

169.6 **ARTICLE 12**169.7 **CONFORMING CHANGES**

169.8 Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 3, is amended to read:

169.9 Subd. 3. **Duties.** (a) The commission shall continuously evaluate the energy policies  
169.10 of this state and the degree to which they promote an environmentally and economically  
169.11 sustainable energy future. The commission shall monitor the state's progress in achieving  
169.12 its goals to develop renewable sources of electric energy under section 216B.1691,  
169.13 subdivision 2a, and the progress of energy-related sectors in reducing greenhouse gas  
169.14 emissions under the state's greenhouse gas emissions-reductions ~~goals~~ goal established in  
169.15 section 216H.02, subdivision 1. The commission may review proposed energy legislation  
169.16 and may recommend legislation. The commission shall when feasible solicit and consider  
169.17 public testimony regarding the economic, environmental, and social implications of state  
169.18 energy plans and policies. Notwithstanding any other law to the contrary the commission's  
169.19 evaluations and reviews under this subdivision shall include new and existing technologies  
169.20 for nuclear power.

169.21 (b) The commission may study, analyze, hold hearings, and make legislative  
169.22 recommendations regarding the following issues:

169.23 (1) the generation, transmission, and distribution of electricity;

169.24 (2) the reduction of greenhouse gas emissions;

169.25 (3) the conservation of energy;

169.26 (4) alternative energy sources available to replace dwindling fossil fuel and other  
169.27 nonrenewable fuel sources;

169.28 (5) the development of renewable energy supplies;

169.29 (6) the economic development potential associated with issues described in clauses  
169.30 (1) to (5); and

169.31 (7) other energy-related subjects the commission finds significant.

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

170.1 Sec. 2. Minnesota Statutes 2014, section 116C.7791, subdivision 5, is amended to read:

170.2 Subd. 5. **Rebate program funding.** (a) The following amounts must be allocated  
170.3 ~~from the renewable development account established in section 116C.779~~ by the utility to  
170.4 a separate account for the purpose of providing the rebates for solar photovoltaic modules  
170.5 specified in this section:

170.6 (1) \$2,000,000 in fiscal year 2011;

170.7 (2) \$4,000,000 in fiscal year 2012;

170.8 (3) \$5,000,000 in fiscal year 2013;

170.9 (4) \$5,000,000 in fiscal year 2014; and

170.10 (5) \$5,000,000 in fiscal year 2015.

170.11 (b) If, by the end of fiscal year 2015, insufficient qualified owners have applied for 170.12 and met the requirements for rebates under this section to exhaust the funds available, any 170.13 remaining balance shall be returned to the account established under section 116C.779.

170.14 Sec. 3. Minnesota Statutes 2014, section 116J.437, subdivision 1, is amended to read:

170.15 Subdivision 1. **Definitions.** (a) For the purpose of this section, the following terms 170.16 have the meanings given.

170.17 (b) "Green economy" means products, processes, methods, technologies, or services 170.18 intended to do one or more of the following:

170.19 (1) increase the use of energy from renewable sources, including through achieving 170.20 the renewable advanced energy standard established in section 216B.1691;

170.21 (2) achieve the statewide energy-savings goal established in section 216B.2401, 170.22 including energy savings achieved by the conservation investment program under section 170.23 216B.241;

170.24 (3) achieve the greenhouse gas emission reduction goals goal of section 216H.02, 170.25 subdivision 1, including through reduction of greenhouse gas emissions, as defined in 170.26 section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, 170.27 but not limited to, carbon capture, storage, or sequestration;

170.28 (4) monitor, protect, restore, and preserve the quality of surface waters, including 170.29 actions to further the purposes of the Clean Water Legacy Act as provided in section 170.30 114D.10, subdivision 1;

170.31 (5) expand the use of biofuels, including by expanding the feasibility or reducing the 170.32 cost of producing biofuels or the types of equipment, machinery, and vehicles that can 170.33 use biofuels, including activities to achieve the petroleum replacement goal in section 170.34 239.7911; or

170.35 (6) increase the use of green chemistry, as defined in section 116.9401.

171.1 For the purpose of clause (3), "green economy" includes strategies that reduce carbon 171.2 emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass 171.3 transit or otherwise reducing commuting for employees.

171.4 Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 3a, is amended to read:

171.5 Subd. 3a. **Net metered facility.** ~~(a) Except for customers receiving a value of solar~~  
171.6 ~~rate under subdivision 10,~~ A customer with a net metered facility having a capacity of  
171.7 40 kilowatts or greater but less than 1,000 kilowatts that is interconnected to a public  
171.8 utility may elect to be compensated for the customer's net input into the utility system  
171.9 in the form of a kilowatt-hour credit on the customer's energy bill carried forward and  
171.10 applied to subsequent energy bills. Any net input supplied by the customer into the utility  
171.11 system that exceeds energy supplied to the customer by the utility during a calendar year  
171.12 must be compensated at the applicable rate.

171.13 (b) A public utility may not impose a standby charge on a net metered or qualifying  
171.14 facility:

171.15 (1) of 100 kilowatts or less capacity; or

171.16 (2) of more than 100 kilowatts capacity, except in accordance with an order of the  
171.17 commission establishing the allowable costs to be recovered through standby charges.

171.18 Sec. 5. Minnesota Statutes 2014, section 216B.1645, subdivision 1, is amended to read:

171.19 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the  
171.20 Public Utilities Commission shall approve or disapprove power purchase contracts,  
171.21 investments, or expenditures entered into or made by the utility to satisfy the wind and  
171.22 biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, and  
171.23 to satisfy the ~~renewable~~ advanced energy objectives and standards set forth in section  
171.24 216B.1691, including reasonable investments and expenditures made to:

171.25 (1) transmit the electricity generated from sources developed under those sections  
171.26 that is ultimately used to provide service to the utility's retail customers, including  
171.27 studies necessary to identify new transmission facilities needed to transmit electricity to  
171.28 Minnesota retail customers from generating facilities constructed to satisfy the ~~renewable~~  
171.29 advanced energy objectives and standards, provided that the costs of the studies have not  
171.30 been recovered previously under existing tariffs and the utility has filed an application  
171.31 for a certificate of need or for certification as a priority project under section 216B.2425  
171.32 for the new transmission facilities identified in the studies;

171.33 (2) provide storage facilities for renewable energy generation facilities that  
171.34 contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

172.1 (3) develop renewable energy sources from the account required in section 116C.779.

172.2 Sec. 6. Minnesota Statutes 2014, section 216B.241, subdivision 5c, is amended to read:

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

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

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

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

172.13 (1) its energy-savings goal under subdivision 1c; or

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

172.15 (c) A cooperative electric association may include in its conservation plan purchases  
 172.16 of electric energy from a project. The cost-effectiveness of project purchases may be  
 172.17 determined by a different standard than for other energy conservation improvements  
 172.18 under this section if the commissioner determines that doing so is in the public interest  
 172.19 in order to encourage solar energy. The kilowatt hours of solar energy purchased by a  
 172.20 cooperative electric association from a project may count for up to 33 percent of its one  
 172.21 percent savings goal under subdivision 1c or up to 22 percent of its 1.5 percent savings  
 172.22 goal under that subdivision. Expenditures made by a cooperative association for the  
 172.23 purchase of energy from a project may not be used to meet the revenue expenditure  
 172.24 requirements of subdivisions 1a and 1b.

172.25 Sec. 7. Minnesota Statutes 2014, section 216B.241, subdivision 9, is amended to read:

172.26 Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The  
 172.27 purpose of this subdivision is to establish cost-effective energy-efficiency performance  
 172.28 standards for new and substantially reconstructed commercial, industrial, and institutional  
 172.29 buildings that can significantly reduce carbon dioxide emissions by lowering energy use in  
 172.30 new and substantially reconstructed buildings. For the purposes of this subdivision, the  
 172.31 establishment of these standards may be referred to as Sustainable Building 2030.

172.32 (b) The commissioner shall contract with the Center for Sustainable Building  
 172.33 Research at the University of Minnesota to coordinate development and implementation  
 172.34 of energy-efficiency performance standards, strategic planning, research, data analysis,  
 173.1 technology transfer, training, and other activities related to the purpose of Sustainable  
 173.2 Building 2030. The commissioner and the Center for Sustainable Building Research  
 173.3 shall, in consultation with utilities, builders, developers, building operators, and experts  
 173.4 in building design and technology, develop a Sustainable Building 2030 implementation  
 173.5 plan that must address, at a minimum, the following issues:

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

173.7 (2) incorporating the performance standards in utility conservation improvement  
 173.8 programs; and

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

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

173.14 (c) Sustainable Building 2030 energy-efficiency performance standards must be firm,  
173.15 quantitative measures of total building energy use and associated carbon dioxide emissions  
173.16 per square foot for different building types and uses, that allow for accurate determinations  
173.17 of a building's conformance with a performance standard. Performance standards must  
173.18 address energy use by electric vehicle charging infrastructure in or adjacent to buildings as  
173.19 that infrastructure begins to be made widely available. The energy-efficiency performance  
173.20 standards must be updated every three or five years to incorporate all cost-effective  
173.21 measures. The performance standards must reflect the reductions in carbon dioxide  
173.22 emissions per square foot resulting from actions taken by utilities to comply with the  
173.23 ~~renewable~~ advanced energy standards in section 216B.1691. The performance standards  
173.24 should be designed to achieve reductions equivalent to the following reduction schedule,  
173.25 measured against energy consumption by an average building in each applicable building  
173.26 sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020;  
173.27 and (4) 90 percent in 2025. A performance standard must not be established or increased  
173.28 absent a conclusive engineering analysis that it is cost-effective based upon established  
173.29 practices used in evaluating utility conservation improvement programs.

173.30 (d) The annual amount of the contract with the Center for Sustainable Building  
173.31 Research is up to \$500,000. The Center for Sustainable Building Research shall expend  
173.32 no more than \$150,000 of this amount each year on administration, coordination, and  
173.33 oversight activities related to Sustainable Building 2030. The balance of contract funds  
173.34 must be spent on substantive programmatic activities allowed under this subdivision that  
173.35 may be conducted by the Center for Sustainable Building Research and others, and for  
173.36 subcontracts with not-for-profit energy organizations, architecture and engineering firms,  
174.1 and other qualified entities to undertake technical projects and activities in support of  
174.2 Sustainable Building 2030. The primary work to be accomplished each year by qualified  
174.3 technical experts under subcontracts is the development and thorough justification of  
174.4 recommendations for specific energy-efficiency performance standards. Additional work  
174.5 may include:

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

174.8 (2) analysis and evaluation of practices in building design, construction,  
174.9 commissioning and operations, and analysis and evaluation of energy use in the  
174.10 commercial, industrial, and institutional sectors;

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

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

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

174.18 (e) The commissioner shall require utilities to develop and implement conservation  
174.19 improvement programs that are expressly designed to achieve energy efficiency goals  
174.20 consistent with the Sustainable Building 2030 performance standards. These programs  
174.21 must include offerings of design assistance and modeling, financial incentives, and the  
174.22 verification of the proper installation of energy-efficient design components in new and  
174.23 substantially reconstructed buildings. A utility's design assistance program must consider  
174.24 the strategic planting of trees and shrubs around buildings as an energy conservation  
174.25 strategy for the designed project. A utility making an expenditure under its conservation  
174.26 improvement program that results in a building meeting the Sustainable Building 2030  
174.27 performance standards may claim the energy savings toward its energy-savings goal  
174.28 established in subdivision 1c.

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

174.33 Sec. 8. Minnesota Statutes 2014, section 216B.2411, subdivision 3, is amended to read:

174.34 Subd. 3. **Other provisions.** (a) Electricity generated by a facility constructed with  
174.35 funds provided under this section and using an eligible renewable energy source may be  
175.1 counted toward the renewable advanced energy objectives standards in section 216B.1691,  
175.2 subject to the provisions of that section, ~~except as provided in paragraph (e).~~

175.3 (b) Two or more entities may pool resources under this section to provide assistance  
175.4 jointly to proposed eligible renewable energy projects. The entities shall negotiate and  
175.5 agree among themselves for allocation of benefits associated with a project, such as  
175.6 the ability to count energy generated by a project toward a utility's renewable advance  
175.7 energy objectives under section 216B.1691, except as provided in paragraph (c). The  
175.8 entities shall provide a summary of the allocation of benefits to the commissioner. A  
175.9 utility may spend funds under this section for projects in Minnesota that are outside the  
175.10 service territory of the utility.

175.11 (c) Electricity generated by a solar photovoltaic device constructed with funds  
175.12 provided under this section may be counted toward a public utility's solar energy standard  
175.13 under section 216B.1691, subdivision 2f.

175.14 Sec. 9. Minnesota Statutes 2014, section 216B.2422, subdivision 2c, is amended to read:

175.15 Subd. 2c. **Long-range emission reduction planning.** Each utility required to file a  
175.16 resource plan under subdivision 2 shall include in the filing a narrative identifying and  
175.17 describing the costs, opportunities, and technical barriers to the utility continuing to make  
175.18 progress on its system toward achieving the state greenhouse gas emission reduction ~~goals~~  
175.19 goal established in section 216H.02, subdivision 1, and the technologies, alternatives, and  
175.20 steps the utility is considering to address those opportunities and barriers.

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

175.22 Sec. 10. Minnesota Statutes 2014, section 216B.2422, subdivision 4, is amended to read:

175.23 Subd. 4. **Preference for renewable energy facility.** The commission shall not  
175.24 approve a new or refurbished nonrenewable energy facility in an integrated resource plan  
175.25 or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate  
175.26 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the  
175.27 utility has demonstrated that a renewable energy facility is not in the public interest. The  
175.28 public interest determination must include whether the resource plan helps the utility  
175.29 achieve the greenhouse gas reduction ~~goals~~ goal under section 216H.02; ~~or the renewable~~  
175.30 advanced energy standard under section 216B.1691, or the solar energy standard under  
175.31 section 216B.1691, subdivision 2f.

175.32 Sec. 11. Minnesota Statutes 2014, section 216B.2425, subdivision 7, is amended to read:

176.1 Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity  
176.2 subject to this section shall determine necessary transmission upgrades to support  
176.3 development of renewable energy resources required to meet ~~objectives~~ the advanced  
176.4 energy standards under section 216B.1691 and shall include those upgrades in its report  
176.5 under subdivision 2.

176.6 (b) MS 2008 [Expired]

176.7 Sec. 12. Minnesota Statutes 2014, section 216B.243, subdivision 9, is amended to read:

176.8 Subd. 9. **Renewable energy standard facilities.** This section does not apply to a  
176.9 wind energy conversion system or a solar electric generation facility that is intended to be  
176.10 used to meet the ~~obligations~~ advanced energy standards of section 216B.1691; provided  
176.11 that, after notice and comment, the commission determines that the facility is a reasonable  
176.12 and prudent approach to meeting a utility's obligations under that section. When making  
176.13 this determination, the commission must consider:

176.14 (1) the size of the facility relative to a utility's total need for renewable resources;

176.15 (2) alternative approaches for supplying the renewable energy to be supplied by

176.16 the proposed facility;

176.17 (3) the facility's ability to promote economic development, as required under section 176.18 216B.1691, subdivision 9;

176.19 (4) the facility's ability to maintain electric system reliability;

176.20 (5) impacts on ratepayers; and

176.21 (6) other criteria as the commission may determine are relevant.

176.22 Sec. 13. Minnesota Statutes 2014, section 216C.41, subdivision 2, is amended to read:

176.23 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made  
176.24 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or  
176.25 operator of a qualified hydropower facility or qualified wind energy conversion facility for  
176.26 electric energy generated and sold by the facility, (3) a publicly owned hydropower facility  
176.27 for electric energy that is generated by the facility and used by the owner of the facility  
176.28 outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial  
176.29 repair, for electric energy that is generated by a hydropower facility at the dam and the  
176.30 annual incentive payments will be used to fund the structural repairs and replacement of  
176.31 structural components of the dam, or to retire debt incurred to fund those repairs.

176.32 (b) Payment may only be made upon receipt by the commissioner of commerce of  
176.33 an incentive payment application that establishes that the applicant is eligible to receive an  
177.1 incentive payment and that satisfies other requirements the commissioner deems necessary.  
177.2 The application must be in a form and submitted at a time the commissioner establishes.

177.3 (c) There is annually appropriated from the ~~renewable development energy fund~~  
177.4 account established under section 116C.779 to the commissioner of commerce sums  
177.5 sufficient to make the payments required under this section, in addition to the amounts  
177.6 funded by the renewable development account as specified in subdivision 5a.

177.7 Sec. 14. Minnesota Statutes 2014, section 216C.41, subdivision 5a, is amended to read:

177.8 Subd. 5a. **Renewable development account Payment authorization.** The  
177.9 Department of Commerce shall authorize payment of the renewable energy production  
177.10 incentive to wind energy conversion systems that are eligible under this section or Laws  
177.11 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities.  
177.12 Payment of the incentive shall be made ~~from the renewable energy development account as~~  
177.13 ~~provided under section 116C.779, subdivision 2~~ by the utility subject to section 116C.779.

177.14 Sec. 15. Minnesota Statutes 2014, section 216H.021, subdivision 1, is amended to read:



177.15 Subdivision 1. **Commissioner to establish reporting system and maintain**  
177.16 **inventory.** In order to measure the progress in meeting the ~~goals~~ goal of section 216H.02,  
177.17 subdivision 1, and to provide information to develop strategies to achieve those goals,  
177.18 the commissioner of the Pollution Control Agency shall establish a system for reporting  
177.19 and maintaining an inventory of greenhouse gas emissions. The commissioner must  
177.20 consult with the chief information officer of the Office of MN.IT Services about system  
177.21 design and operation. Greenhouse gas emissions include those emissions described in  
177.22 section 216H.01, subdivision 2.

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

177.24 Sec. 16. Minnesota Statutes 2014, section 216H.03, subdivision 4, is amended to read:

177.25 Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions~~  
177.26 ~~prohibition~~ in subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to  
177.27 the Public Utilities Commission's satisfaction that it will offset the new contribution to  
177.28 statewide power sector carbon dioxide emissions with a carbon dioxide reduction project  
177.29 identified in paragraph (b) and in compliance with paragraph (c).

177.30 (b) A project proponent may offset in an amount equal to or greater than the  
177.31 proposed new contribution to statewide power sector carbon dioxide emissions in either,  
177.32 or a combination of both, of the following ways:

178.1 (1) by reducing an existing facility's contribution to statewide power sector carbon  
178.2 dioxide emissions; or

178.3 (2) by purchasing carbon dioxide allowances from a state or group of states that has a  
178.4 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

178.5 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide  
178.6 reduction project identified in paragraph (b) acceptably offsets a new contribution to  
178.7 statewide power sector carbon dioxide emissions unless the proposed offsets are permanent,  
178.8 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section  
178.9 does not exempt emissions that have been offset under this subdivision and emissions  
178.10 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

178.12 Sec. 17. Minnesota Statutes 2014, section 373.48, subdivision 3, is amended to read:

178.13 Subd. 3. **Joint purchase of energy and acquisition of generation projects;**  
178.14 **financing.** (a) A county may enter into agreements under section 471.59 with other  
178.15 counties for joint purchase of energy or joint acquisition of interests in projects. A county  
178.16 that enters into a multiyear agreement for purchase of energy or acquires an interest in  
178.17 a project, ~~including C-BED projects pursuant to section 216B.1612, subdivision 9,~~ may  
178.18 finance the estimated cost of the energy to be purchased during the term of the agreement  
178.19 or the cost to the county of the interest in the project by the issuance of revenue bonds of  
178.20 the county, including clean renewable energy revenue bonds, provided that the annual debt  
178.21 service on all bonds issued under this section, together with the amounts to be paid by the  
178.22 county in any year for the purchase of energy under agreements entered into under this  
178.23 section, must not exceed the estimated revenues of the project.

178.24 (b) An agreement entered into under section 471.59 as provided by this section  
178.25 may provide that:

178.26 (1) each county issues bonds to pay their respective shares of the cost of the projects;

178.27 (2) one of the counties issues bonds to pay the full costs of the project and that the  
178.28 other participating counties pay any available revenues of the project and pledge the  
178.29 revenues to the county that issues the bonds; or

178.30 (3) the joint powers board issues revenue bonds to pay the full costs of the project  
178.31 and that the participating counties pay any available revenues of the project under this  
178.32 subdivision and pledge the revenues to the joint powers entity for payment of the revenue  
178.33 bonds.

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