the goals

51.14 in subdivision 4, clause (1).

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

51.16 Sec. 4. Minnesota Statutes 2020, section 216B.2425, subdivision 8, is amended to read:

51.17 Subd. 8. **Distribution study for distributed generation.** Each entity subject to this
 51.18 section that is operating under a multiyear rate plan approved under section 216B.16,
 51.19 subdivision 19, shall conduct a distribution study to identify interconnection points on its
 51.20 distribution system for small-scale distributed generation resources and shall identify
 51.21 necessary distribution upgrades, including the deployment of energy storage systems, as
 51.22 defined in section 216B.2422, subdivision 1, paragraph (f), to support the continued
 51.23 development of distributed generation resources, and shall include the study in its report
 51.24 required under subdivision 2.

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

51.26 Sec. 5. **[216C.378] STORAGE REWARDS INCENTIVE PROGRAM.**

51.27 (a) The electric utility subject to section 116C.779 must develop and operate a program
 51.28 to provide a lump-sum grant to customers for the purpose of reducing the cost of purchasing
 51.29 and installing an on-site energy storage system, as defined in section 216B.2422, subdivision
 51.30 1, paragraph (f). The utility subject to this section must file a plan with the commission to

52.1 operate the program no later than October 1, 2022. The utility may not operate the program
 52.2 until it is approved by the commissioner. Any change to an operating program must be
 52.3 approved by the commission.

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

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

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

52.7 (c) An owner of an energy storage system is eligible to receive a grant under this section

52.8 if:

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

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

52.13 (d) The commissioner shall annually review, and may adjust, the amount of grants
 52.14 awarded under this section but may not increase the amount over that awarded in previous
 52.15 years unless the commissioner demonstrates in writing that an upward adjustment is
 52.16 warranted by market conditions.

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

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

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

52.23 **ARTICLE 6**

52.24 **RENEWABLE ENERGY**

52.25 Section 1. Minnesota Statutes 2020, section 16B.32, subdivision 1, is amended to read:

52.26 Subdivision 1. **Alternative energy sources.** ~~Plans prepared by the commissioner for a~~
 52.27 ~~new building or for a renovation of 50 percent or more of an existing building or its energy~~
 52.28 ~~systems must include designs which use active and passive solar energy systems, earth~~
 52.29 ~~sheltered construction, and other alternative energy sources where feasible.~~ (a) If the
 52.30 incorporation of cost-effective energy efficiency measures into the design, materials, and
 52.31 operations of a building or major building renovation subject to section 16B.325 is not

53.1 sufficient to meet Sustainable Building 2030 energy performance standards required under
53.2 section 216B.241, subdivision 9, cost-effective renewable energy sources or solar thermal
53.3 energy systems, or both, must be deployed to achieve those standards.

53.4 (b) The commissioners of administration and commerce shall review compliance of
53.5 building designs and plans subject to this section with Sustainable Building 2030 performance
53.6 standards developed under section 216B.241, subdivision 9, and shall make recommendations
53.7 to the legislature as necessary to ensure that those performance standards are met.

53.8 (c) For the purposes of this section:

53.9 (1) "energy efficiency" has the meaning given in section 216B.241, subdivision 1,
53.10 paragraph (f);

53.11 (2) "renewable energy" has the meaning given in section 216B.2422, subdivision 1,
53.12 paragraph (c), and includes hydrogen generated from wind, solar, or hydroelectric; and

53.13 (3) "solar thermal energy systems" has the meaning given to "qualifying solar thermal
53.14 project" in section 216B.2411, subdivision 2, paragraph (e).

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

53.16 Sec. 2. Minnesota Statutes 2020, section 16B.32, subdivision 1a, is amended to read:

53.17 Subd. 1a. **Onsite energy generation from renewable sources.** ~~A state agency that~~
53.18 ~~prepares a predesign for a new building must consider meeting at least two percent of the~~
53.19 ~~energy needs of the building from renewable sources located on the building site. For~~
53.20 ~~purposes of this subdivision, "renewable sources" are limited to wind and the sun. The~~
53.21 ~~predesign must include an explicit cost and price analysis of complying with the two-percent~~
53.22 ~~requirement compared with the present and future costs of energy supplied by a public~~
53.23 ~~utility from a location away from the building site and the present and future costs of~~
53.24 ~~controlling carbon emissions. If the analysis concludes that the building should not meet at~~
53.25 ~~least two percent of its energy needs from renewable sources located on the building site,~~
53.26 ~~the analysis must provide explicit reasons why not. The building may not receive further~~
53.27 ~~state appropriations for design or construction unless at least two percent of its energy needs~~
53.28 ~~are designed to be met from renewable sources, unless the commissioner finds that the~~
53.29 ~~reasons given by the agency for not meeting the two-percent requirement were supported~~
53.30 ~~by evidence in the record.~~ The total aggregate nameplate capacity of all renewable energy
53.31 sources utilized to meet Sustainable Building 2030 standards in a state-owned building or
53.32 facility, including any subscription to a community solar garden under section 216B.1641,

54.1 may not exceed 120 percent of the average annual electric energy consumption of the
54.2 state-owned building or facility.

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

54.4 Sec. 3. Minnesota Statutes 2021 Supplement, section 116C.7792, is amended to read:

54.5 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

54.6 (a) The utility subject to section 116C.779 shall operate a program to provide solar
54.7 energy production incentives for solar energy systems of no more than a total aggregate
54.8 nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar
54.9 energy system installed before June 1, 2018, is eligible to receive a production incentive
54.10 under this section for any additional solar energy systems constructed at the same customer
54.11 location, provided that the aggregate capacity of all systems at the customer location does
54.12 not exceed 40 kilowatts.

54.13 (b) The program is funded by money withheld from transfer to the renewable development
54.14 account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must
54.15 be placed in a separate account for the purpose of the solar energy production incentive
54.16 program operated by the utility and not for any other program or purpose.

54.17 (c) Funds allocated to the solar energy production incentive program in 2019 and 2020
54.18 remain available to the solar energy production incentive program.

54.19 (d) The following amounts are allocated to the solar energy production incentive program:

54.20 (1) \$10,000,000 in 2021;

54.21 (2) \$10,000,000 in 2022;

54.22 (3) ~~\$5,000,000~~ \$10,000,000 in 2023; ~~and~~

54.23 (4) ~~\$5,000,000~~ \$10,000,000 in 2024; ~~and~~

54.24 (5) \$10,000,000 in 2025.

54.25 (e) Funds allocated to the solar energy production incentive program that have not been
54.26 committed to a specific project at the end of a program year remain available to the solar
54.27 energy production incentive program.

54.28 (f) Any unspent amount remaining on January 1, ~~2025~~ 2027, must be transferred to the
54.29 renewable development account.

54.30 (g) A solar energy system receiving a production incentive under this section must be
54.31 sized to less than 120 percent of the customer's on-site annual energy consumption when

55.1 combined with other distributed generation resources and subscriptions provided under
55.2 section 216B.1641 associated with the premise. The production incentive must be paid for
55.3 ten years commencing with the commissioning of the system.

55.4 (h) The utility must file a plan to operate the program with the commissioner of
55.5 commerce. The utility may not operate the program until it is approved by the commissioner.
55.6 A change to the program to include projects up to a nameplate capacity of 40 kilowatts or
55.7 less does not require the utility to file a plan with the commissioner. Any plan approved by
55.8 the commissioner of commerce must not provide an increased incentive scale over prior
55.9 years unless the commissioner demonstrates that changes in the market for solar energy
55.10 facilities require an increase.

55.11 (i) Contractors and subcontractors installing a solar energy generating system awarded
55.12 financial assistance under this section must adhere to the provisions of sections 177.41 to
55.13 177.43 with respect to the installation.

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

55.15 Sec. 4. **[116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

55.18 (b) "Agency" means the Minnesota Pollution Control Agency.

55.19 (c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that
55.20 served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

55.21 (d) "Corrective action determination" means a decision by the agency regarding actions
55.22 to be taken to remediate contaminated soil and groundwater at Area C.

55.23 (e) "Owner" means the owner of solar energy generating system planned to be deployed
55.24 at Area C.

55.25 (f) "Solar energy generating system" has the meaning given in section 216E.01,
55.26 subdivision 9a.

55.27 Subd. 2. **Account established.** The Area C contingency account is established as a
55.28 separate account in the special revenue fund in the state treasury. Transfers and appropriations
55.29 to the account, and any earnings or dividends accruing to assets in the account, must be
55.30 credited to the account. The commissioner shall serve as fiscal agent and shall manage the
55.31 account.

56.1 Subd. 3. **Distribution of funds; conditions.** Money from the account may be distributed
56.2 by the commissioner to the owner of solar energy generating system planned to be deployed
56.3 on Area C under the following conditions:

56.4 (1) the agency issues a corrective action determination after the owner has begun to
56.5 design or construct the project, and the nature of the corrective action determination requires
56.6 the project to be redesigned or construction to be interrupted or altered; or

56.7 (2) the agency issues a corrective action determination whose work plan requires
56.8 temporary cessation or partial or complete removal of the solar energy generating system
56.9 after it has become operational.

56.10 Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution
56.11 of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing
56.12 must describe the nature of the impact of the agency's work plan that results in economic
56.13 losses to the owner, and a reasonable estimate of the amount of those losses.

56.14 (b) The owner must provide the commissioner with information the commissioner
56.15 determines to be necessary to assist in the review of the filing required under this subdivision.

56.16 (c) The commissioner shall review the owner's filing within 60 days of submission and
56.17 shall approve a request the commissioner determines to be reasonable.

56.18 Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this
56.19 section may be used by the owner only to pay for:

56.20 (1) removal, storage, and transportation costs incurred for equipment removed, and any
56.21 costs to reinstall equipment;

56.22 (2) costs of redesign or new equipment made necessary by the activities of the agency's
56.23 work plan;

56.24 (3) lost revenues resulting from the inability of the solar energy generating system to
56.25 generate sufficient electricity to fulfill the terms of the power purchase agreement between
56.26 the owner and the purchaser of electricity generated by the solar energy generating system;

56.27 (4) other damages incurred under the power purchase agreement resulting from the
56.28 cessation of operations made necessary by the activities of the agency's work plan; and

56.29 (5) the cost of energy required to replace the energy that was to be generated by the solar
56.30 energy generating system and purchased under the power purchase agreement.

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

57.1 Sec. 5. Minnesota Statutes 2020, section 216B.1641, is amended to read:

57.2 **216B.1641 COMMUNITY SOLAR GARDEN.**

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

57.5 (b) "Subscribed energy" means electricity generated by the community solar garden that
57.6 is attributable to a subscriber's subscription.

57.7 (c) "Subscriber" means a retail customer who owns one or more subscriptions of a
57.8 community solar garden interconnected with the retail customer's utility.

57.9 (d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

57.10 Subd. 2. Solar garden; project requirements. (a) The public utility subject to section
57.11 116C.779 shall file by September 30, 2013, a plan with the commission to operate a
57.12 community solar garden program which shall begin operations within 90 days after
57.13 commission approval of the plan. Other public utilities may file an application at their
57.14 election. The community solar garden program must be designed to offset the energy use
57.15 of not less than five subscribers in each community solar garden facility of which no single
57.16 subscriber has more than a 40 percent interest. The owner of the community solar garden
57.17 may be a public utility or any other entity or organization that contracts to sell the output
57.18 from the community solar garden to the utility under section 216B.164. There shall be no
57.19 limitation on the number or cumulative generating capacity of community solar garden
57.20 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or
57.21 other limitations provided in law or regulations.

57.22 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
57.23 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
57.24 electricity generated in proportion to the size of their subscription. The solar garden must
57.25 have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription
57.26 shall be sized to represent at least 200 watts of the community solar garden's generating
57.27 capacity and to supply, when combined with other distributed generation resources serving
57.28 the premises, no more than 120 percent of the average annual consumption of electricity
57.29 by each subscriber at the premises to which the subscription is attributed.

57.30 (c) The solar generation facility must be located in the service territory of the public
57.31 utility filing the plan. Subscribers must be retail customers of the public utility and, unless
57.32 the facility has a minimum setback of 100 feet from the nearest residential property, must
57.33 be located in the same county or a county contiguous to where the facility is located.

58.1 (d) The public utility must purchase from the community solar garden all energy generated
 58.2 by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the
 58.3 most recent three-year average of the rate calculated under section 216B.164, subdivision
 58.4 10, or, until that rate for the public utility has been approved by the commission, the
 58.5 applicable retail rate. A solar garden is eligible for any incentive programs offered under
 58.6 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
 58.7 the subscriber's bill.

58.8 **Subd. 3. Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission
 58.9 may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan
 58.10 approved by the commission must:

58.11 (1) reasonably allow for the creation, financing, and accessibility of community solar
 58.12 gardens;

58.13 (2) establish uniform standards, fees, and processes for the interconnection of community
 58.14 solar garden facilities that allow the utility to recover reasonable interconnection costs for
 58.15 each community solar garden;

58.16 (3) not apply different requirements to utility and nonutility community solar garden
 58.17 facilities;

58.18 (4) be consistent with the public interest;

58.19 (5) identify the information that must be provided to potential subscribers to ensure fair
 58.20 disclosure of future costs and benefits of subscriptions;

58.21 (6) include a program implementation schedule;

58.22 (7) identify all proposed rules, fees, and charges; ~~and~~

58.23 (8) identify the means by which the program will be promoted;

58.24 (9) require that residential subscribers have a right to cancel a community solar garden
 58.25 subscription within three business days, as provided under section 325G.07;

58.26 (10) require that the following information is provided by the solar garden owner in
 58.27 writing to any prospective subscriber asked to make a prepayment to the solar garden owner
 58.28 prior to the delivery of subscribed energy by the solar garden:

58.29 (i) an estimate of the annual generation of subscribed energy, based on the methodology
 58.30 approved by the commission; and

59.1 (ii) an estimate of the length of time required to fully recover a subscriber's prepayments
 59.2 made to the owner of the solar garden prior to the delivery of subscribed energy, calculated
 59.3 using the formula developed by the commission under paragraph (d); and

59.4 (11) require new residential subscription agreements that require a prepayment to allow
 59.5 the subscriber to transfer the subscription to other new or current subscribers, or to cancel
 59.6 the subscription, on commercially reasonable terms; and

59.7 (12) require an owner of a solar garden to submit a report that meets the requirements
 59.8 of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

59.9 ~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a
 59.10 community solar garden facility shall be considered a utility solely as a result of their
 59.11 participation in the community solar garden facility.

59.12 ~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility
 59.13 shall begin crediting subscriber accounts for each community solar garden facility in its
 59.14 service territory, and shall file with the commissioner of commerce a description of its
 59.15 crediting system.

59.16 ~~(h) For the purposes of this section, the following terms have the meanings given:~~

59.17 ~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions~~
 59.18 ~~of a community solar garden facility interconnected with that utility; and~~

59.19 ~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

59.20 **Subd. 4. Community access project; eligibility.** (a) An owner of a community solar
 59.21 garden may apply to the utility to be designated as a community access project at any time:

59.22 (1) before the owner makes an initial payment under an interconnection agreement
 59.23 entered into with a public utility; or

59.24 (2) if the owner made an initial payment under an interconnection agreement between
 59.25 January 1, 2021, and the effective date of this act, before commercial operation begins.

59.26 (b) The utility must designate a solar garden as a community access project if the owner
 59.27 of a solar garden commits in writing to meet the following conditions:

59.28 (1) at least 50 percent of the solar garden's generating capacity is subscribed by residential
 59.29 customers;

59.30 (2) the contract between the owner of the solar garden and the public utility that purchases
 59.31 the garden's electricity, and any agreement between the utility or owner of the solar garden
 59.32 and subscribers, states that the owner of the solar garden does not discriminate against or

60.1 screen subscribers based on income or credit score and that any customer of a utility with
60.2 a community solar garden plan approved by the commission under subdivision 3 is eligible
60.3 to become a subscriber;

60.4 (3) the solar garden is operated by an entity that maintains a physical address in Minnesota
60.5 and has designated a contact person in Minnesota who responds to subscriber inquiries; and

60.6 (4) the agreement between the owner of the solar garden and subscribers states that the
60.7 owner must adequately publicize and convene at least one meeting annually to provide an
60.8 opportunity for subscribers to pose questions to the manager or owner.

60.9 Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is
60.10 approved by the utility as a community access project:

60.11 (1) the public utility purchasing the electricity generated by the community access project
60.12 may charge the owner of the community access project no more than one cent per watt
60.13 alternating current based on the solar garden's generating capacity for any refundable deposit
60.14 the utility requires of a solar garden during the application process;

60.15 (2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all
60.16 energy generated by the community access project at the retail rate; and

60.17 (3) all renewable energy credits generated by the community access project belong to
60.18 subscribers unless the owner of the solar garden:

60.19 (i) contracts to:

60.20 (A) sell the credits to a third party; or

60.21 (B) sell or transfer the credits to the utility; and

60.22 (ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a
60.23 subscription.

60.24 (b) If at any time after commercial operation begins a solar garden approved by the
60.25 utility as a community access project fails to meet the conditions under subdivision 4, the
60.26 solar garden is no longer subject to the provisions of this subdivision and subdivision 6,
60.27 and must operate under the program rules established by the commission for a solar garden
60.28 that does not qualify as a community access project.

60.29 (c) An owner of a solar garden whose designation as a community access project is
60.30 revoked under this subdivision may reapply to the commission at any time to have the
60.31 designation as a community access project reinstated under subdivision 4.

61.1 Subd. 6. **Community access project; reporting.** The owner of a community access
61.2 project must include the following information in an annual report to the community access
61.3 project subscribers and the utility:

61.4 (1) a description of the process by which subscribers can provide input to solar garden
61.5 policy and decision making;

61.6 (2) the amount of revenues received by the solar garden in the previous year that were
61.7 allocated to categories that include but are not limited to operating costs, debt service, profits
61.8 distributed to subscribers, and profits distributed to others; and

61.9 (3) an estimate of the proportion of low- and moderate-income subscribers, and a
61.10 description of one or more of the following methods used to make the estimate:

61.11 (i) evidence provided by a subscriber that the subscriber or a member of the subscriber's
61.12 household receives assistance from any of the following sources:

61.13 (A) the federal Low-Income Home Energy Assistance Program;

61.14 (B) federal Section 8 housing assistance;

61.15 (C) medical assistance;

61.16 (D) the federal Supplemental Nutrition Assistance Program; or

61.17 (E) the federal National School Lunch Program;

61.18 (ii) characterization of the census tract where the subscriber resides as low- or
61.19 moderate-income by the Federal Financial Institutions Examination Council; or

61.20 (iii) other methods approved by the commission.

61.21 Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the
61.22 commission must issue an order addressing the requirements of this section.

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

61.24 Sec. 6. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

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

61.26 (1) cogeneration or small power production facilities as defined in the Federal Power
61.27 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
61.28 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
61.29 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or

62.1 any case where the commission has determined after being advised by the attorney general
62.2 that its application has been preempted by federal law;

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

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

62.9 (4) a high-voltage transmission line of one mile or less required to connect a new or
62.10 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

62.11 (5) conversion of the fuel source of an existing electric generating plant to using natural
62.12 gas;

62.13 (6) the modification of an existing electric generating plant to increase efficiency, as
62.14 long as the capacity of the plant is not increased more than ten percent or more than 100
62.15 megawatts, whichever is greater;

62.16 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision
62.17 2, or a solar electric energy generation facility system, as defined in section 216E.01,
62.18 subdivision 9a, if the system or facility is owned and operated by an independent power
62.19 producer and the electric output of the system or facility;

62.20 (i) is not sold to an entity that provides retail service in Minnesota or wholesale electric
62.21 service to another entity in Minnesota other than an entity that is a federally recognized
62.22 regional transmission organization or independent system operator; or

62.23 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric
62.24 service to another entity in Minnesota other than an entity that is a federally recognized
62.25 regional transmission organization or independent system operator, provided that the system
62.26 represents solar or wind capacity that the entity purchasing the system's electric output was
62.27 ordered by the commission to develop in the entity's most recent integrated resource plan
62.28 approved under section 216B.2422; or

62.29 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
62.30 2, or a solar energy generating system that is a large energy facility, as defined in section
62.31 216B.2421, subdivision 2, engaging in a repowering project that:

62.32 (i) will not result in the facility system exceeding the nameplate capacity under its most
62.33 recent interconnection agreement; or

63.1 (ii) will result in the ~~facility~~ system exceeding the nameplate capacity under its most
 63.2 recent interconnection agreement, provided that the Midcontinent Independent System
 63.3 Operator has provided a signed generator interconnection agreement that reflects the expected
 63.4 net power increase.

63.5 (b) For the purpose of this subdivision, "repowering project" means:

63.6 (1) modifying a large wind energy conversion system or a solar energy generating system
 63.7 that is a large energy facility to increase its efficiency without increasing its nameplate
 63.8 capacity;

63.9 (2) replacing turbines in a large wind energy conversion system without increasing the
 63.10 nameplate capacity of the system; or

63.11 (3) increasing the nameplate capacity of a large wind energy conversion system.

63.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 63.13 applies to a large wind energy conversion system or a solar energy generating system whose
 63.14 owner has filed an application for a certificate of need with the Minnesota Public Utilities
 63.15 Commission on or after that date.

63.16 Sec. 7. Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1, is amended
 63.17 to read:

63.18 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376,
 63.19 the following terms have the meanings given them.

63.20 (b) "Developer" means an entity that installs a solar energy system on a school building
 63.21 that has been awarded a grant under this section.

63.22 (c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

63.23 (d) "School" means: (1) a school that operates as part of an independent or special school
 63.24 district; (2) a Tribal contract school; or ~~(2)~~ (3) a state college or university that is under the
 63.25 jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

63.26 (e) "School district" means an independent or special school district.

63.27 (f) "Solar energy system" means photovoltaic or solar thermal devices.

63.28 (g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section
 63.29 216B.2411, subdivision 2, paragraph (d).

63.30 (h) "State colleges and universities" has the meaning given in section 136F.01, subdivision
 63.31 4.

64.1 **Sec. 8. [216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.**

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

64.4 (b) "Developer" means an entity that applies for a grant on behalf of a public building
64.5 under this section to install a solar energy generating system on the public building.

64.6 (c) "Local unit of government" means a county, statutory or home rule charter city, town,
64.7 or other local government jurisdiction, excluding a school district eligible to receive financial
64.8 assistance under section 216C.375 or 216C.376.

64.9 (d) "Municipal electric utility" means a utility that provides electric service to retail
64.10 customers in Minnesota and is governed by a city council or a local utilities commission.

64.11 (e) "Public building" means a building owned and operated by a local unit of government.

64.12 (f) "Solar energy generating system" has the meaning given in section 216E.01,
64.13 subdivision 9a.

64.14 (g) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that
64.15 provides electric service, or a municipal electric utility.

64.16 **Subd. 2. Establishment; purpose.** A solar on public buildings grant program is
64.17 established in the Department of Commerce. The purpose of the program is to provide grants
64.18 to stimulate the installation of solar energy generating systems on public buildings.

64.19 **Subd. 3. Establishment of account.** A solar on public buildings grant program account
64.20 is established in the special revenue fund. Money received from the general fund and the
64.21 renewable development account established in section 116C.779, subdivision 1, must be
64.22 transferred to the commissioner of commerce and credited to the account. Earnings, including
64.23 interest, dividends, and any other earnings arising from the assets of the account, must be
64.24 credited to the account. Earnings remaining in the account at the end of a fiscal year do not
64.25 cancel to the general fund or renewable development account but remain in the account
64.26 until expended. The commissioner must manage the account.

64.27 **Subd. 4. Expenditures.** Money in the account may be used only:

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

64.29 (2) to pay the reasonable costs of the department to administer this section.

64.30 **Subd. 5. Eligible applicants.** Only a local unit of government or a municipal electric
64.31 utility may apply for or be awarded a grant under this section.

65.1 Subd. 6. **Eligible system.** (a) A grant may be awarded under this section only if the solar
65.2 energy system that is the subject of the grant:

65.3 (1) is installed on or adjacent to a public building that consumes the electricity generated
65.4 by the solar energy generating system, on property within the service territory of the utility
65.5 currently providing electric service to the public building; and

65.6 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
65.7 average annual electricity consumption of the public building, measured over the most
65.8 recent three calendar years, at which the solar energy generating system is installed.

65.9 (b) A public building that receives a rebate or other financial incentive under section
65.10 216B.241 for a solar energy system is eligible for a grant under this section for the same
65.11 solar energy generating system.

65.12 (c) Before filing an application for a grant under this section, a local unit of government
65.13 or public building that is served by a municipal electric utility must inform the municipal
65.14 electric utility of its intention to do so. A municipal electric utility may, under an agreement
65.15 with a local unit of government, own and operate a solar energy generating system awarded
65.16 a grant under this section on behalf of, and for the benefit of, the local unit of government.

65.17 Subd. 7. **Application process.** (a) The commissioner must issue a request for proposals
65.18 to utilities, local units of government, and developers who may wish to apply for a grant
65.19 under this section on behalf of a public building.

65.20 (b) A utility or developer must submit an application to the commissioner on behalf of
65.21 a public building on a form prescribed by the commissioner. The form must include, at a
65.22 minimum, the following information:

65.23 (1) the capacity of the proposed solar energy system and the amount of electricity that
65.24 is expected to be generated;

65.25 (2) the current energy demand of the public building on which the solar energy generating
65.26 system is to be installed, information regarding any distributed energy resource that currently
65.27 provides electricity to the public building, and the size of the public building's subscription
65.28 to a community solar garden, if applicable;

65.29 (3) information sufficient to estimate the energy and monetary savings that are projected
65.30 to result from installation of the solar energy generating system over the system's useful
65.31 life;

65.32 (4) the total cost to purchase and install the solar energy system and the solar energy
65.33 system's lifecycle cost, including removal and disposal at the end of the system's life; and

66.1 (5) a copy of the proposed contract agreement between the local unit of government and
66.2 the public utility or developer that includes provisions addressing responsibility for
66.3 maintenance, removal, and disposal of the solar energy system.

66.4 (c) The commissioner must administer an open application process under this section
66.5 at least twice annually.

66.6 (d) The commissioner must develop administrative procedures governing the application
66.7 and grant award process under this section.

66.8 Subd. 8. **Energy conservation review.** At the commissioner's request, a local unit of
66.9 government awarded a grant under this section must provide the commissioner with
66.10 information regarding energy conservation measures implemented at the public building at
66.11 which the solar energy generating system is to be installed. The commissioner may make
66.12 recommendations to the local unit of government regarding cost-effective conservation
66.13 measures the local unit of government can implement and may provide technical assistance
66.14 and direct the local unit of government to available financial assistance programs.

66.15 Subd. 9. **Technical assistance.** The commissioner must provide technical assistance to
66.16 local units of government to develop and execute projects under this section.

66.17 Subd. 10. **Grant payments.** A grant awarded under this section may be used only to
66.18 pay the necessary and reasonable costs associated with the purchase and installation of a
66.19 solar energy system.

66.20 Subd. 11. **Installation.** Contractors and subcontractors installing a solar energy generating
66.21 system funded by a grant awarded under this section must adhere to the provisions of sections
66.22 177.41 to 177.43 with respect to the installation.

66.23 Subd. 12. **Reporting.** Beginning January 15, 2023, and each year thereafter until January
66.24 15, 2026, the commissioner must report to the chairs and ranking minority members of the
66.25 legislative committees with jurisdiction over energy finance and policy regarding grants
66.26 and amounts awarded to local units of government under this section during the previous
66.27 year and any remaining balances available in the account established under this section.

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

66.29 Sec. 9. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

66.30 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a
66.31 set of devices whose primary purpose is to produce electricity by means of any combination
66.32 of collecting, transferring, or converting solar-generated energy, and may include

67.1 transmission lines designed for and capable of operating at 100 kilovolts or less that
67.2 interconnect a solar energy generating system with a high-voltage transmission line.

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

67.4 Sec. 10. Minnesota Statutes 2020, section 216E.03, subdivision 5, is amended to read:

67.5 Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce
67.6 shall prepare for the commission an environmental impact statement on each proposed large
67.7 electric power generating plant or high-voltage transmission line for which a complete
67.8 application has been submitted. The commissioner shall not consider whether or not the
67.9 project is needed. No other state environmental review documents shall be required. The
67.10 commissioner shall study and evaluate any site or route proposed by an applicant and any
67.11 other site, other than a site for a solar energy generating system, or route the commission
67.12 deems necessary that was proposed in a manner consistent with rules concerning the form,
67.13 content, and timeliness of proposals for alternate sites or routes.

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

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

67.22 Sec. 11. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY**
67.23 **SYSTEMS PROHIBITED.**

67.24 Subdivision 1. **General rule.** A private entity must not prohibit or refuse to permit
67.25 installation, maintenance, or use of a roof-mounted solar energy system by the owner of a
67.26 single-family dwelling, notwithstanding any covenant, restriction, or condition contained
67.27 in a deed, security instrument, homeowners association document, or any other instrument
67.28 affecting the transfer, sale of, or an interest in real property, except as provided in this
67.29 section.

67.30 Subd. 2. **Applicability.** This section applies to single-family detached dwellings whose
67.31 owner is the sole owner of the entire building in which the dwelling is located and who is

68.1 solely responsible for the maintenance, repair, replacement, and insurance of the entire
68.2 building.

68.3 Subd. 3. **Definitions.** (a) The definitions in this subdivision apply to this section.

68.4 (b) "Private entity" means a homeowners association, community association, or other
68.5 association that is subject to a homeowners association document.

68.6 (c) "Homeowners association document" means a document containing the declaration,
68.7 articles of incorporation, bylaws, or rules and regulations of:

68.8 (1) a common interest community, as defined in section 515B.1-103, regardless of
68.9 whether the common interest community is subject to chapter 515B; and

68.10 (2) a residential community that is not a common interest community.

68.11 (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

68.12 Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from
68.13 requiring that:

68.14 (1) a licensed contractor install a solar energy system;

68.15 (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or
68.16 beyond the edge of the roof;

68.17 (3) the owner or installer of a solar energy system indemnify or reimburse the private
68.18 entity or the private entity's members for loss or damage caused by the installation,
68.19 maintenance, use, repair, or removal of a solar energy system;

68.20 (4) the owner and each successive owner of a solar energy system list the private entity
68.21 as a certificate holder on the homeowner's insurance policy; or

68.22 (5) the owner and each successive owner of a solar energy system be responsible for
68.23 removing the system if reasonably necessary for the repair, maintenance, or replacement
68.24 of common elements or limited common elements, as defined in section 515B.1-103.

68.25 (b) A private entity may impose other reasonable restrictions on the installation,
68.26 maintenance, or use of solar energy systems, provided that those restrictions do not decrease
68.27 the projected generation of energy by a solar energy system by more than 20 percent or
68.28 increase the solar energy system's cost by more than (1) 20 percent for a solar water heater,
68.29 or (2) \$2,000 for a solar photovoltaic system, compared with the generation of energy and
68.30 the cost of labor and materials certified by the designer or installer of the solar energy system
68.31 as originally proposed without the restrictions. A private entity may obtain an alternative

69.1 bid and design from a solar energy system designer or installer for the purposes of this
69.2 paragraph.

69.3 (c) A solar energy system must meet applicable standards and requirements imposed by
69.4 the state and by governmental units, as defined in section 462.384.

69.5 (d) A solar energy system for heating water must be certified by the Solar Rating
69.6 Certification Corporation (SRCC) or an equivalent certification agency. A solar energy
69.7 system for producing electricity must meet all applicable safety and performance standards
69.8 established by the National Electrical Code, the Institute of Electrical and Electronics
69.9 Engineers and accredited testing laboratories including but not limited to Underwriters
69.10 Laboratories and, where applicable, rules of the Public Utilities Commission regarding
69.11 safety and reliability.

69.12 (e) If approval by a private entity is required to install or use a solar energy system, the
69.13 application for approval must be processed and approved in the same manner as an
69.14 application for approval of an architectural modification to the property, and must not be
69.15 willfully avoided or delayed.

69.16 (f) An application for approval must be made in writing and must contain certification
69.17 that the applicant meets any conditions required by a private entity under this subdivision.
69.18 An application must include a copy of the interconnection application submitted to the
69.19 applicable electric utility.

69.20 (g) A private entity shall approve or deny an application in writing. If an application is
69.21 not denied in writing within 60 days from the date of receipt of the application, the application
69.22 is deemed approved unless the delay is the result of a reasonable request for additional
69.23 information. If a private entity receives an incomplete application that it determines prevents
69.24 it from reaching a decision to approve or disapprove the application, a new 60-day limit
69.25 begins only if the private entity sends written notice to the applicant, within 15 business
69.26 days of receiving the incomplete application, informing the applicant what additional
69.27 information is required.

69.28 Sec. 12. Minnesota Statutes 2020, section 515.07, is amended to read:

69.29 **515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.**

69.30 Each apartment owner shall comply strictly with the bylaws and with the administrative
69.31 rules adopted pursuant thereto, as either of the same may be lawfully amended from time
69.32 to time, and with the covenants, conditions, and restrictions set forth in the declaration or
69.33 in the owner's deed to the apartment. Failure to comply with any of the same shall be ground

70.1 for an action to recover sums due, for damages or injunctive relief or both maintainable by
70.2 the manager or board of directors on behalf of the association of apartment owners or, in a
70.3 proper case, by an aggrieved apartment owner. This chapter is subject to ~~section~~ sections
70.4 500.215 and 500.216.

70.5 Sec. 13. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

70.6 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
70.7 **BYLAWS.**

70.8 (a) All provisions of the declaration and bylaws are severable.

70.9 (b) The rule against perpetuities may not be applied to defeat any provision of the
70.10 declaration or this chapter, or any instrument executed pursuant to the declaration or this
70.11 chapter.

70.12 (c) In the event of a conflict between the provisions of the declaration and the bylaws,
70.13 the declaration prevails except to the extent that the declaration is inconsistent with this
70.14 chapter.

70.15 (d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

70.16 Sec. 14. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

70.17 **515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

70.18 (a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions
70.19 of the declaration or bylaws, the association shall have the power to:

70.20 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
70.21 incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
70.22 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
70.23 jeopardize the health, safety or welfare of other occupants, which involves noise or other
70.24 disturbing activity, or which may damage the common elements or other units; (iii) regulating
70.25 or prohibiting animals; (iv) regulating changes in the appearance of the common elements
70.26 and conduct which may damage the common interest community; (v) regulating the exterior
70.27 appearance of the common interest community, including, for example, balconies and patios,
70.28 window treatments, and signs and other displays, regardless of whether inside a unit; (vi)
70.29 implementing the articles of incorporation, declaration and bylaws, and exercising the
70.30 powers granted by this section; and (vii) otherwise facilitating the operation of the common
70.31 interest community;

- 71.1 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
71.2 collect assessments for common expenses from unit owners;
- 71.3 (3) hire and discharge managing agents and other employees, agents, and independent
71.4 contractors;
- 71.5 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
71.6 own name on behalf of itself or two or more unit owners on matters affecting the common
71.7 elements or other matters affecting the common interest community or, (ii) with the consent
71.8 of the owners of the affected units on matters affecting only those units;
- 71.9 (5) make contracts and incur liabilities;
- 71.10 (6) regulate the use, maintenance, repair, replacement, and modification of the common
71.11 elements and the units;
- 71.12 (7) cause improvements to be made as a part of the common elements, and, in the case
71.13 of a cooperative, the units;
- 71.14 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
71.15 real estate or personal property, but (i) common elements in a condominium or planned
71.16 community may be conveyed or subjected to a security interest only pursuant to section
71.17 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
71.18 may be subjected to a security interest, only pursuant to section 515B.3-112;
- 71.19 (9) grant or amend easements for public utilities, public rights-of-way or other public
71.20 purposes, and cable television or other communications, through, over or under the common
71.21 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
71.22 by the declaration; and, subject to approval by a vote of unit owners other than declarant
71.23 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
71.24 the common elements;
- 71.25 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
71.26 of the common elements, other than limited common elements, and for services provided
71.27 to unit owners;
- 71.28 (11) impose interest and late charges for late payment of assessments and, after notice
71.29 and an opportunity to be heard before the board or a committee appointed by it, levy
71.30 reasonable fines for violations of the declaration, bylaws, and rules and regulations of the
71.31 association;

72.1 (12) impose reasonable charges for the review, preparation and recordation of
72.2 amendments to the declaration, resale certificates required by section 515B.4-107, statements
72.3 of unpaid assessments, or furnishing copies of association records;

72.4 (13) provide for the indemnification of its officers and directors, and maintain directors'
72.5 and officers' liability insurance;

72.6 (14) provide for reasonable procedures governing the conduct of meetings and election
72.7 of directors;

72.8 (15) exercise any other powers conferred by law, or by the declaration, articles of
72.9 incorporation or bylaws; and

72.10 (16) exercise any other powers necessary and proper for the governance and operation
72.11 of the association.

72.12 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
72.13 on the power of the association to deal with the declarant which are more restrictive than
72.14 the limitations imposed on the power of the association to deal with other persons.

72.15 (c) Notwithstanding subsection (a), powers exercised under this section must comply
72.16 with ~~section~~ sections 500.215 and 500.216.

72.17 (d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the
72.18 association, before instituting litigation or arbitration involving construction defect claims
72.19 against a development party, shall:

72.20 (1) mail or deliver written notice of the anticipated commencement of the action to each
72.21 unit owner at the addresses, if any, established for notices to owners in the declaration and,
72.22 if the declaration does not state how notices are to be given to owners, to the owner's last
72.23 known address. The notice shall specify the nature of the construction defect claims to be
72.24 alleged, the relief sought, and the manner in which the association proposes to fund the cost
72.25 of pursuing the construction defect claims; and

72.26 (2) obtain the approval of owners of units to which a majority of the total votes in the
72.27 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
72.28 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
72.29 are excluded. The association may obtain the required approval by a vote at an annual or
72.30 special meeting of the members or, if authorized by the statute under which the association
72.31 is created and taken in compliance with that statute, by a vote of the members taken by
72.32 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
72.33 means or mailed ballots is authorized by that statute, the association shall also provide for

73.1 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
73.2 or mailed ballots, except that the votes must be used in combination with the vote taken at
73.3 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
73.4 for purposes of determining whether a quorum was present. Proxies may not be used for a
73.5 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
73.6 the notice required under subsection (d)(1) and the proxy expressly references this notice.

73.7 (e) The association may intervene in a litigation or arbitration involving a construction
73.8 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
73.9 claim before complying with subsections (d)(1) and (d)(2) but the association's complaint
73.10 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
73.11 prejudice unless the association has complied with the requirements of subsection (d) within
73.12 90 days of the association's commencement of the complaint in an intervention or the
73.13 assertion of the counterclaim, crossclaim, or third-party claim.

73.14 Sec. 15. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

73.15 By October 1, 2022, an investor-owned utility that has not already done so must submit
73.16 to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all
73.17 demand metered customers with solar photovoltaic systems greater than 40 kilowatts
73.18 alternating current for the demand charge overbilling that occurs. The utility may submit
73.19 to the commission multiple options to calculate reimbursement for demand charge overbilling.
73.20 At least one submission must use a capacity value stack methodology. The commission is
73.21 prohibited from approving a photovoltaic demand credit rider unless the rider allows
73.22 stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The
73.23 commission must approve the photovoltaic demand credit rider by June 30, 2023.

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

73.25 Sec. 16. **REPEALER.**

73.26 Minnesota Statutes 2020, sections 16B.323, subdivisions 1 and 2; and 16B.326, are
73.27 repealed.

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

74.1

ARTICLE 7

74.2

ELECTRIC VEHICLES

74.3 Section 1. Minnesota Statutes 2021 Supplement, section 16C.135, subdivision 3, is amended
74.4 to read:

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

74.11 (1) an electric vehicle;

74.12 (2) a hybrid electric vehicle;

74.13 (3) a vehicle capable of being powered by cleaner fuels; and

74.14 (4) a vehicle powered by gasoline or diesel fuel.

74.15 (b) The commissioner or agency may only reject a more-preferred vehicle type if:

74.16 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;

74.17 or

74.18 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
74.19 percent higher than the next lower preference vehicle type.

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

74.21 Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

74.22 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,
74.23 technically, and economically feasible, subject to the specific needs of the department and
74.24 responsible management of agency finances:

74.25 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
74.26 enforcement vehicles, are purchased in conformity with the hierarchy of preferences
74.27 established in section 16C.135, subdivision 3;

74.28 ~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

75.1 ~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles~~
75.2 ~~per gallon for highway usage, including but not limited to hybrid electric cars and~~
75.3 ~~hydrogen-powered vehicles; or~~

75.4 ~~(iii) are powered solely by electricity;~~

75.5 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and
75.6 hydrogen from agricultural products; and

75.7 (3) increase its use of web-based Internet applications and other electronic information
75.8 technologies to enhance the access to and delivery of government information and services
75.9 to the public, and reduce the reliance on the department's fleet for the delivery of such
75.10 information and services.

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

75.12 Sec. 3. Minnesota Statutes 2020, section 160.08, subdivision 7, is amended to read:

75.13 Subd. 7. **No commercial establishment within right-of-way; exceptions.** No
75.14 commercial establishment, including but not limited to automotive service stations, for
75.15 serving motor vehicle users shall be constructed or located within the right-of-way of, or
75.16 on publicly owned or publicly leased land acquired or used for or in connection with, a
75.17 controlled-access highway; except that:

75.18 (1) structures may be built within safety rest and travel information center areas;

75.19 (2) space within state-owned buildings in those areas may be leased for the purpose of
75.20 providing information to travelers through advertising as provided in section 160.276;

75.21 (3) advertising signs may be erected within the right-of-way of interstate or
75.22 controlled-access trunk highways by franchise agreements under section 160.80;

75.23 (4) vending machines may be placed in rest areas, travel information centers, or weigh
75.24 stations constructed or located within trunk highway rights-of-way; ~~and~~

75.25 (5) acknowledgment signs may be erected under sections 160.272 and 160.2735; and

75.26 (6) electric vehicle charging stations may be installed, operated, and maintained in safety
75.27 rest areas.

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

76.1 Sec. 4. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to
76.2 read:

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

76.8 (1) fundamentals of electric vehicles;

76.9 (2) electric vehicle charging options and costs;

76.10 (3) publicly available electric vehicle incentives;

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

76.12 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
76.13 vehicles;

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

76.15 (7) best practices to sell electric vehicles.

76.16 (b) For the purposes of this section, "electric vehicle" has the meaning given in section
76.17 169.011, subdivision 26a, paragraph (a), and paragraph (b), clause (3).

76.18 **EFFECTIVE DATE.** This section is effective January 1, 2023.

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

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

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

76.25 (c) "Electric vehicle" means any device or contrivance that transports persons or property
76.26 and that is able to be powered by an electric motor drawing current from rechargeable
76.27 storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes,
76.28 but is not limited to:

76.29 (1) an electric vehicle as defined in section 169.011, subdivision 26a;

76.30 (2) an electric-assisted bicycle as defined in section 169.011, subdivision 27;

77.1 (3) an off-road vehicle, as defined in section 84.979, subdivision 7;

77.2 (4) a motorboat, as defined in section 86B.005, subdivision 9; or

77.3 (5) an aircraft, as defined in section 360.013, subdivision 37.

77.4 (d) "Electric vehicle charging station" means a physical location deploying equipment
77.5 that:

77.6 (1) transfers electricity to an electric vehicle battery;

77.7 (2) dispenses hydrogen into an electric vehicle powered by a fuel cell;

77.8 (3) exchanges electric vehicle batteries; or

77.9 (4) provides other equipment used to charge or fuel electric vehicles.

77.10 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and any
77.11 associated machinery, equipment, and infrastructure necessary for a public utility to supply
77.12 electricity or hydrogen to an electric vehicle charging station and to support the operation
77.13 of electric vehicles.

77.14 (f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
77.15 electricity through electrochemical reactions.

77.16 (g) "Government entity" means the state, a state agency, or a political subdivision, as
77.17 defined in section 13.02, subdivision 11.

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

77.19 **Subd. 2. Transportation electrification plan; contents.** (a) By June 1, 2023, and at
77.20 least every three years thereafter, a public utility must file a transportation electrification
77.21 plan with the commission that is designed to maximize the overall benefits of electric
77.22 vehicles and other electrified transportation while minimizing overall costs and to promote:

77.23 (1) the purchase of electric vehicles by the public utility's customers; and

77.24 (2) the deployment of electric vehicle infrastructure in the public utility's service territory.

77.25 (b) A transportation electrification plan may include but is not limited to the following
77.26 elements:

77.27 (1) programs to educate and increase the awareness and benefits of electric vehicles and
77.28 electric vehicle charging equipment among individuals, electric vehicle dealers, single-family
77.29 and multifamily housing developers and property management companies, building owners
77.30 and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential
77.31 users of electric vehicles;

78.1 (2) utility investments and incentives the utility will provide and offer to support
78.2 transportation electrification across all customer classes, including, but not limited to,
78.3 investments and incentives to facilitate:

78.4 (i) the deployment of electric vehicles for personal and commercial use, customer- and
78.5 utility-owned electric vehicle charging stations, electric vehicle infrastructure to support
78.6 light-duty, medium-duty, and heavy-duty vehicle electrification, and other electric utility
78.7 infrastructure;

78.8 (ii) widespread access to publicly available electric vehicle charging stations; and

78.9 (iii) the electrification of public transit and vehicle fleets owned or operated by a
78.10 government entity;

78.11 (3) research and demonstration projects to increase access to electricity as a transportation
78.12 fuel, minimize the system costs of electric transportation, and inform future transportation
78.13 electrification plans;

78.14 (4) rate structures or programs that encourage electric vehicle charging that optimize
78.15 electric grid operation, including time-varying rates and charging optimization programs;

78.16 (5) programs to increase access to the benefits of electricity as a transportation fuel for
78.17 low- or moderate-income customers and communities and in neighborhoods most affected
78.18 by transportation-related air emissions; and

78.19 (6) proposals for expedited commission consideration of program adjustments requested
78.20 during the term of an approved transportation electrification plan.

78.21 (c) Where funding is limited, a public utility must give priority under this section to
78.22 making investments in communities whose governing body has enacted a resolution or goal
78.23 supporting electric vehicle adoption. A public utility must cooperate with local communities
78.24 to identify suitable locations, consistent with a community's local development plans, where
78.25 electric vehicle infrastructure may be strategically deployed.

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

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

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

79.4 (3) increase access to publicly available electric vehicle charging and destination charging
79.5 for all types of electric vehicles;

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

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

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

79.11 (7) educate the public about the benefits of electric vehicles and related infrastructure;
79.12 and

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

79.16 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the
79.17 commission may approve, with respect to any prudent and reasonable investments made or
79.18 expenses incurred by a public utility to administer and implement a transportation
79.19 electrification plan approved under subdivision 3:

79.20 (1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

79.21 (2) performance-based incentives;

79.22 (3) placing the investment, including rebates, in the public utility's rate base and allowing
79.23 the public utility to earn a rate of return on the investment at:

79.24 (i) the public utility's average weighted cost of capital, including the rate of return on
79.25 equity, approved by the commission in the public utility's most recent general rate case; or

79.26 (ii) another rate determined by the commission; or

79.27 (4) any other recovery mechanism that the commission determines is fair and reasonable
79.28 and that supports the objectives of this section.

79.29 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the
79.30 commission must approve recovery costs for expenses reasonably incurred by a public

80.1 utility to provide public advertisement as part of a transportation electrification plan approved
80.2 by the commission under subdivision 3.

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

80.4 Sec. 6. **[216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

80.7 (b) "Battery exchange station" means a physical location where equipment is deployed
80.8 that enables a used electric vehicle battery to be exchanged for a fully charged battery.

80.9 (c) "Electric school bus" means an electric vehicle that is a school bus.

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

80.11 (e) "Electric vehicle charging station" means a physical location deploying equipment
80.12 that provides electricity to charge a battery in an electric vehicle.

80.13 (f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
80.14 exchange stations, and includes any infrastructure necessary to make electricity from a
80.15 public utility's electric distribution system available to electric vehicle charging stations or
80.16 battery exchange stations.

80.17 (g) "Poor air quality" means: (1) ambient air levels that air monitoring data reveals
80.18 approach or exceed state or federal air quality standards or chronic health inhalation risk
80.19 benchmarks for total suspended particulates, particulate matter less than ten microns wide
80.20 (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen
80.21 dioxide; or (2) levels of asthma among children that significantly exceed the statewide
80.22 average.

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

80.24 Subd. 2. **Program.** (a) A public utility may file with the commission a program to
80.25 promote deployment of electric school buses.

80.26 (b) The program may include but is not limited to the following elements:

80.27 (1) a school district may purchase one or more electric school buses;

80.28 (2) the public utility may provide a rebate to the school district for the incremental cost
80.29 the school district incurs to purchase one or more electric school buses when compared with
80.30 fossil-fuel-powered school buses;

81.1 (3) at the request of a school district, the public utility may deploy on the school district's
81.2 real property electric vehicle infrastructure required to charge electric school buses;

81.3 (4) for any electric school bus purchased by a school district with a rebate provided by
81.4 the public utility, the school district must enter into a contract with the public utility under
81.5 which the school district:

81.6 (i) accepts any and all liability for operating the electric school bus;

81.7 (ii) accepts responsibility to maintain and repair the electric school bus; and

81.8 (iii) must allow the public utility an option to own the electric school bus's battery at the
81.9 time the battery is retired from the electric school bus; and

81.10 (5) in collaboration with a school district, prioritize the deployment of electric school
81.11 buses in areas of the school district that suffer from poor air quality.

81.12 Subd. 3. **Program review and implementation.** The commission must approve, modify,
81.13 or reject a proposal for a program filed under this section within 180 days of the date the
81.14 proposal is received, based on the proposal's likelihood to, through prudent and reasonable
81.15 utility investments:

81.16 (1) accelerate deployment of electric school buses in the public utility's service territory,
81.17 particularly in areas with poor air quality; and

81.18 (2) reduce emissions of greenhouse gases and particulates compared to
81.19 fossil-fuel-powered school buses.

81.20 Subd. 4. **Cost recovery.** (a) Any prudent and reasonable investment made by a public
81.21 utility on electric vehicle infrastructure installed on a school district's real property may be
81.22 placed in the public utility's rate base and earn a rate of return, as determined by the
81.23 commission.

81.24 (b) Notwithstanding any other provision of this chapter, the commission may approve
81.25 a tariff mechanism to automatically adjust annual charges for prudent and reasonable
81.26 investments made by a public utility to implement and administer a program approved by
81.27 the commission under subdivision 3.

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

82.1 Sec. 7. [216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION
82.2 OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

82.3 Subdivision 1. Establishment. A grant program is established in the Department of
82.4 Commerce to award grants to dealers to offset the costs of obtaining the necessary training
82.5 and equipment that is required by electric vehicle manufacturers in order to certify a dealer
82.6 to sell electric vehicles produced by the manufacturer.

82.7 Subd. 2. Application. An application for a grant under this section must be made to the
82.8 commissioner on a form developed by the commissioner. The commissioner must develop
82.9 administrative procedures and processes to review applications and award grants under this
82.10 section.

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

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

82.16 (1) a dealer for the reasonable costs of obtaining training and certification for the dealer's
82.17 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

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

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

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

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

82.25 Sec. 8. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision
82.26 to read:

82.27 Subd. 6a. Electric vehicle capable space. "Electric vehicle capable space" means a
82.28 designated automobile parking space that has electrical infrastructure, including but not
82.29 limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution
82.30 space necessary for the future installation of an electric vehicle charging station.

83.1 Sec. 9. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision
83.2 to read:

83.3 Subd. 6b. **Electric vehicle charging station.** "Electric vehicle charging station" means
83.4 a designated automobile parking space that has a dedicated connection for charging an
83.5 electric vehicle.

83.6 Sec. 10. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision
83.7 to read:

83.8 Subd. 6c. **Electric vehicle ready space.** "Electric vehicle ready space" means a designated
83.9 automobile parking space that has a branch circuit capable of supporting the installation of
83.10 an electric vehicle charging station.

83.11 Sec. 11. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision
83.12 to read:

83.13 Subd. 10a. **Parking facilities.** "Parking facilities" includes parking lots, garages, ramps,
83.14 or decks.

83.15 Sec. 12. Minnesota Statutes 2020, section 326B.106, is amended by adding a subdivision
83.16 to read:

83.17 Subd. 16. **Electric vehicle charging.** The code shall require a minimum number of
83.18 electric vehicle ready spaces, electric vehicle capable spaces, and electric vehicle charging
83.19 stations either within or adjacent to new commercial and multifamily structures that provide
83.20 on-site parking facilities. Residential structures with fewer than four dwelling units are
83.21 exempt from this subdivision.

83.22 Sec. 13. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN**
83.23 **STATE AND REGIONAL PARKS.**

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

83.26 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
83.27 direct current electricity directly to an electric vehicle's battery.

83.28 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
83.29 subdivision 26a.

84.1 (d) "Electric vehicle charging station" means infrastructure that connects an electric
84.2 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

84.3 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
84.4 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
84.5 alternating current to direct current to recharge an electric vehicle battery.

84.6 Subd. 2. **Program.** The commissioner of natural resources, in consultation with the
84.7 commissioners of the Pollution Control Agency, administration, and commerce, must
84.8 develop and fund the installation of a network of electric vehicle charging stations in
84.9 Minnesota state parks. The commissioners must issue a request for proposals to entities that
84.10 have experience installing, owning, operating, and maintaining electric vehicle charging
84.11 stations. The request for proposal must establish technical specifications that electric vehicle
84.12 charging stations are required to meet and must request responders to address:

84.13 (1) the optimal number and location of charging stations installed in a given state park;

84.14 (2) alternative arrangements that may be made to allocate responsibility for electric
84.15 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
84.16 procedures; and

84.17 (3) any other issues deemed relevant by the commissioners.

84.18 Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may
84.19 allocate a portion of the appropriation under this section to install electric vehicle charging
84.20 stations in regional parks located within the retail electric service area of a public utility
84.21 that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

84.23 Sec. 14. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT**
84.24 **COUNTY GOVERNMENT CENTERS.**

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

84.27 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
84.28 direct current electricity directly to an electric vehicle's battery.

84.29 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
84.30 subdivision 26a.

84.31 (d) "Electric vehicle charging station" means infrastructure that connects an electric
84.32 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

85.1 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
85.2 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
85.3 alternating current to direct current to recharge an electric vehicle battery.

85.4 Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation
85.5 of a network of electric vehicle charging stations in public parking facilities at county
85.6 government centers located in Minnesota. The commissioner must issue a request for
85.7 proposals to entities that have experience installing, owning, operating, and maintaining
85.8 electric vehicle charging stations. The request for proposal must establish technical
85.9 specifications that electric vehicle charging stations are required to meet and must request
85.10 responders to address:

85.11 (1) the optimal number and location of charging stations installed at each county
85.12 government center;

85.13 (2) alternative arrangements that may be made to allocate responsibility for electric
85.14 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
85.15 procedures;

85.16 (3) software used to allow payment for electricity consumed at the charging stations;
85.17 and

85.18 (4) any other issues deemed relevant by the commissioner.

85.19 Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership
85.20 of electric vehicle charging stations receiving funding under this section and installed at the
85.21 county government center.

85.22 (b) A county may enter into agreements to (1) wholly or partially own, operate, or
85.23 maintain an electric vehicle charging system receiving funding under this section and
85.24 installed at the county government center, or (2) receive reports on the electric vehicle
85.25 charging system operations.

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

85.27 **ARTICLE 8**

85.28 **ECONOMIC DEVELOPMENT**

85.29 **Section 1.** Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

85.30 **Subdivision 1. **Renewable development account.**** (a) The renewable development
85.31 account is established as a separate account in the special revenue fund in the state treasury.
85.32 Appropriations and transfers to the account shall be credited to the account. Earnings, such

86.1 as interest, dividends, and any other earnings arising from assets of the account, shall be
86.2 credited to the account. Funds remaining in the account at the end of a fiscal year are not
86.3 canceled to the general fund but remain in the account until expended. The account shall
86.4 be administered by the commissioner of management and budget as provided under this
86.5 section.

86.6 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
86.7 plant must transfer all funds in the renewable development account previously established
86.8 under this subdivision and managed by the public utility to the renewable development
86.9 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
86.10 that have not yet been expended and unencumbered funds required to be paid in calendar
86.11 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
86.12 to transfer under this paragraph.

86.13 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
86.14 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
86.15 plant must transfer to the renewable development account \$500,000 each year for each dry
86.16 cask containing spent fuel that is located at the Prairie Island power plant for each year the
86.17 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
86.18 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
86.19 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
86.20 part of a year.

86.21 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
86.22 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
86.23 plant must transfer to the renewable development account \$350,000 each year for each dry
86.24 cask containing spent fuel that is located at the Monticello nuclear power plant for each
86.25 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
86.26 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
86.27 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
86.28 any part of a year.

86.29 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
86.30 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
86.31 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

86.32 (f) If the commission approves a new or amended power purchase agreement, the
86.33 termination of a power purchase agreement, or the purchase and closure of a facility under
86.34 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,

87.1 the public utility subject to this section shall enter into a contract with the city in which the
87.2 poultry litter plant is located to provide grants to the city for the purposes of economic
87.3 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
87.4 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
87.5 by the public utility from funds withheld from the transfer to the renewable development
87.6 account, as provided in paragraphs (b) and (e).

87.7 (g) If the commission approves a new or amended power purchase agreement, or the
87.8 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
87.9 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
87.10 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
87.11 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
87.12 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
87.13 30 days after the commission approves the new or amended power purchase agreement, or
87.14 the termination of the power purchase agreement, and on each June 1 thereafter through
87.15 2021, to assist the transition required by the new, amended, or terminated power purchase
87.16 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
87.17 to the renewable development account as provided in paragraphs (b) and (e).

87.18 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
87.19 and (g) is limited to the amount deposited into the renewable development account, and its
87.20 predecessor, the renewable development account, established under this section, that was
87.21 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
87.22 10.

87.23 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
87.24 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
87.25 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
87.26 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
87.27 in which the commission finds, by the preponderance of the evidence, that the public utility
87.28 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
87.29 permanent or interim storage site out of the state. This determination shall be made at least
87.30 every two years.

87.31 (j) Funds in the account may be expended only for any of the following purposes:

87.32 (1) to stimulate research and development of renewable electric energy technologies;

87.33 (2) to encourage grid modernization, including, but not limited to, projects that implement
87.34 electricity storage, load control, and smart meter technology; and

88.1 (3) to stimulate other innovative energy projects that reduce demand and increase system
88.2 efficiency and flexibility.

88.3 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
88.4 from the utility that owns a nuclear-powered electric generating plant in this state or the
88.5 Prairie Island Indian community or its members.

88.6 The utility that owns a nuclear generating plant is eligible to apply for grants under this
88.7 subdivision.

88.8 (k) For the purposes of paragraph (j), the following terms have the meanings given:

88.9 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
88.10 (c), clauses (1), (2), (4), and (5); and

88.11 (2) "grid modernization" means:

88.12 (i) enhancing the reliability of the electrical grid;

88.13 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
88.14 and

88.15 (iii) increasing energy conservation opportunities by facilitating communication between
88.16 the utility and its customers through the use of two-way meters, control technologies, energy
88.17 storage and microgrids, technologies to enable demand response, and other innovative
88.18 technologies.

88.19 (l) A renewable development account advisory group that includes, among others,
88.20 representatives of the public utility and its ratepayers, and includes at least one representative
88.21 of the Prairie Island Indian community appointed by that community's tribal council, shall
88.22 develop recommendations on account expenditures. The advisory group must design a
88.23 request for proposal and evaluate projects submitted in response to a request for proposals.
88.24 The advisory group must utilize an independent third-party expert to evaluate proposals
88.25 submitted in response to a request for proposal, including all proposals made by the public
88.26 utility. A request for proposal for research and development under paragraph (j), clause (1),
88.27 may be limited to or include a request to higher education institutions located in Minnesota
88.28 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
88.29 projects may include a provision that exempts the projects from the third-party expert review
88.30 and instead provides for project evaluation and selection by a merit peer review grant system.
88.31 In the process of determining request for proposal scope and subject and in evaluating
88.32 responses to request for proposals, the advisory group must strongly consider, where
88.33 reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

89.1 (m) The advisory group shall submit funding recommendations to the public utility,
89.2 which has full and sole authority to determine which expenditures shall be submitted by
89.3 the advisory group to the legislature. The commission may approve proposed expenditures,
89.4 may disapprove proposed expenditures that it finds not to be in compliance with this
89.5 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
89.6 modify proposed expenditures. The commission shall, by order, submit its funding
89.7 recommendations to the legislature as provided under paragraph (n).

89.8 (n) The commission shall present its recommended appropriations from the account to
89.9 the senate and house of representatives committees with jurisdiction over energy policy and
89.10 finance annually by February 15. Expenditures from the account must be appropriated by
89.11 law. In enacting appropriations from the account, the legislature:

89.12 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
89.13 a project recommended by the commission; and

89.14 (2) may not appropriate money for a project the commission has not recommended
89.15 funding.

89.16 (o) A request for proposal for renewable energy generation projects must, when feasible
89.17 and reasonable, give preference to projects that are most cost-effective for a particular energy
89.18 source.

89.19 (p) The advisory group must annually, by February 15, report to the chairs and ranking
89.20 minority members of the legislative committees with jurisdiction over energy policy on
89.21 projects funded by the account for the prior year and all previous years. The report must,
89.22 to the extent possible and reasonable, itemize the actual and projected financial benefit to
89.23 the public utility's ratepayers of each project.

89.24 (q) By February 1, 2018, and each February 1 thereafter, the commissioner of
89.25 management and budget shall submit a written report regarding the availability of funds in
89.26 and obligations of the account to the chairs and ranking minority members of the senate
89.27 and house committees with jurisdiction over energy policy and finance, the public utility,
89.28 and the advisory group.

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

90.1 (s) Final reports, any mid-project status reports, and renewable development account
90.2 financial reports must be posted online on a public website designated by the commissioner
90.3 of commerce.

90.4 (t) All final reports must acknowledge that the project was made possible in whole or
90.5 part by the Minnesota renewable development account, noting that the account is financed
90.6 by the public utility's ratepayers.

90.7 (u) Of the amount in the renewable development account, priority must be given to
90.8 making the payments required under section 216C.417.

90.9 (v) A construction project funded from an appropriation made under this section must
90.10 adhere to the provisions of sections 177.41 and 177.43.

90.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and
90.12 applies to appropriations made on or after that date.

90.13 Sec. 2. Minnesota Statutes 2020, section 116J.55, subdivision 5, is amended to read:

90.14 Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under~~
90.15 ~~this section to eligible communities through a competitive grant process.~~

90.16 ~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed
90.17 \$500,000 in any calendar year. The commissioner may accept grant applications on an
90.18 ongoing or rolling basis.

90.19 ~~(c)~~ (b) Grants funded with revenues from the renewable development account established
90.20 in section 116C.779 must be awarded to an eligible community located within the retail
90.21 electric service territory of the public utility that is subject to section 116C.779 or to an
90.22 eligible community in which an electric generating plant owned by that public utility is
90.23 located.

90.24 Sec. 3. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

90.25 Subd. 13. **Economic and community development.** The commission may allow a
90.26 public utility to recover from ratepayers the reasonable expenses incurred (1) for economic
90.27 and community development, and (2) to employ local workers, as defined in section
90.28 216B.2422, subdivision 1, to construct and maintain generation facilities that supply power
90.29 to the utility's customers.

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

91.1 Sec. 4. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

91.2 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the
91.3 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section
91.4 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and
91.5 maintain generation facilities that supply power to the utility's customers are recoverable
91.6 from the ratepayers of the utility; to the extent ~~they~~ the expenses or expenditures are not
91.7 offset by utility revenues attributable to the contracts, investments, or expenditures, and if
91.8 the expenses or expenditures are deemed reasonable by the commission. Upon petition by
91.9 a public utility, the commission shall approve or approve as modified a rate schedule
91.10 providing for the automatic adjustment of charges to recover the expenses or costs approved
91.11 by the commission under subdivision 1, which, in the case of transmission expenditures,
91.12 are limited to the portion of actual transmission costs that are directly allocable to the need
91.13 to transmit power from the renewable sources of energy. The commission may not approve
91.14 recovery of the costs for that portion of the power generated from sources governed by this
91.15 section that the utility sells into the wholesale market.

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

91.17 Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

91.18 Subd. 9. **Local benefits.** The commission shall take all reasonable actions within its
91.19 statutory authority to ensure this section is implemented to maximize benefits to Minnesota
91.20 citizens and local workers, as defined in section 216B.2422, subdivision 1, balancing factors
91.21 such as local ownership of or participation in energy production; local job impacts, as
91.22 defined in section 216B.2422, subdivision 1; development and ownership of eligible energy
91.23 technology facilities by independent power producers; Minnesota utility ownership of
91.24 eligible energy technology facilities; the costs of energy generation to satisfy the renewable
91.25 standard; and the reliability of electric service to Minnesotans.

91.26 Sec. 6. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

91.27 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
91.28 subdivision have the meanings given them.

91.29 (b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more
91.30 of electric power and serving, either directly or indirectly, the needs of 10,000 retail
91.31 customers in Minnesota. Utility does not include federal power agencies.

92.1 (c) "Renewable energy" means electricity generated through use of any of the following
92.2 resources:

92.3 (1) wind;

92.4 (2) solar;

92.5 (3) geothermal;

92.6 (4) hydro;

92.7 (5) trees or other vegetation;

92.8 (6) landfill gas; or

92.9 (7) predominantly organic components of wastewater effluent, sludge, or related

92.10 by-products from publicly owned treatment works, but not including incineration of

92.11 wastewater sludge.

92.12 (d) "Resource plan" means a set of resource options that a utility could use to meet the
92.13 service needs of its customers over a forecast period, including an explanation of the supply
92.14 and demand circumstances under which, and the extent to which, each resource option
92.15 would be used to meet those service needs. These resource options include using,
92.16 refurbishing, and constructing utility plant and equipment, buying power generated by other
92.17 entities, controlling customer loads, and implementing customer energy conservation.

92.18 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
92.19 resource of 30 megawatts or greater.

92.20 (f) "Energy storage system" means a commercially available technology that:

92.21 (1) uses mechanical, chemical, or thermal processes to:

92.22 (i) store energy, including energy generated from renewable resources and energy that
92.23 would otherwise be wasted, and deliver the stored energy for use at a later time; or

92.24 (ii) store thermal energy for direct use for heating or cooling at a later time in a manner
92.25 that reduces the demand for electricity at the later time;

92.26 (2) is composed of stationary equipment;

92.27 (3) if being used for electric grid benefits, is operationally visible and capable of being
92.28 controlled by the distribution or transmission entity managing it, to enable and optimize the
92.29 safe and reliable operation of the electric system; and

92.30 (4) achieves any of the following:

93.1 (i) reduces peak or electrical demand;

93.2 (ii) defers the need or substitutes for an investment in electric generation, transmission,
93.3 or distribution assets;

93.4 (iii) improves the reliable operation of the electrical transmission or distribution systems,
93.5 while ensuring transmission or distribution needs are not created; or

93.6 (iv) lowers customer costs by storing energy when the cost of generating or purchasing
93.7 it is low and delivering it to customers when the costs are high.

93.8 (f) "Local job impacts" means the impacts of a certificate of need, a power purchase
93.9 agreement, or commission approval of a new or refurbished energy facility on the availability
93.10 of construction employment opportunities to local workers.

93.11 (g) "Local workers" means workers employed to construct and maintain energy
93.12 infrastructure that are Minnesota residents, residents of the utility's service territory, or who
93.13 permanently reside within 150 miles of a proposed new or refurbished energy facility.

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

93.15 Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
93.16 to read:

93.17 **Subd. 4a. Preference for local job creation.** As part of a resource plan filing, a utility
93.18 must report on associated local job impacts and the steps the utility and the utility's energy
93.19 suppliers and contractors are taking to maximize the availability of construction employment
93.20 opportunities for local workers. The commission must consider local job impacts and give
93.21 preference to proposals that maximize the creation of construction employment opportunities
93.22 for local workers, consistent with the public interest, when evaluating any utility proposal
93.23 that involves the selection or construction of facilities used to generate or deliver energy to
93.24 serve the utility's customers, including but not limited to an integrated resource plan, a
93.25 certificate of need, a power purchase agreement, or commission approval of a new or
93.26 refurbished electric generation facility. The commission must, to the maximum extent
93.27 possible, prioritize the hiring of workers from communities hosting retiring electric generation
93.28 facilities, including workers previously employed at the retiring facilities.

93.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
93.30 applies to an integrated resource plan filed with the commission on or after that date.

94.1 Sec. 8. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

94.2 Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may
94.3 select resources to meet its projected energy demand through a bidding process approved
94.4 or established by the commission. A utility shall use the environmental cost estimates
94.5 determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids
94.6 submitted in a process established under this subdivision.

94.7 (b) Notwithstanding any other provision of this section, if an electric power generating
94.8 plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding
94.9 process approved or established by the commission, a certificate of need proceeding under
94.10 section 216B.243 is not required.

94.11 (c) A certificate of need proceeding is also not required for an electric power generating
94.12 plant that has been selected in a bidding process approved or established by the commission,
94.13 or such other selection process approved by the commission, to satisfy, in whole or in part,
94.14 the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

94.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and
94.16 applies to an integrated resource plan filed with the commission on or after that date.

94.17 Sec. 9. Minnesota Statutes 2020, section 216C.435, subdivision 8, is amended to read:

94.18 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
94.19 means a multifamily residential dwelling, ~~or~~ a commercial or industrial building, or farmland,
94.20 as defined in section 216B.436, subdivision 1b, that the implementing entity has determined,
94.21 after review of an energy audit ~~or,~~ renewable energy system feasibility study, or agronomic
94.22 assessment, as defined in section 216B.436, subdivision 1b, can be benefited by installation
94.23 of cost-effective energy improvements or land and water improvements, as defined in section
94.24 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

94.25 Sec. 10. Minnesota Statutes 2020, section 216C.436, is amended by adding a subdivision
94.26 to read:

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

94.29 (b) "Agronomic assessment" means a study by an independent third party that assesses
94.30 the environmental impacts of proposed land and water improvements on farmland.

94.31 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under
94.32 section 273.13, subdivision 23.

95.1 (d) "Land and water improvement" means:

95.2 (1) an improvement to farmland that is permanent, results in improved agricultural
95.3 profitability or resiliency, and reduces the environmental impact of agricultural production;

95.4 or

95.5 (2) water conservation and quality measures, which include permanently affixed
95.6 equipment, appliances, or improvements that reduce a property's water consumption or that
95.7 enable water to be managed more efficiently.

95.8 Land and water improvement does not include drainage.

95.9 (e) "Resiliency" means the ability of farmland to maintain and enhance profitability,
95.10 soil health, and water quality.

95.11 Sec. 11. Minnesota Statutes 2020, section 216C.436, subdivision 2, is amended to read:

95.12 Subd. 2. **Program requirements.** A commercial PACE loan program must:

95.13 (1) impose requirements and conditions on financing arrangements to ensure timely
95.14 repayment;

95.15 (2) require an energy audit ~~or~~, renewable energy system feasibility study, or agronomic
95.16 or soil health assessment to be conducted on the qualifying commercial real property and
95.17 reviewed by the implementing entity prior to approval of the financing;

95.18 (3) require the inspection of all installations and a performance verification of at least
95.19 ten percent of the cost-effective energy improvements or land and water improvements
95.20 financed by the program;

95.21 (4) not prohibit the financing of all cost-effective energy improvements or land and
95.22 water improvements not otherwise prohibited by this section;

95.23 (5) require that all cost-effective energy improvements or land and water improvements
95.24 be made to a qualifying commercial real property prior to, or in conjunction with, an
95.25 applicant's repayment of financing for cost-effective energy improvements or land and water
95.26 improvements for that property;

95.27 (6) have cost-effective energy improvements or land and water improvements financed
95.28 by the program performed by a licensed contractor as required by chapter 326B or other
95.29 law or ordinance;

95.30 (7) require disclosures to borrowers by the implementing entity of the risks involved in
95.31 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

96.1 (8) provide financing only to those who demonstrate an ability to repay;

96.2 (9) not provide financing for a qualifying commercial real property in which the owner
96.3 is not current on mortgage or real property tax payments;

96.4 (10) require a petition to the implementing entity by all owners of the qualifying
96.5 commercial real property requesting collections of repayments as a special assessment under
96.6 section 429.101;

96.7 (11) provide that payments and assessments are not accelerated due to a default and that
96.8 a tax delinquency exists only for assessments not paid when due; ~~and~~

96.9 (12) require that liability for special assessments related to the financing runs with the
96.10 qualifying commercial real property; and

96.11 (13) prior to financing any improvements to or imposing any assessment upon qualifying
96.12 commercial real property, require notice to and written consent from the mortgage lender
96.13 of any mortgage encumbering or otherwise secured by the qualifying commercial real
96.14 property.

96.15 Sec. 12. [216C.441] MINNESOTA INNOVATION FINANCE AUTHORITY.

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

96.18 (b) "Advisory task force" means the Minnesota Innovation Finance Authority advisory
96.19 task force.

96.20 (c) "Authority" means the Minnesota Innovation Finance Authority.

96.21 (d) "Clean energy project" has the meaning given to "qualified project" in paragraph
96.22 (k), clauses (1) to (4).

96.23 (e) "Credit enhancement" means a pool of capital set aside to cover potential losses on
96.24 loans made by private lenders, including but not limited to loan loss reserves and loan
96.25 guarantees.

96.26 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision
96.27 1, paragraph (f).

96.28 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
96.29 electricity through electrochemical reactions.

96.30 (h) "Greenhouse gas emissions" has the meaning given to "statewide greenhouse gas
96.31 emissions" in section 216H.01, subdivision 2.

97.1 (i) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if
97.2 a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the
97.3 private lender.

97.4 (j) "Microgrid system" means an electrical grid that serves a discrete geographical area
97.5 from distributed energy resources and that can operate independently from the central electric
97.6 grid on a temporary basis.

97.7 (k) "Qualified project" means a project, technology, product, service, or measure
97.8 predominantly focused on clean energy, electrification, or energy or climate resilience as
97.9 follows:

97.10 (1) a project, technology, product, service, or measure that:

97.11 (i) results in the reduction of energy use while providing the same level of service or
97.12 output obtained before the application of the project, technology, product, service, function,
97.13 or measure;

97.14 (ii) shifts the use of electricity by retail customers in response to changes in the price of
97.15 electricity that vary over time or provides other incentives designed to shift electricity
97.16 demand from times when market prices are high or when system reliability is jeopardized;
97.17 or

97.18 (iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions
97.19 produced before the project is implemented, excluding projects that generate power from
97.20 the combustion of fossil fuels;

97.21 (2) the development, construction, deployment, alteration, or repair of any:

97.22 (i) project, technology, product, service, or measure that generates electric power from
97.23 renewable energy; or

97.24 (ii) distributed generation system, energy storage system, smart grid technology, microgrid
97.25 system, fuel cell system, or combined heat and power system;

97.26 (3) the installation, construction, or use of end-use electric technology that replaces
97.27 existing fossil-fuel-based technology;

97.28 (4) a project, technology, product, service, or measure that supports the development
97.29 and deployment of electric vehicle charging stations and associated infrastructure;

97.30 (5) a project that reduces net greenhouse gas emissions or improves climate resiliency,
97.31 including but not limited to reforestation, afforestation, forestry management, and
97.32 regenerative agriculture;

98.1 (6) the construction or enhancement of infrastructure that is planned, designed, and
98.2 operated in a manner that anticipates, prepares for, and adapts to current and projected
98.3 changing climate conditions so that the infrastructure withstands, responds to, and more
98.4 readily recovers from disruptions caused by the current and projected changing climate
98.5 conditions; and

98.6 (7) the development, construction, deployment, alteration, or repair of any project,
98.7 technology, product, service, or measure that: (i) reduces water use while providing the
98.8 same or better level and quality of service or output that was obtained before implementing
98.9 the water-saving approach; or (ii) protects, restores, or preserves the quality of groundwater
98.10 and surface waters, including but not limited to actions that further the purposes of the Clean
98.11 Water Legacy Act, as provided in section 114D.10, subdivision 1.

98.12 (l) "Regenerative agriculture" means the deployment of farming methods that reduce
98.13 agriculture's contribution to climate change by increasing the soil's ability to absorb
98.14 atmospheric carbon and convert the atmospheric carbon to soil carbon.

98.15 (m) "Renewable energy" has the meaning given in section 216B.2422, and includes fuel
98.16 cells generated from renewable energy.

98.17 (n) "Smart grid" means a digital technology that (1) allows for two-way communication
98.18 between a utility and the utility's customers, and (2) enables the utility to control power
98.19 flow and load in real time.

98.20 Subd. 2. **Establishment; purpose.** (a) By September 1, 2022, the department must
98.21 establish and convene a Minnesota Innovation Finance Authority Advisory Task Force.

98.22 (b) By February 1, 2023, the Minnesota Innovation Finance Authority Advisory Task
98.23 Force convened by the department must establish the Minnesota innovation finance authority
98.24 as a nonprofit corporation, including the development of the nonprofit board under chapter
98.25 317A, and must seek designation as a charitable tax-exempt organization under section
98.26 501(c)(3) of the Internal Revenue Code of 1986, as amended. The advisory task force must
98.27 engage independent legal counsel with relevant experience in nonprofit corporate law to
98.28 help establish the nonprofit corporation. The nonprofit corporation must be governed by a
98.29 board of directors.

98.30 (c) The authority must establish bylaws, subject to the prior approval by the
98.31 commissioner.

98.32 (d) The initial board of directors must include at least a majority of the members of the
98.33 advisory task force established under subdivision 5.

99.1 (e) When incorporated, the authority must serve as an independent, nonprofit corporation
99.2 for public benefit whose purpose is to (1) promote investments in qualified clean energy,
99.3 efficiency, electrification, and other climate-mitigation-related projects, and (2) accelerate
99.4 the deployment of qualified projects by reducing the up-front and total cost of adoption.
99.5 The authority may achieve the purposes under this paragraph by leveraging public sources
99.6 and additional private sources of capital through the strategic deployment of public funds
99.7 in the form of loans, credit enhancements, and other financing mechanisms, along with
99.8 strategies that stimulate demand.

99.9 (f) The authority must:

99.10 (1) identify underserved markets for qualified projects in Minnesota, develop programs
99.11 to overcome market impediments, and provide access to financing to serve the projects and
99.12 underserved markets;

99.13 (2) except in cases of projects within identified disadvantaged communities, as determined
99.14 by the commissioner, that may limit such an investment, strategically prioritize funds to
99.15 leverage private investment in qualified projects, achieving a high ratio of private to public
99.16 funds invested through funding mechanisms that support, enhance, and complement private
99.17 investment;

99.18 (3) coordinate with existing government- and utility-based programs to ensure (i) the
99.19 most effective use of the authority's resources, (ii) that financing terms and conditions
99.20 offered are well-suited to qualified projects, (iii) coordination of communication with respect
99.21 to all financing options under this section and other state and utility programs, and (iv) the
99.22 authority's activities add to and complement the efforts of state and utility partners;

99.23 (4) serve as an informational resource for contractors interested in installing qualified
99.24 projects by forming partnerships with and educating contractors regarding the authority's
99.25 financing programs and coordinating multiple contractors on projects that install multiple
99.26 qualifying technologies;

99.27 (5) develop innovative and inclusive marketing strategies to stimulate project owner
99.28 interest in targeted underserved markets;

99.29 (6) serve as a financial resource to reduce the up-front and total costs to borrowers;

99.30 (7) prioritize projects that maximize greenhouse gas emission reductions or address
99.31 disparities in access to clean energy projects for underserved communities;

99.32 (8) ensure that workers employed by contractors and subcontractors performing
99.33 construction work on projects over \$100,000, financed all or in part by the authority, are

100.1 paid wages not less than those prevailing on similar construction projects in the applicable
100.2 locality;

100.3 (9) develop rules, policies, and procedures specifying borrower eligibility and other
100.4 terms and conditions for financial support offered by the fund that must be met before
100.5 financing support is provided for any qualified clean energy project;

100.6 (10) develop and administer policies to collect reasonable fees for authority services
100.7 and risk management activities that are sufficient to support ongoing authority activities;

100.8 (11) subject to review by the department, develop and adopt a work plan to accomplish
100.9 all of the activities required of the authority and update the work plan on an annual basis;

100.10 (12) develop consumer protection standards governing the authority's investments to
100.11 ensure the authority and partners provide financial support in a responsible and transparent
100.12 manner that is in the financial interest of participating project owners and serves the defined
100.13 underserved markets and disadvantaged communities; or

100.14 (13) establish and maintain an online and mobile-access portal that provides access to
100.15 all authority programs and financial products, including rates, terms, and conditions of all
100.16 financing support programs, unless disclosure of the information constitutes a trade secret
100.17 or confidential commercial or financial information.

100.18 Subd. 3. **Additional department responsibilities.** In addition to the responsibilities
100.19 listed in this chapter, the department must:

100.20 (1) review consumer protection standards established by the authority; and

100.21 (2) provide standard state oversight to money appropriated under this section.

100.22 Subd. 4. **Additional authorized activities.** The authority is authorized to:

100.23 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter
100.24 317A;

100.25 (2) develop and employ financing methods to support qualified projects, including:

100.26 (i) credit enhancement mechanisms that reduce financial risk for private lenders by
100.27 providing assurance that a limited portion of a loan is assumed by the fund via a loan loss
100.28 reserve, loan guarantee, or other mechanism;

100.29 (ii) co-investment, where the fund invests directly in a clean energy project by providing
100.30 senior or subordinated debt, equity, or other mechanisms in conjunction with a private
100.31 financier's investment; and

101.1 (iii) serving as an aggregator of many small and geographically dispersed qualified
101.2 projects, where the authority may provide direct lending, investment, or other financial
101.3 support in order to diversify risk; and

101.4 (3) seek to qualify as a community development financial institution under United States
101.5 Code, title 12, section 4702, in which case the authority must be treated as a qualified
101.6 community development entity for the purposes of sections 45D and 1400(m) of the Internal
101.7 Revenue Code.

101.8 Subd. 5. **Advisory task force; membership.** (a) The Minnesota Innovation Finance
101.9 Authority Advisory Task Force is established and consists of 15 members as follows:

101.10 (1) the commissioner of commerce or the commissioner's designee, who serves as chair
101.11 of the advisory task force;

101.12 (2) the commissioner of employment and economic development or the commissioner's
101.13 designee;

101.14 (3) the commissioner of the Pollution Control Agency or the commissioner's designee;

101.15 (4) the commissioner of agriculture or the commissioner's designee;

101.16 (5) two additional members appointed by the governor;

101.17 (6) two additional members appointed by the speaker of the house;

101.18 (7) two additional members appointed by the president of the senate; and

101.19 (8) five members that have extensive life or work experience within economically
101.20 disadvantaged communities that the authority aims to serve, appointed by the governor and
101.21 the commissioners identified in clauses (1) to (4).

101.22 (b) The members appointed to the advisory task force under paragraph (a), clauses (6)
101.23 and (7), must have expertise in matters relating to energy conservation, clean energy,
101.24 economic development, banking, law, finance, or other matters relevant to the work of the
101.25 advisory task force.

101.26 (c) When appointing a member to the advisory task force, consideration must be given
101.27 to whether the advisory task force members collectively reflect the geographical and ethnic
101.28 diversity of Minnesota.

101.29 (d) Members of the advisory task force must abide by the conflict of interest provisions
101.30 in section 43A.38.

102.1 (e) In order to ensure participation, the commissioner may provide a nominal grant to
102.2 any advisory task force member that can demonstrate financial need in order to participate.

102.3 Subd. 6. **Report; audit.** Beginning February 1, 2024, the authority must annually submit
102.4 a comprehensive report on the authority's activities for the previous fiscal year to the governor
102.5 and the chairs and ranking minority members of the legislative committees with primary
102.6 jurisdiction over energy policy. The report must contain, at a minimum, information on:

102.7 (1) the amount of authority capital invested, by project type;

102.8 (2) the amount of private capital leveraged as a result of authority investments, by project
102.9 type;

102.10 (3) the number of qualified projects supported, by project type and location within
102.11 Minnesota;

102.12 (4) the estimated number of jobs created and tax revenue generated as a result of the
102.13 authority's activities;

102.14 (5) the number of clean energy projects financed in low- and moderate-income
102.15 households; and

102.16 (6) the authority's financial statements.

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

102.18 **Sec. 13. [216C.45] ENERGY ALLEY STARTUP FUND.**

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

102.21 (b) "Decarbonization technology" means a technology whose implementation results in
102.22 a reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision
102.23 2.

102.24 (c) "Emerging energy technology" means carbon-reducing energy technologies, systems,
102.25 or practices that are not yet at the commercialization stage.

102.26 (d) "Qualified equity business" means a minority-, women-, or veteran-owned business,
102.27 as those terms are defined in section 116J.8737.

102.28 (e) "Qualified greater Minnesota business" means a business that is certified by the
102.29 commissioner as a qualified small business and as a qualified greater Minnesota business
102.30 under section 116J.8737, subdivision 2.

103.1 Subd. 2. **Establishment; purpose.** An energy alley startup fund account is established
103.2 in the Department of Commerce to provide loans and grants to qualified businesses to:

103.3 (1) promote the start-up, expansion, and attraction of emerging energy technologies and
103.4 businesses within Minnesota; and

103.5 (2) stimulate other innovative decarbonization technology projects that are capable of
103.6 being developed at a large scale.

103.7 Subd. 3. **Account established.** An energy alley startup fund account is established in
103.8 the special revenue fund in the state treasury. Earnings, including interest, dividends, and
103.9 any other earnings arising from assets of the account, must be credited to the account.
103.10 Nonstate funds obtained by the commissioner for the purposes of this section must be
103.11 credited to the account. The commissioner must manage the account. Money in the account
103.12 is appropriated to the commissioner for the purposes of this section and must be expended
103.13 only as provided in this section.

103.14 Subd. 4. **Nonstate contributions; influence prohibited.** (a) The commissioner must
103.15 insure any nonstate funds deposited in the account, and the sources of those funds, have no
103.16 influence over the awarding of grants or loans or other activities conducted under this
103.17 section.

103.18 (b) The commissioner may retain no more than three percent annually of funds credited
103.19 to the account for the department's administrative expenses.

103.20 Subd. 5. **Allocation of funds.** Money in the account must be allocated as follows:

103.21 (1) at least 50 percent of available funds must be allocated to qualified greater Minnesota
103.22 businesses or qualified equity businesses;

103.23 (2) up to 65 percent of available funds must be allocated to establish a low-interest loan
103.24 fund and loan loss reserve;

103.25 (3) at least 35 percent of available funds must be used to provide grants under this section.

103.26 Subd. 6. **Loans.** (a) Loan recipients must repay loan amounts awarded under this section
103.27 by the end of the loan term. Loan repayment amounts must be credited to the account. The
103.28 department may use up to ten percent of the low-interest land funds or 6.5 percent of total
103.29 funds available, whichever is greater, under this section to establish a loan loss reserve in
103.30 order to leverage additional investments; ensure funding for emerging, innovative energy
103.31 products; and ensure accessibility by small businesses.

103.32 (b) No loans may be awarded under this section after June 30, 2025.

104.1 Subd. 7. **Application process.** (a) An application for a grant or loan under this section
104.2 must be made to the commissioner on a form developed by the commissioner.

104.3 (b) An application made under this section must be evaluated by the investment committee
104.4 established under subdivision 7.

104.5 (c) The commissioner must develop administrative procedures necessary to implement
104.6 this section.

104.7 Subd. 8. **Grant awards; limitations.** (a) The commissioner must award grants under
104.8 this section to eligible applicants through a competitive process.

104.9 (b) An eligible entity must be (1) located in Minnesota, or (2) able to demonstrate how
104.10 the grant directly and significantly benefits Minnesotans in a manner that meets criteria
104.11 established by the commissioner.

104.12 Subd. 9. **Technical advisory committee; membership.** (a) The commissioner must
104.13 establish and appoint members to the technical advisory committee to assist in the
104.14 development of criteria governing the award of grants under this section. The technical
104.15 advisory committee must have expertise in energy research and development, energy
104.16 conservation, clean energy technology development, economic development, or energy
104.17 project financing.

104.18 (b) The commissioner must appoint members to the technical advisory committee who
104.19 collectively reflect the geographic and ethnic diversity of Minnesota.

104.20 (c) Members of the technical advisory committee must comply with the conflicts of
104.21 interest provisions under section 43A.38.

104.22 Subd. 10. **Investment committee; duties; membership.** (a) The commissioner, in
104.23 consultation with the commissioner of employment and economic development, must
104.24 establish and appoint members to an investment committee to review and recommend
104.25 applications for grant and loan awards under this section.

104.26 (b) The investment committee shall consist of seven members with expertise and
104.27 experience in investments and finance. The commissioner or the commissioner's designee,
104.28 and the commissioner of employment and economic development or the commissioner of
104.29 employment and economic development's designee, shall serve as members of the investment
104.30 committee. The commissioner or the commissioner's designee serves as chair of the
104.31 investment committee.

104.32 (c) The commissioner must appoint members of the investment committee who
104.33 collectively reflect the geographic and ethnic diversity of Minnesota.

105.1 (d) Members of the investment committee must comply with the conflicts of interest
105.2 provisions under section 43A.38. Entities represented by members of the investment
105.3 committee are ineligible to receive grants under this section.

105.4 Subd. 11. **Annual report; audit.** On or before February 15, 2024, and by February 15
105.5 each year thereafter, the commissioner must report on the activities of the fund for the
105.6 preceding calendar year to the chairs and ranking minority members of the committees of
105.7 the senate and house of representatives with jurisdiction over energy finance and policy and
105.8 economic development finance. The report must include but is not limited to information
105.9 specifying:

105.10 (1) the number of applications for funding received;

105.11 (2) the number of applications selected for grants and loans;

105.12 (3) the total amount of grants and loans issued in the previous year and to date, itemized
105.13 by project type; and

105.14 (4) a complete operating and financial statement covering the fund's operations for that
105.15 year.

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

105.17 Sec. 14. **[216C.46] GRANTS FOR RENEWABLE INTEGRATION AND**
105.18 **DEMONSTRATION.**

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

105.21 (b) "Grid modernization" means:

105.22 (1) enhancing electric grid service quality and reliability;

105.23 (2) improving the security of the electric grid and critical infrastructure against
105.24 cyberthreats and physical threats; and

105.25 (3) increasing energy conservation opportunities by facilitating communication between
105.26 the utility and the utility's customers through the use of two-way meters, control technologies,
105.27 energy storage and microgrids, technologies that enable demand flexibility, and other
105.28 innovative technologies.

105.29 (c) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1,
105.30 paragraph (c).

106.1 Subd. 2. **Establishment; purpose.** A grants for renewable integration and demonstration
106.2 program is established in the department. The purpose of the program is to provide grants
106.3 for projects to:

106.4 (1) stimulate research, deployment, and grid integration of renewable electric energy
106.5 technologies;

106.6 (2) encourage grid modernization, including but not limited to projects that implement
106.7 electricity storage, generation control, load control, and smart meter technology; and

106.8 (3) stimulate other innovative energy projects that reduce demand and increase system
106.9 efficiency and flexibility to benefit customers of the utility that owns nuclear generating
106.10 units in Minnesota.

106.11 Subd. 3. **Program account.** A grants for renewable integration and demonstration
106.12 program account is established as a separate account in the special revenue fund in the state
106.13 treasury.

106.14 Subd. 4. **Expenditures.** Money in the account may be used only:

106.15 (1) for grant awards made under this section;

106.16 (2) for costs to procure technical evaluation services; and

106.17 (3) to pay reasonable costs incurred by the department to administer this section.

106.18 Subd. 5. **Eligibility.** The commissioner must determine whether a project is eligible for
106.19 a grant under this section. When evaluating a project for approval, the commissioner must
106.20 consider:

106.21 (1) diversity, equity, and inclusion;

106.22 (2) greenhouse gas emissions;

106.23 (3) resiliency value;

106.24 (4) grid security;

106.25 (5) jobs and economic development; and

106.26 (6) other potential benefits to Minnesota citizens and businesses, ratepayers receiving
106.27 electric service from the utility that owns a nuclear-powered electric generating plant in
106.28 Minnesota, the Prairie Island Indian community, or Prairie Island Indian community
106.29 members.

106.30 Subd. 6. **Reporting.** (a) A project that receives money from a grant approved under this
106.31 section must produce a written final report that includes sufficient detail for technical readers

107.1 and a clearly written summary for nontechnical readers. The report must include an evaluation
107.2 of the project's financial, environmental, and other benefits to Minnesota and the public
107.3 utility's ratepayers.

107.4 (b) Final reports, any project status reports, and grants for renewable integration and
107.5 demonstration program balances must be posted on a public website designated by the
107.6 commissioner.

107.7 (c) All final reports must acknowledge that the project was made possible in whole or
107.8 part by the Minnesota renewable development account, noting that the account is financed
107.9 by the public utility's ratepayers.

107.10 (d) By February 15 each year, the commissioner must report to the chairs and ranking
107.11 minority members of the legislative committees with primary jurisdiction over energy
107.12 regarding: (1) grants issued under this section during the previous calendar year; and (2)
107.13 any remaining balances available under this section.

107.14 Subd. 7. **Gifts; grants; donations.** The program may accept gifts and grants on behalf
107.15 of the state that constitute donations to the state. Money received under this subdivision is
107.16 appropriated to the commissioner of commerce to support the program under this section.

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

107.18 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

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

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

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

- 108.1 (2) environmental evaluation of sites and routes proposed for future development and
108.2 expansion and their relationship to the land, water, air and human resources of the state;
- 108.3 (3) evaluation of the effects of new electric power generation and transmission
108.4 technologies and systems related to power plants designed to minimize adverse environmental
108.5 effects;
- 108.6 (4) evaluation of the potential for beneficial uses of waste energy from proposed large
108.7 electric power generating plants;
- 108.8 (5) analysis of the direct and indirect economic impact of proposed sites and routes
108.9 including, but not limited to, productive agricultural land lost or impaired;
- 108.10 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided
108.11 should the proposed site and route be accepted;
- 108.12 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant
108.13 to subdivisions 1 and 2;
- 108.14 (8) evaluation of potential routes that would use or parallel existing railroad and highway
108.15 rights-of-way;
- 108.16 (9) evaluation of governmental survey lines and other natural division lines of agricultural
108.17 land so as to minimize interference with agricultural operations;
- 108.18 (10) evaluation of the future needs for additional high-voltage transmission lines in the
108.19 same general area as any proposed route, and the advisability of ordering the construction
108.20 of structures capable of expansion in transmission capacity through multiple circuiting or
108.21 design modifications;
- 108.22 (11) evaluation of irreversible and irretrievable commitments of resources should the
108.23 proposed site or route be approved; ~~and~~
- 108.24 (12) when appropriate, consideration of problems raised by other state and federal
108.25 agencies and local entities;
- 108.26 (13) evaluation of the benefits of the proposed facility with respect to the protection and
108.27 enhancement of environmental quality, and to the reliability of state and regional energy
108.28 supplies;
- 108.29 (14) evaluation of the proposed facility's impact on socioeconomic factors; and
- 108.30 (15) evaluation of the proposed facility's employment and economic impacts in the
108.31 vicinity of the facility site and throughout the state, including the quantity and quality of
108.32 construction and permanent jobs and their compensation levels. The commission must

109.1 consider a facility's local employment and economic impacts, and may reject or place
109.2 conditions on a site or route permit based on these factors.

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

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

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

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

109.12 Sec. 16. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

109.13 Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site
109.14 selection standards and criteria established in this section and in rules adopted by the
109.15 commission. When the commission designates a site, it shall issue a site permit to the
109.16 applicant with any appropriate conditions. The commission shall publish a notice of its
109.17 decision in the State Register within 30 days of issuance of the site permit.

109.18 (b) No route permit shall be issued in violation of the route selection standards and
109.19 criteria established in this section and in rules adopted by the commission. When the
109.20 commission designates a route, it shall issue a permit for the construction of a high-voltage
109.21 transmission line specifying the design, routing, right-of-way preparation, and facility
109.22 construction it deems necessary, and with any other appropriate conditions. The commission
109.23 may order the construction of high-voltage transmission line facilities that are capable of
109.24 expansion in transmission capacity through multiple circuiting or design modifications. The
109.25 commission shall publish a notice of its decision in the State Register within 30 days of
109.26 issuance of the permit.

109.27 (c) No site permit may be issued under this chapter for a large electric power generating
109.28 plant, including a modification of a site permit for a repowering project, as defined in section
109.29 216B.243, subdivision 8, paragraph (b), unless the applicant certifies to the commission in
109.30 writing that all employees who perform construction work on the large electric power
109.31 generating plant, including those of both contractors and subcontractors, shall be paid no
109.32 less than the prevailing wage, as defined in section 177.42.

110.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
110.2 applies to a site permit, or the modification of a site permit for a repowering project, whose
110.3 application is filed with the commission on or after that date.

110.4 Sec. 17. Minnesota Statutes 2020, section 216F.04, is amended to read:

110.5 **216F.04 SITE PERMIT.**

110.6 (a) No person may construct an LW ECS without a site permit issued by the Public
110.7 Utilities Commission.

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

110.11 (c) The commission shall make a final decision on an application for a site permit for
110.12 an LW ECS within 180 days after acceptance of a complete application by the commission.
110.13 The commission may extend this deadline for cause.

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

110.16 (e) No site permit may be issued for an LW ECS with a combined nameplate capacity
110.17 of 25,000 kilowatts or more under this chapter, including a modification of a site permit for
110.18 a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), unless
110.19 the applicant certifies in writing to the commission that all employees who perform
110.20 construction work on the LW ECS, including those of both contractors and subcontractors,
110.21 shall be paid no less than the prevailing wage, as defined in section 177.42.

110.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and
110.23 applies to a site permit, or the modification of a site permit for a repowering project, whose
110.24 application is filed with the commission on or after that date.

110.25 Sec. 18. Laws 2020, chapter 118, section 5, subdivision 1, is amended to read:

110.26 Subdivision 1. **Community energy transition grants.** (a) Notwithstanding Minnesota
110.27 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2021 is
110.28 appropriated from the renewable development account established in Minnesota Statutes,
110.29 section 116C.779, subdivision 1, to the commissioner of employment and economic
110.30 development for deposit in the community energy transition account established in Minnesota
110.31 Statutes, section 116J.55, subdivision 3. This is a onetime appropriation and is available
110.32 until June 30, ~~2022~~ 2025.

111.1 (b) If another bill is enacted during the 2020 regular legislative session that appropriates
 111.2 money from the renewable development account established in Minnesota Statutes, section
 111.3 116C.779, subdivision 1, for the same general purpose as provided under Minnesota Statutes,
 111.4 section 116J.55, the appropriation under this subdivision cancels to the renewable
 111.5 development account under Minnesota Statutes, section 116C.779, subdivision 1.

111.6 ARTICLE 9

111.7 GREENHOUSE GAS EMISSIONS

111.8 Section 1. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

111.9 Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using
 111.10 the best available scientific and economic information and data, quantify and establish a
 111.11 range of environmental costs associated with each method of electricity generation. The
 111.12 commission shall adopt and apply the interim cost of greenhouse gas emissions valuations
 111.13 presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous
 111.14 Oxide Interim Estimates, released by the federal government in February 2021, adopting
 111.15 the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with
 111.16 three percent as the central estimate, and shall update the parameters as necessary to conform
 111.17 with updates released by the federal Interagency Working Group on the Social Cost of
 111.18 Greenhouse Gases or successors that are above the February 2021 interim valuations.

111.19 (b) When evaluating and selecting resource options in all proceedings before the
 111.20 commission, including but not limited to proceedings regarding power purchase agreements,
 111.21 resource plans, and certificates of need, a utility shall must use the values established by
 111.22 the commission in conjunction with other external factors, including socioeconomic costs,
 111.23 ~~when evaluating and selecting resource options in all proceedings before the commission,~~
 111.24 ~~including resource plan and certificate of need proceedings.~~ under this subdivision to quantify
 111.25 and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for
 111.26 in-state or imported electricity generation, including extraction, processing, transport, and
 111.27 combustion.

111.28 (c) When evaluating resource options, the commission must include and consider the
 111.29 environmental cost values adopted under this subdivision. When considering the costs of a
 111.30 nonrenewable energy facility under this section, the commission must consider only nonzero
 111.31 values for the environmental costs analyzed under this subdivision, including both the low
 111.32 and high values of any cost range adopted by the commission.

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

112.4 EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets
112.5 initiated at the Public Utilities Commission on or after that date.

112.6 Sec. 2. ENVIRONMENTAL STANDARDS PROCUREMENT TASK FORCE.

112.7 (a) No later than June 30, 2022, the commissioners of administration and transportation
112.8 must establish an environmental standards procurement task force to examine issues
112.9 surrounding the implementation of a program requiring vendors of certain construction
112.10 materials purchased by the state to:

112.11 (1) submit environmental product declarations that assess the lifecycle environmental
112.12 impacts of those materials to state officials as part of the procurement process; and

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

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

112.16 (1) which construction materials should be subject to the program requirements;

112.17 (2) what factors should be considered in establishing greenhouse gas emissions standards;

112.18 (3) a schedule for the development of standards for specific materials and for
112.19 incorporating the standards into the purchasing process;

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

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

112.24 (6) how the issues in clauses (1) to (5) are addressed by existing programs in other states
112.25 and countries; and

112.26 (7) any other issues the task force deems relevant.

112.27 (c) The advisory committee must include two members of the house of representatives
112.28 appointed by the speaker of the house of representatives, and two members of the senate
112.29 appointed by the senate majority leader. The commissioners of administration and
112.30 transportation shall appoint additional members of the advisory committee, who must
112.31 include, but may not be limited to, representatives of:

- 113.1 (1) the Departments of Administration and Transportation;
- 113.2 (2) the Center for Sustainable Building Research at the University of Minnesota;
- 113.3 (3) manufacturers of eligible materials;
- 113.4 (4) suppliers of eligible materials;
- 113.5 (5) building and transportation construction firms;
- 113.6 (6) organized labor in the construction trades;
- 113.7 (7) organized labor representing materials manufacturing workers; and
- 113.8 (8) environmental advocacy organizations.
- 113.9 (d) The Department of Administration shall provide meeting space and serve as staff to
- 113.10 the advisory committee.
- 113.11 (e) The commissioner of administration, or the commissioner's designee, shall serve as
- 113.12 chair of the advisory committee. The advisory committee shall meet at least four times
- 113.13 annually, and shall convene additional meetings at the call of the chair.
- 113.14 (f) The commissioner of administration shall summarize the findings and
- 113.15 recommendations of the task force in a report submitted to the chairs and ranking minority
- 113.16 members of the senate and house of representatives committees with primary responsibility
- 113.17 for state government, transportation, and energy no later than January 1, 2023.
- 113.18 (g) The advisory committee is subject to section 15.059, subdivision 6.
- 113.19 (h) For the purposes of this section, "environmental product declaration" means a supply
- 113.20 chain specific type III environmental product declaration that:
- 113.21 (1) contains a lifecycle assessment of the environmental impacts of manufacturing a
- 113.22 specific product by a specific firm, including the impacts of extracting and producing the
- 113.23 raw materials and components that compose the product;
- 113.24 (2) is verified and registered by a third party; and
- 113.25 (3) meets the ISO 14025 standard developed and maintained by the International
- 113.26 Organization for Standardization (ISO).
- 113.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

113.28 **Sec. 3. LOCAL CLIMATE ACTION GRANT PROGRAM.**

- 113.29 Subdivision 1. **Definitions.** For the purpose of this section, the following terms have
- 113.30 the meanings given:

114.1 (1) "climate change" means a change in global or regional climate patterns associated
114.2 with increased levels of greenhouse gas emissions entering the atmosphere largely as a
114.3 result of human activity;

114.4 (2) "commissioner" means the commissioner of the Pollution Control Agency;

114.5 (3) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous
114.6 oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that
114.7 trap heat in the atmosphere; and

114.8 (4) "political subdivision" means a county, home rule charter or statutory city, town, or
114.9 school district.

114.10 Subd. 2. **Establishment.** The commissioner must establish a local climate action grant
114.11 program in the Pollution Control Agency. The purpose of the program is to provide grants
114.12 to encourage political subdivisions to address climate change by developing and
114.13 implementing plans of action or creating new organizations and institutions to devise policies
114.14 and programs that:

114.15 (1) seek to mitigate the impacts of climate change on the political subdivision; or

114.16 (2) reduce the political subdivision's contributions to the causes of climate change.

114.17 Subd. 3. **Application.** (a) Application for a grant under this section must be made to the
114.18 commissioner on a form developed by the commissioner. The commissioner must develop
114.19 procedures for soliciting and reviewing applications and awarding grants under this section.

114.20 (b) Eligible applicants for a grant under this section must be located in or conduct the
114.21 preponderance of their work in the locality where the grant activities are to take place.
114.22 Eligible applicants include political subdivisions, organizations that are exempt from taxation
114.23 under section 501(c)(3) of the Internal Revenue Code, and educational institutions.

114.24 Subd. 4. **Awarding grants.** In awarding grants under this section, the commissioner
114.25 must give preference to proposals that seek to involve a broad array of community residents,
114.26 organizations, and institutions in the political subdivision's efforts to address climate change.

114.27 Subd. 5. **Grant amounts.** (a) No grant awarded under this section may exceed \$50,000.

114.28 (b) A grant awarded under this section for activities taking place at a county-wide level
114.29 or in a city or town with a population that exceeds 20,000 must be matched 100 percent
114.30 with local funds.

115.1 (c) A grant awarded under this section for activities taking place in a city or town with
115.2 a population that is less than 20,000 or in a school district must be matched a minimum of
115.3 five percent with local funds or equivalent in-kind services.

115.4 Subd. 6. Eligible expenditures. Appropriations made to support the activities of this
115.5 section may be used only to:

115.6 (1) provide grants as specified in this section; and

115.7 (2) reimburse the reasonable expenses of the Pollution Control Agency in administering
115.8 the grant program.

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

115.10

ARTICLE 10

115.11

MISCELLANEOUS

115.12 Section 1. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

115.13 Subdivision 1. **Renewable development account.** (a) The renewable development
115.14 account is established as a separate account in the special revenue fund in the state treasury.
115.15 Appropriations and transfers to the account shall be credited to the account. Earnings, such
115.16 as interest, dividends, and any other earnings arising from assets of the account, shall be
115.17 credited to the account. Funds remaining in the account at the end of a fiscal year are not
115.18 canceled to the general fund but remain in the account until expended. The account shall
115.19 be administered by the commissioner of management and budget as provided under this
115.20 section.

115.21 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
115.22 plant must transfer all funds in the renewable development account previously established
115.23 under this subdivision and managed by the public utility to the renewable development
115.24 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
115.25 that have not yet been expended and unencumbered funds required to be paid in calendar
115.26 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
115.27 to transfer under this paragraph.

115.28 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
115.29 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
115.30 plant must transfer to the renewable development account \$500,000 each year for each dry
115.31 cask containing spent fuel that is located at the Prairie Island power plant for each year the
115.32 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by

116.1 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
116.2 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
116.3 part of a year.

116.4 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
116.5 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
116.6 plant must transfer to the renewable development account \$350,000 each year for each dry
116.7 cask containing spent fuel that is located at the Monticello nuclear power plant for each
116.8 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
116.9 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
116.10 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
116.11 any part of a year.

116.12 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
116.13 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
116.14 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

116.15 (f) If the commission approves a new or amended power purchase agreement, the
116.16 termination of a power purchase agreement, or the purchase and closure of a facility under
116.17 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
116.18 the public utility subject to this section shall enter into a contract with the city in which the
116.19 poultry litter plant is located to provide grants to the city for the purposes of economic
116.20 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
116.21 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
116.22 by the public utility from funds withheld from the transfer to the renewable development
116.23 account, as provided in paragraphs (b) and (e).

116.24 (g) If the commission approves a new or amended power purchase agreement, or the
116.25 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
116.26 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
116.27 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
116.28 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
116.29 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
116.30 30 days after the commission approves the new or amended power purchase agreement, or
116.31 the termination of the power purchase agreement, and on each June 1 thereafter through
116.32 2021, to assist the transition required by the new, amended, or terminated power purchase
116.33 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
116.34 to the renewable development account as provided in paragraphs (b) and (e).

117.1 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
117.2 and (g) is limited to the amount deposited into the renewable development account, and its
117.3 predecessor, the renewable development account, established under this section, that was
117.4 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
117.5 10.

117.6 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
117.7 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
117.8 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
117.9 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
117.10 in which the commission finds, by the preponderance of the evidence, that the public utility
117.11 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
117.12 permanent or interim storage site out of the state. This determination shall be made at least
117.13 every two years.

117.14 (j) Funds in the account may be expended only for any of the following purposes:

117.15 (1) to stimulate research and development of renewable electric energy technologies;

117.16 (2) to encourage grid modernization, including, but not limited to, projects that implement
117.17 electricity storage, load control, and smart meter technology; and

117.18 (3) to stimulate other innovative energy projects that reduce demand and increase system
117.19 efficiency and flexibility.

117.20 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
117.21 from the utility that owns a nuclear-powered electric generating plant in this state or the
117.22 Prairie Island Indian community or its members.

117.23 The utility that owns a nuclear generating plant is eligible to apply for grants under this
117.24 subdivision.

117.25 (k) For the purposes of paragraph (j), the following terms have the meanings given:

117.26 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
117.27 (c), clauses (1), (2), (4), and (5); and

117.28 (2) "grid modernization" means:

117.29 (i) enhancing the reliability of the electrical grid;

117.30 (ii) improving the security of the electrical grid against cyberthreats and physical threats;

117.31 and

118.1 (iii) increasing energy conservation opportunities by facilitating communication between
118.2 the utility and its customers through the use of two-way meters, control technologies, energy
118.3 storage and microgrids, technologies to enable demand response, and other innovative
118.4 technologies.

118.5 (l) A renewable development account advisory group that includes, among others,
118.6 representatives of the public utility and its ratepayers, and includes at least one representative
118.7 of the Prairie Island Indian community appointed by that community's Tribal council, shall
118.8 develop recommendations on account expenditures. The advisory group must design a
118.9 request for proposal and evaluate projects submitted in response to a request for proposals.
118.10 The advisory group must utilize an independent third-party expert to evaluate proposals
118.11 submitted in response to a request for proposal, including all proposals made by the public
118.12 utility. A request for proposal for research and development under paragraph (j), clause (1),
118.13 may be limited to or include a request to higher education institutions located in Minnesota
118.14 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
118.15 projects may include a provision that exempts the projects from the third-party expert review
118.16 and instead provides for project evaluation and selection by a merit peer review grant system.
118.17 In the process of determining request for proposal scope and subject and in evaluating
118.18 responses to request for proposals, the advisory group must strongly consider, where
118.19 reasonable;

118.20 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;
118.21 and

118.22 (2) the proposer's commitment to increasing the diversity of the proposer's workforce
118.23 and vendors.

118.24 (m) The advisory group shall submit funding recommendations to the public utility,
118.25 which has full and sole authority to determine which expenditures shall be submitted by
118.26 the advisory group to the legislature. The commission may approve proposed expenditures,
118.27 may disapprove proposed expenditures that it finds not to be in compliance with this
118.28 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
118.29 modify proposed expenditures. The commission shall, by order, submit its funding
118.30 recommendations to the legislature as provided under paragraph (n).

118.31 (n) The commission shall present its recommended appropriations from the account to
118.32 the senate and house of representatives committees with jurisdiction over energy policy and
118.33 finance annually by February 15 following any year in which the commission has acted on
118.34 recommendations submitted by the advisory group and the public utility. Expenditures from

119.1 the account must be appropriated by law. In enacting appropriations from the account, the
119.2 legislature:

119.3 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
119.4 a project recommended by the commission; and

119.5 (2) may not appropriate money for a project the commission has not recommended
119.6 funding.

119.7 (o) A request for proposal for renewable energy generation projects must, when feasible
119.8 and reasonable, give preference to projects that are most cost-effective for a particular energy
119.9 source.

119.10 (p) The advisory group must annually, by February 15, report to the chairs and ranking
119.11 minority members of the legislative committees with jurisdiction over energy policy on
119.12 projects funded by the account for the prior year and all previous years. The report must,
119.13 to the extent possible and reasonable, itemize the actual and projected financial benefit to
119.14 the public utility's ratepayers of each project.

119.15 (q) By February 1, 2018, and each February 1 thereafter, the commissioner of
119.16 management and budget shall submit a written report regarding the availability of funds in
119.17 and obligations of the account to the chairs and ranking minority members of the senate
119.18 and house committees with jurisdiction over energy policy and finance, the public utility,
119.19 and the advisory group.

119.20 (r) A project receiving funds from the account must produce a written final report that
119.21 includes sufficient detail for technical readers and a clearly written summary for nontechnical
119.22 readers. The report must include an evaluation of the project's financial, environmental, and
119.23 other benefits to the state and the public utility's ratepayers. A project receiving funds from
119.24 the account must submit a report that meets the requirements of section 216C.51, subdivisions
119.25 3 and 4, each year the project funded by the account is in progress.

119.26 (s) Final reports, any mid-project status reports, and renewable development account
119.27 financial reports must be posted online on a public website designated by the commissioner
119.28 of commerce.

119.29 (t) All final reports must acknowledge that the project was made possible in whole or
119.30 part by the Minnesota renewable development account, noting that the account is financed
119.31 by the public utility's ratepayers.

119.32 (u) Of the amount in the renewable development account, priority must be given to
119.33 making the payments required under section 216C.417.

120.1 **Sec. 2. [216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

120.2 **Subdivision 1. Establishment; purpose.** (a) A state competitiveness fund account is
120.3 created in the special revenue fund of the state treasury. The commissioner shall credit to
120.4 the account appropriations and transfers to the account. Earnings, such as interest, dividends,
120.5 and any other earnings arising from assets of the account, must be credited to the account.
120.6 Funds remaining in the account at the end of a fiscal year are not canceled to the general
120.7 fund, but remain in the account until expended. The commissioner shall manage the account.

120.8 (b) The money in the account must be used to: (1) meet requirements to match federal
120.9 funds awarded to the state by the United States Department of Energy or another federal
120.10 entity; (2) increase Minnesota's ability to successfully compete for federal funds; (3) assist
120.11 eligible entities to access available federal funds; or (4) pay the reasonable costs incurred
120.12 by the department to: (i) pursue and administer energy-related federal funds; and (ii) assist
120.13 eligible grantees in the pursuit and management of energy-related federal funds.

120.14 (c) State matching grants may be awarded to eligible entities, as defined by the federal
120.15 fund source, with priority given in the following order: (1) federal formula funds directed
120.16 to the state that require a match; (2) federal formula or competitive funds in which a state
120.17 match allows disadvantaged communities, utilities, or businesses to be competitive in the
120.18 pursuit of funding; and (3) all other competitive or formula grant opportunities in which
120.19 matching state funds enhance or enable federal dollars to be leveraged.

120.20 (d) By August 1, 2022, the department must establish and convene a Minnesota State
120.21 Competitiveness Fund Advisory Task Force.

120.22 (e) By October 1, 2022, the advisory task force must develop administrative procedures
120.23 governing the determination of state grants so that the grant money is prioritized, to the
120.24 extent practicable, in an equitable manner.

120.25 **Subd. 2. Advisory task force; membership.** (a) The Minnesota State Competitiveness
120.26 Fund Advisory Task Force is established and consists of 12 members as follows:

120.27 (1) the commissioner of commerce or the commissioner's designee, who serves as a
120.28 nonvoting chair of the advisory task force;

120.29 (2) the chair of the house of representatives committee having jurisdiction over energy
120.30 finance and policy or the chair's designee;

120.31 (3) the chair of the senate committee having jurisdiction over energy finance and policy
120.32 or the chair's designee; and

121.1 (4) nine entities determined by the commissioner and chairs that represent the following
121.2 interests:

121.3 (i) two entities representing Minnesota utilities;

121.4 (ii) one entity representing labor;

121.5 (iii) two entities representing energy justice, rural, low-income, or historically
121.6 disadvantaged communities;

121.7 (iv) one entity representing clean energy businesses;

121.8 (v) one entity representing manufacturing;

121.9 (vi) one entity representing higher education; and

121.10 (vii) one person or entity with policy or implementation expertise on workforce
121.11 development for displaced energy workers or persons from low-income or environmental
121.12 justice communities.

121.13 (b) A voting member serving on the Minnesota State Competitiveness Fund Advisory
121.14 Task Force, and the voting member's respective organization, is ineligible from receiving
121.15 state matching funds authorized under this section. A nominal stipend may be provided
121.16 from grant funds to participating members who would otherwise be unable to attend.

121.17 Subd. 3. **Report; audit.** Beginning February 15, 2024, and each year thereafter until
121.18 February 15, 2035, the commissioner must report to the chairs and ranking minority members
121.19 of the legislative committees with jurisdiction over energy finance and policy regarding:
121.20 (1) grants and amounts awarded under this section during the previous year; (2) the remaining
121.21 balance available under this section and any additional funding opportunities that require
121.22 additional funding beyond the remaining balance.

121.23 Sec. 3. **[216C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANTS; PILOT**
121.24 **PROGRAM.**

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

121.27 (b) "Electric panel" means a panel in a building, including any subpanels, that consists
121.28 of a main circuit breaker that regulates several other circuit breakers to prevent overloading
121.29 and distributes electricity throughout the building.

121.30 (c) "Income-eligible" means:

122.1 (1) a single-family residence whose residents received assistance from the federal
122.2 Low-Income Home Energy Assistance Program during the most recent program year or
122.3 who the commissioner determines are eligible to receive assistance under that program; or

122.4 (2) a multifamily building in which at least 66 percent of the units are occupied by
122.5 households whose income is 60 percent or less of the state median individual or household
122.6 income, as applicable.

122.7 (d) "Multifamily building" means a building that contains two or more units.

122.8 (e) "Phase I" means the phase of the program established in this section that begins when
122.9 the first grant application is received by the department and ends the later of one year after
122.10 the date the first grant application is received or when 40 percent of funds appropriated to
122.11 the program have been expended.

122.12 (f) "Phase II" means the phase of the program established in this section that begins
122.13 when Phase I terminates and ends when the appropriation made in section 2 is exhausted.

122.14 (g) "Single-family residence" means a building that contains one unit or a manufactured
122.15 home, as defined in section 327.31, subdivision 6.

122.16 (h) "Unit" means a residential living space occupied by an individual or a household.

122.17 (i) "Upgrade" means:

122.18 (1) for a single-family residence:

122.19 (i) the installation of equipment or devices required to bring an electrical panel to a total
122.20 rating of not less than 200 amperes; and

122.21 (ii) the repair or replacement of the wiring attached to the equipment or devices in item
122.22 (i) to ensure safe operation; and

122.23 (2) for a multifamily building:

122.24 (i) the installation of equipment or devices required to bring an electrical panel to a rating
122.25 that allows for full electrification of the building, as described in National Electrical Code
122.26 Section 220; and

122.27 (ii) the repair or replacement of the wiring attached to the equipment or devices in item
122.28 (i) to ensure safe operation.

122.29 Subd. 2. **Program establishment.** A residential electric panel upgrade grant program
122.30 is established as a pilot program in the department to provide financial assistance to owners
122.31 of single-family residences and multifamily buildings to upgrade a residence's electric panel.

123.1 Subd. 3. **Application process.** An applicant seeking a grant under this section must
123.2 submit an application to the commissioner on a form developed by the commissioner. The
123.3 commissioner must develop administrative procedures to govern how eligibility is
123.4 determined, applications are reviewed, and grants are awarded. The commissioner is the
123.5 fiscal agent for the grant program and is responsible for reviewing applications and awarding
123.6 grants under this section. The commissioner may contract with a third party to conduct some
123.7 or all of the pilot program's operations.

123.8 Subd. 4. **Eligibility.** (a) In Phase I, an owner of a single-family residence that is
123.9 income-eligible is eligible to receive a grant under this section.

123.10 (b) In Phase I, an owner of a multifamily building that is income-eligible is eligible to
123.11 receive a grant under this section.

123.12 (c) In Phase II, all owners of single-family residences and multifamily buildings are
123.13 eligible to receive a grant under this section, regardless of the income of the occupants of
123.14 the building.

123.15 Subd. 5. **Grant awards.** (a) A grant may be awarded under this section to:

123.16 (1) an owner of a single-family residence or multifamily building;

123.17 (2) a contractor performing an upgrade, provided that the contractor submits to the
123.18 commissioner written consent from the owner of the single-family residence or multifamily
123.19 building receiving the upgrade to receive a grant on behalf of the owner; or

123.20 (3) a third-party, provided that the third party submits to the commissioner written
123.21 consent from the owner of the single-family residence or multifamily building receiving
123.22 the upgrade to receive a grant on behalf of the owner.

123.23 (b) At the discretion of the commissioner, a grant may be awarded for a single-family
123.24 home or multifamily building that is not income-eligible under this section to reimburse the
123.25 cost of an upgrade that has previously been installed.

123.26 Subd. 6. **Grant amount.** (a) A grant issued under this section must be used only to pay
123.27 the full equipment and installation costs of an upgrade made by an owner, subject to the
123.28 limits established in this subdivision.

123.29 (b) The maximum grant amount under this section that may be awarded per single-family
123.30 residence that is:

123.31 (1) income-eligible is \$10,000; and

123.32 (2) not income-eligible is \$1,000.

124.1 (c) The grant amount under this section that may be awarded per multifamily building
124.2 that is:

124.3 (1) income-eligible is the sum of (i) \$9,500, plus (ii) \$500 multiplied by the number of
124.4 units containing a separate electric panel that received an upgrade in the multifamily building,
124.5 not to exceed \$50,000 per multifamily building; and

124.6 (2) not income-eligible is the sum of (i) \$1,000, plus (ii) \$500 multiplied by the number
124.7 of units containing a separate electric panel that received an upgrade in the multifamily
124.8 building, not to exceed \$10,000 per multifamily building.

124.9 Subd. 7. **Limitation.** No more than one grant may be awarded to an owner under this
124.10 section for work conducted at the same single-family residence or multifamily building.

124.11 Subd. 8. **Outreach.** The department must publicize the availability of grants under this
124.12 section to, at a minimum:

124.13 (1) income-eligible households;

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

124.16 (3) multifamily property owners and property managers.

124.17 Subd. 9. **Report.** (a) No later than 120 days after the date each of Phases I and II of the
124.18 pilot program ends, the department must submit a report to the chairs and ranking minority
124.19 members of the legislative committees with primary responsibility for climate and energy
124.20 policy.

124.21 (b) The report must summarize program outcomes, and must report separately, at a
124.22 minimum:

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

124.25 (2) the median income of the households in multifamily buildings and in single-family
124.26 residences whose owners received grants; and

124.27 (3) the average amount of grants awarded in multifamily buildings and in single-family
124.28 residences.

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

125.1 Sec. 4. [216C.46] GRANTS FOR RENEWABLE INTEGRATION AND
125.2 DEMONSTRATION.

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

125.5 (b) "Grid modernization" means:

125.6 (1) enhancing electric grid service quality and reliability;

125.7 (2) improving the security of the electric grid and related critical infrastructure against
125.8 cyberthreats and physical threats; and

125.9 (3) increasing energy conservation opportunities by facilitating communication between
125.10 the utility and the utility's customers through the use of two-way meters, control technologies,
125.11 energy storage and microgrids, technologies that enable demand flexibility, and other
125.12 innovative technologies.

125.13 (c) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1,
125.14 paragraph (c).

125.15 Subd. 2. Establishment; purpose. A renewable integration and demonstration grant
125.16 program is established in the department. The purpose of the program is to award grants to
125.17 projects that:

125.18 (1) stimulate research, deployment, and grid integration of renewable electric energy
125.19 technologies;

125.20 (2) encourage grid modernization, including but not limited to projects that implement
125.21 electricity storage, generation control, load control, and smart meter technology;

125.22 (3) stimulate other innovative energy projects that reduce electricity and increase system
125.23 efficiency and flexibility; and

125.24 (4) to benefit customers of the public utility that owns nuclear generating units in
125.25 Minnesota.

125.26 Subd. 3. Program account. A renewable integration and demonstration grant program
125.27 account is established as a separate account in the special revenue fund in the state treasury.
125.28 The commissioner shall credit to the account appropriations and transfers to the account.
125.29 Earnings, such as interest, dividends, and any other earnings arising from assets of the
125.30 account, must be credited to the account. Funds remaining in the account at the end of a
125.31 fiscal year are not canceled to the general fund, but remain in the account until expended.
125.32 The commissioner shall manage the account.

126.1 Subd. 4. **Expenditures.** Money in the account may be used only:

126.2 (1) for grant awards made under this section;

126.3 (2) for costs to procure technical evaluation services; and

126.4 (3) to pay reasonable costs incurred by the department to administer this section.

126.5 Subd. 5. **Application process.** An eligible applicant must submit an application to the
126.6 commissioner on a form prescribed by the commissioner. The commissioner shall develop
126.7 administrative procedures governing the application and grant award process. The
126.8 commissioner shall act as fiscal agent for the grant program and shall be responsible for
126.9 receiving and reviewing grant applications and awarding grants under this section.

126.10 Subd. 6. **Grant awards.** In determining grant awards made under this section, the
126.11 commissioner must consider, at a minimum, the following factors regarding a proposed
126.12 project:

126.13 (1) its impact on the level of greenhouse gas emissions;

126.14 (2) the degree to which the project enhances grid security and grid resiliency;

126.15 (3) the number and type of jobs created; and

126.16 (4) other potential benefits to Minnesota citizens and businesses, ratepayers receiving
126.17 electric service from the utility that owns a nuclear-powered electric generating plant in
126.18 Minnesota, and the Prairie Island Indian community, or its members.

126.19 Subd. 7. **Reporting.** (a) A project that receives money from a grant approved under this
126.20 section must produce a written final report that includes sufficient detail for technical readers
126.21 and a clearly written summary for nontechnical readers. The report must include an evaluation
126.22 of the project's financial, environmental, and other benefits to Minnesota and the public
126.23 utility's ratepayers.

126.24 (b) Final reports, any project status reports, and grants for renewable integration and
126.25 demonstration program balances must be posted on a public website designated by the
126.26 commissioner.

126.27 (c) All final reports must acknowledge that the project was made possible in whole or
126.28 part by the Minnesota renewable development account, noting that the account is financed
126.29 by the public utility's ratepayers.

126.30 (d) By February 15 each year, the commissioner must report to the chairs and ranking
126.31 minority members of the legislative committees with primary jurisdiction over energy

127.1 regarding: (1) grants issued under this section during the previous calendar year; and (2)
127.2 any remaining balances available under this section.

127.3 Subd. 8. **Gifts; grants; donations.** The program may accept gifts and grants on behalf
127.4 of the state that constitute donations to the state. Money received under this subdivision is
127.5 appropriated to the commissioner of commerce to support the program under this section.

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

127.7 Sec. 5. **[216C.51] UTILITY DIVERSITY REPORTING.**

127.8 Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves
127.9 Minnesota residents to focus on and improve the diversity of the utility's workforce and
127.10 suppliers.

127.11 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the
127.12 meanings given.

127.13 (b) "Certification" means official recognition by a governmental unit that a business is
127.14 a preferred vendor as a result of the characteristics of the business owner or owners or the
127.15 location of the business.

127.16 (c) "Utility" has the meaning given in section 216C.06, subdivision 18.

127.17 Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter,
127.18 each utility authorized to do business in Minnesota must file an annual diversity report to
127.19 the commissioner on:

127.20 (1) the utility's goals and efforts to increase diversity in the workplace, including current
127.21 workforce representation numbers and percentages; and

127.22 (2) all procurement goals and actual spending for female-owned, minority-owned,
127.23 veteran-owned, and small business enterprises during the previous calendar year.

127.24 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
127.25 total work performed by the utility submitting the report. The actual spending for
127.26 female-owned, minority-owned, veteran-owned, and small business enterprises must also
127.27 be expressed as a percentage of the total work performed by the utility submitting the report.

127.28 Subd. 4. **Report elements.** Each utility required to report under this section must include
127.29 the following in the annual report:

127.30 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers
127.31 during the next year;

- 128.1 (2) an explanation of the plan to increase the goals;
- 128.2 (3) an explanation of the challenges faced to increase workforce and supplier diversity,
- 128.3 including suggestions regarding actions the department could take to help identify potential
- 128.4 employees and vendors;
- 128.5 (4) a list of the certifications the company recognizes;
- 128.6 (5) a point of contact for a potential employee or vendor that wishes to work for or do
- 128.7 business with the utility; and
- 128.8 (6) a list of successful actions taken to increase workforce and supplier diversity, in
- 128.9 order to encourage other companies to emulate best practices.

128.10 Subd. 5. **State data.** Each annual report must include as much state-specific data as

128.11 possible. If a utility does not submit state-specific data, the utility must include any relevant

128.12 national data the utility possesses, explain why the utility could not submit state-specific

128.13 data, and explain how the utility intends to include state-specific data in future reports, if

128.14 possible.

128.15 Subd. 6. **Publication; retention.** The department must publish an annual report on the

128.16 department's website and must maintain each annual report for at least five years.

128.17 Sec. 6. Minnesota Statutes 2020, section 216E.03, subdivision 1, is amended to read:

128.18 Subdivision 1. **Site permit.** No person may construct a large electric power generating

128.19 plant without a site permit from the commission. A large electric generating plant may be

128.20 constructed only on a site approved by the commission. The commission must incorporate

128.21 into one proceeding the route selection for a high-voltage transmission line that is directly

128.22 associated with and necessary to interconnect the large electric generating plant to the

128.23 transmission system and whose need is certified under section 216B.243.

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

128.25 Sec. 7. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED**

128.26 **PLANT.**

128.27 As a part of the next resource plan filing under Minnesota Statutes, section 216B.2422,

128.28 subdivision 2, but no later than December 31, 2025, the public utility that owns an electric

128.29 generation facility that is powered by coal, scheduled for retirement in 2028, and located

128.30 within the St. Croix National Scenic Riverway must provide, to the extent known, the public

128.31 utility's plan and detailed timeline to decommission and demolish the electric generation

129.1 facility and remediate pollution at the electric generation facility site. The public utility
129.2 must also provide a copy of the plan and timeline to the governing body of the municipality
129.3 where the electric generation facility is located on the same date the plan and timeline are
129.4 submitted to the Public Utilities Commission. If a resource plan is not filed or required
129.5 before December 31, 2025, the plan and timeline must be submitted to the Public Utilities
129.6 Commission and the municipality as a separate filing by December 31, 2025.

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

129.8 Sec. 8. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**
129.9 **COMMERCE SUPPORT.**

129.10 (a) The Department of Commerce must provide technical support and subject matter
129.11 expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in
129.12 Minnesota to establish and operate a Tribal advocacy council on energy.

129.13 (b) When requested by a Tribal advocacy council on energy, the Department of Commerce
129.14 must assist the council to:

129.15 (1) assess and evaluate common Tribal energy issues, including:

129.16 (i) identifying and prioritizing energy issues;

129.17 (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

129.18 (iii) assisting decision making with respect to resolving energy issues;

129.19 (2) develop new statewide energy policies or proposed legislation, including:

129.20 (i) organizing stakeholder meetings;

129.21 (ii) gathering input and other relevant information;

129.22 (iii) assisting with policy proposal development, evaluation, and decision making; and

129.23 (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted,
129.24 policies or legislation approved by the council;

129.25 (3) make efforts to raise awareness of and provide educational opportunities with respect
129.26 to Tribal energy issues among Tribal members by:

129.27 (i) identifying information resources;

129.28 (ii) gathering feedback on issues and topics the council identifies as areas of interest;

129.29 and

129.30 (iii) identifying topics for and helping to facilitate educational forums; and

130.1 (4) identify, evaluate, disseminate, and implement successful energy-related practices.

130.2 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized
130.3 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it
130.4 require or obligate a federally recognized Indian Tribe in Minnesota to participate in or
130.5 implement a decision or support an effort made by a Tribal advocacy council on energy.

130.6 (d) Any support provided by the Department of Commerce to a Tribal advocacy council
130.7 on energy under this section must be provided only upon request of the council and is limited
130.8 to issues and areas where the Department of Commerce's expertise and assistance is
130.9 requested.

130.10 **Sec. 9. REPEALER.**

130.11 Laws 2017, chapter 5, section 1, is repealed."

130.12 Amend the title accordingly