

1.1 ..... moves to amend H.F. No. 2110 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 ENERGY CONSERVATION AND STORAGE

1.5 Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

1.6 **16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION**  
1.7 **IMPROVEMENT REVOLVING LOAN ACCOUNT.**

1.8 Subdivision 1. Definitions. (a) For purposes of this section and section 16B.87, the  
1.9 following terms have the meanings given them.

1.10 (b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,  
1.11 paragraph (d).

1.12 (c) "Energy conservation improvement" has the meaning given in section 216B.241,  
1.13 subdivision 1, paragraph (e).

1.14 (d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,  
1.15 paragraph (f).

1.16 (e) "Project" means the energy conservation improvements financed by a loan made  
1.17 under this section.

1.18 (f) "State building" means an existing building owned by the state of Minnesota.

1.19 Subd. 2. Account established. The ~~productivity~~ state building energy conservation  
1.20 improvement revolving loan account is established as a ~~special~~ separate account in the state  
1.21 treasury. The commissioner shall manage the account and shall credit to the account  
1.22 investment income, repayments of principal and interest, and any other earnings arising  
1.23 from assets of the account. Money in the account is appropriated to the commissioner of

2.1 administration to make loans to ~~finance agency projects that will result in either reduced~~  
 2.2 ~~operating costs or increased revenues, or both, for a state agency~~ state agencies to implement  
 2.3 energy conservation and energy efficiency improvements in state buildings under section  
 2.4 16B.87.

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

2.6 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

2.7 **16B.87 AWARD AND REPAYMENT OF PRODUCTIVITY STATE BUILDING**  
 2.8 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

2.9 Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation  
 2.10 Improvement Loan Committee consists of the commissioners of administration, management  
 2.11 and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of  
 2.12 the committee. The members serve without compensation or reimbursement for expenses.

2.13 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form  
 2.14 ~~provided~~ developed by the commissioner of administration; that requires an applicant to  
 2.15 submit the following information:

2.16 (1) a description of the proposed project, including existing equipment, structural  
 2.17 elements, operating characteristics, and other conditions affecting energy use that the energy  
 2.18 conservation improvements financed by the loan modify or replace;

2.19 (2) the total estimated project cost and the loan amount sought;

2.20 (3) a detailed project budget;

2.21 (4) projections of the proposed project's expected energy and monetary savings;

2.22 (5) information demonstrating the agency's ability to repay the loan;

2.23 (6) a description of the energy conservation programs offered by the utility providing  
 2.24 service to the state building from which the applicant will seek additional funding for the  
 2.25 project; and

2.26 (7) any additional information requested by the commissioner.

2.27 (b) The committee shall review applications for loans and shall award a loan based upon  
 2.28 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~  
 2.29 ~~other terms of the loan. The time for repayment of a loan may not exceed five years. A loan~~  
 2.30 made under this section must:

2.31 (1) be at or below the market rate of interest, including a zero interest loan; and

3.1 (2) have a term no longer than seven years.

3.2 (c) In making awards, the committee shall give preference to:

3.3 (1) applicants that have sought funding for the project through energy conservation  
3.4 projects offered by the utility serving the state building that is the subject of the application;  
3.5 and

3.6 (2) to the extent feasible, applications for state buildings located within the electric retail  
3.7 service area of the utility that is subject to section 116C.779.

3.8 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan  
3.9 according to the terms of the loan agreement. The principal and interest must be paid to the  
3.10 commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy  
3.11 conservation improvement revolving loan fund account. Payments of loan principal and  
3.12 interest must begin no later than one year after the project is completed.

3.13 Sec. 3. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

3.14 (a) For purposes of this section, "innovative clean technology" means advanced energy  
3.15 technology that is:

3.16 (1) environmentally superior to technologies currently in use;

3.17 (2) expected to offer energy-related, environmental, or economic benefits; and

3.18 (3) not widely deployed by the utility industry.

3.19 (b) A public utility may petition the commission for authorization to invest in a project  
3.20 or projects to deploy one or more innovative clean technologies to further the development,  
3.21 commercialization, and deployment of innovative clean technologies that benefit the public  
3.22 utility's customers.

3.23 (c) The commission may approve a petition under paragraph (b) if it finds:

3.24 (1) the technologies proposed are innovative clean technologies;

3.25 (2) the investment in an innovative clean energy technology is likely to provide benefits  
3.26 to customers that exceed the technology's cost;

3.27 (3) the public utility is meeting its energy conservation goals under section 216B.241;  
3.28 and

3.29 (4) the project complies with the spending limits under paragraph (d).

4.1 (d) Over any three consecutive years, a public utility must not spend more on innovative  
 4.2 clean technologies under this section than:

4.3 (1) for a public utility providing service to 200,000 or more retail Minnesota customers,  
 4.4 \$6,000,000; or

4.5 (2) for a public utility providing service to fewer than 200,000 retail Minnesota customers,  
 4.6 \$3,000,000.

4.7 (e) The commission may authorize a public utility to file a rate schedule containing  
 4.8 provisions that automatically adjust charges for public utility service in direct relation to  
 4.9 changes in prudent costs incurred by a public utility under this section, up to the amounts  
 4.10 allowed under paragraph (d). To the extent the public utility investment under this section  
 4.11 is for a capital asset, the utility may request that the asset be included in the utility's rate  
 4.12 base.

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

4.14 Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

4.15 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

4.16 (a) The legislature finds that energy savings are an energy resource, and that cost-effective  
 4.17 energy savings are preferred over all other energy resources. In addition, the legislature  
 4.18 finds that optimizing the timing and method used by energy consumers to manage energy  
 4.19 use provides significant benefits to the consumers and to the utility system as a whole. The  
 4.20 legislature further finds that cost-effective energy savings and load management programs  
 4.21 should be procured systematically and aggressively in order to reduce utility costs for  
 4.22 businesses and residents, improve the competitiveness and profitability of businesses, create  
 4.23 more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution  
 4.24 and emissions that cause climate change. Therefore, it is the energy policy of the state of  
 4.25 Minnesota to achieve annual energy savings equal equivalent to at least ~~1.5~~ 2.5 percent of  
 4.26 annual retail energy sales of electricity and natural gas through ~~cost-effective energy~~  
 4.27 conservation improvement programs and rate design, energy efficiency achieved by energy  
 4.28 consumers without direct utility involvement, energy codes and appliance standards, programs  
 4.29 designed to transform the market or change consumer behavior, energy savings resulting  
 4.30 from efficiency improvements to the utility infrastructure and system, and other efforts to  
 4.31 promote energy efficiency and energy conservation. multiple measures, including but not  
 4.32 limited to:

5.1 (1) cost-effective energy conservation improvement programs and efficient fuel-switching  
5.2 utility programs under sections 216B.2402 to 216B.241;

5.3 (2) rate design;

5.4 (3) energy efficiency achieved by energy consumers without direct utility involvement;

5.5 (4) advancements in statewide energy codes and cost-effective appliance and equipment  
5.6 standards;

5.7 (5) programs designed to transform the market or change consumer behavior;

5.8 (6) energy savings resulting from efficiency improvements to the utility infrastructure  
5.9 and system; and

5.10 (7) other efforts to promote energy efficiency and energy conservation.

5.11 (b) A utility is encouraged to design and offer to its customers load management programs  
5.12 that enable: (1) customers to maximize the economic value gained from the energy purchased  
5.13 from the customer's utility service provider; and (2) utilities to optimize the infrastructure  
5.14 and generation capacity needed to effectively serve customers and facilitate the integration  
5.15 of renewable energy into the energy system.

5.16 (c) The commissioner must provide a reasonable estimate of progress made toward the  
5.17 statewide energy-savings goal under paragraph (a) in the annual report required under section  
5.18 216B.241, subdivision 1c, and make recommendations for administrative or legislative  
5.19 initiatives to increase energy savings toward that goal. The commissioner must also annually  
5.20 report on the energy productivity of the state's economy by estimating the ratio of economic  
5.21 output produced in the most recently completed calendar year to the primary energy inputs  
5.22 used in that year.

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

5.24 **Sec. 5. [216B.2402] DEFINITIONS.**

5.25 Subdivision 1. **Definitions.** For the purposes of section 216B.16, subdivision 6b, and  
5.26 sections 216B.2401 to 216B.241, the following terms have the meanings given them.

5.27 Subd. 2. **Consumer-owned utility.** "Consumer-owned utility" means a municipal gas  
5.28 utility, a municipal electric utility, or a cooperative electric association.

5.29 Subd. 3. **Cumulative lifetime savings.** "Cumulative lifetime savings" means the total  
5.30 electric energy or natural gas savings in a given year from energy conservation improvements

6.1 installed in that given year and energy conservation improvements installed in previous  
6.2 years that are still in operation.

6.3 Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement"  
6.4 means a project that:

6.5 (1) replaces a fuel used by a customer with electricity or natural gas delivered at retail  
6.6 by a utility subject to section 216B.2403 or 216B.241;

6.7 (2) results in a net increase in the use of electricity or natural gas and a net decrease in  
6.8 source energy consumption on a fuel-neutral basis;

6.9 (3) otherwise meets the criteria established for consumer-owned utilities in section  
6.10 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11  
6.11 and 12; and

6.12 (4) requires the installation of equipment that utilizes electricity or natural gas, resulting  
6.13 in a reduction or elimination of the previous fuel used.

6.14 An efficient fuel-switching improvement is not an energy conservation improvement or  
6.15 energy efficiency even if it results in a net reduction in electricity or natural gas consumption.

6.16 Subd. 5. **Energy conservation.** "Energy conservation" means an action that results in  
6.17 a net reduction in electricity or natural gas consumption. Energy conservation does not  
6.18 include an efficient fuel-switching improvement.

6.19 Subd. 6. **Energy conservation improvement.** "Energy conservation improvement"  
6.20 means a project that results in energy efficiency or energy conservation. Energy conservation  
6.21 improvement may include waste heat that is recovered and converted into electricity or used  
6.22 as thermal energy, but does not include electric utility infrastructure projects approved by  
6.23 the commission under section 216B.1636.

6.24 Subd. 7. **Energy efficiency.** "Energy efficiency" means measures or programs, including  
6.25 energy conservation measures or programs, that: (1) target consumer behavior, equipment,  
6.26 processes, or devices; (2) are designed to reduce the consumption of electricity or natural  
6.27 gas on either an absolute or per unit of production basis; and (3) do not reduce the quality  
6.28 or level of service provided to an energy consumer.

6.29 Subd. 8. **Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating  
6.30 oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.

6.31 Subd. 9. **Fuel neutral.** "Fuel neutral" means an approach that compares the use of various  
6.32 fuels for a given end use, using a common metric.

7.1 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means  
7.2 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput  
7.3 to all retail customers, including natural gas transportation customers, on a utility's  
7.4 distribution system in Minnesota. Gross annual retail energy sales does not include:

7.5 (1) gas sales to:

7.6 (i) a large energy facility;

7.7 (ii) a large customer facility whose natural gas utility has been exempted by the  
7.8 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural  
7.9 gas sales made to the large customer facility; and

7.10 (iii) a commercial gas customer facility whose natural gas utility has been exempted by  
7.11 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to  
7.12 natural gas sales made to the commercial gas customer facility;

7.13 (2) electric sales to a large customer facility whose electric utility has been exempted  
7.14 by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect  
7.15 to electric sales made to the large customer facility; or

7.16 (3) the amount of electric sales prior to December 31, 2032, that are associated with a  
7.17 utility's program, rate, or tariff for electric vehicle charging based on a methodology and  
7.18 assumptions developed by the department in consultation with interested stakeholders no  
7.19 later than December 31, 2021. After December 31, 2032, incremental sales to electric  
7.20 vehicles must be included in calculating a utility's gross annual retail sales.

7.21 Subd. 11. **Investments and expenses of a public utility.** "Investments and expenses of  
7.22 a public utility" means the investments and expenses incurred by a public utility in connection  
7.23 with an energy conservation improvement.

7.24 Subd. 12. **Large customer facility.** "Large customer facility" means all buildings,  
7.25 structures, equipment, and installations at a single site that in aggregate: (1) impose a peak  
7.26 electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in  
7.27 the same way as the utility that serves the customer facility measures electric demand for  
7.28 billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually.  
7.29 When calculating peak electrical demand, a large customer facility may include demand  
7.30 offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include  
7.31 peak energy demand from the large customer facility's mining processing operations.

7.32 Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section  
7.33 216B.2421, subdivision 2, clause (1).

8.1 Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of  
8.2 savings a particular energy conservation improvement is projected to produce over the  
8.3 improvement's effective useful lifetime.

8.4 Subd. 15. **Load management.** "Load management" means an activity, service, or  
8.5 technology that changes the timing or the efficiency of a customer's use of energy that allows  
8.6 a utility or a customer to: (1) respond to local and regional energy system conditions; or (2)  
8.7 reduce peak demand for electricity or natural gas. Load management that reduces a customer's  
8.8 net annual energy consumption is also energy conservation.

8.9 Subd. 16. **Low-income household.** "Low-income household" means a household whose  
8.10 household income is 60 percent or less of the state median household income.

8.11 Subd. 17. **Low-income programs.** "Low-income programs" means energy conservation  
8.12 improvement programs that directly serve the needs of low-income households, including  
8.13 low-income renters.

8.14 Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision  
8.15 15.

8.16 Subd. 19. **Multifamily building.** "Multifamily building" means a residential building  
8.17 containing five or more dwelling units.

8.18 Subd. 20. **Prewetherization measure.** "Prewetherization measure" means an  
8.19 improvement that is necessary to allow energy conservation improvements to be installed  
8.20 in a home.

8.21 Subd. 21. **Qualifying utility.** "Qualifying utility" means a utility that supplies a customer  
8.22 with energy that enables the customer to qualify as a large customer facility.

8.23 Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered  
8.24 and used as thermal energy" means the capture of heat energy that would otherwise be  
8.25 exhausted or dissipated to the environment from machinery, buildings, or industrial processes,  
8.26 and productively using the recovered thermal energy where it was captured or distributing  
8.27 it as thermal energy to other locations where it is used to reduce demand-side consumption  
8.28 of natural gas, electric energy, or both.

8.29 Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery  
8.30 converted into electricity" means an energy recovery process that converts to electricity  
8.31 energy from the heat of exhaust stacks or pipes used for engines or manufacturing or  
8.32 industrial processes, or from the reduction of high pressure in water or gas pipelines, that  
8.33 would otherwise be lost.



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

9.2 Sec. 6. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION**  
9.3 **AND OPTIMIZATION.**

9.4 Subdivision 1. **Applicability.** This section applies to:

9.5 (1) a cooperative electric association that provides retail service to more than 5,000  
9.6 members;

9.7 (2) a municipality that provides electric service to more than 1,000 retail customers; and

9.8 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales  
9.9 to natural gas retail customers.

9.10 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual  
9.11 consumer-owned utility subject to this section has an annual energy-savings goal equivalent  
9.12 to 1.5 percent of gross annual retail energy sales, to be met with a minimum of energy  
9.13 savings from energy conservation improvements equivalent to at least one percent of the  
9.14 consumer-owned utility's gross annual retail energy sales. The balance of energy savings  
9.15 toward the annual energy-savings goal may be achieved only by the following  
9.16 consumer-owned utility activities:

9.17 (1) energy savings from additional energy conservation improvements;

9.18 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
9.19 1, that result in increased efficiency greater than would have occurred through normal  
9.20 maintenance activity;

9.21 (3) net energy savings from efficient fuel-switching improvements that meet the criteria  
9.22 under subdivision 8; or

9.23 (4) subject to department approval, demand-side natural gas or electric energy displaced  
9.24 by use of waste heat recovered and used as thermal energy, including the recovered thermal  
9.25 energy from a cogeneration or combined heat and power facility.

9.26 (b) The energy-savings goals specified in this section must be calculated based on  
9.27 weather-normalized sales averaged over the most recent three years. A consumer-owned  
9.28 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the  
9.29 next three years, except that energy savings from electric utility infrastructure projects may  
9.30 be carried forward for five years. A particular energy savings can only be used to meet one  
9.31 year's goal.

10.1 (c) A consumer-owned utility subject to this section is not required to make energy  
10.2 conservation improvements that are not cost-effective, even if the improvement is necessary  
10.3 to attain the energy-savings goal. A consumer-owned utility subject to this section must  
10.4 make reasonable efforts to implement energy conservation improvements that exceed the  
10.5 minimum level established under this subdivision if cost-effective opportunities and funding  
10.6 are available, considering other potential investments the consumer-owned utility intends  
10.7 to make to benefit customers during the term of the plan filed under subdivision 3.

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

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

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

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

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

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

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

10.29 (d) The commissioner must evaluate a plan filed under this subdivision based on the  
10.30 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The  
10.31 commissioner may make recommendations to a consumer-owned utility regarding ways to  
10.32 increase the effectiveness of the consumer-owned utility's energy conservation activities  
10.33 and programs under this subdivision. The commissioner may recommend that a

11.1 consumer-owned utility implement a cost-effective energy conservation program, including  
11.2 an energy conservation program suggested by an outside source such as a political  
11.3 subdivision, nonprofit corporation, or community organization.

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

11.10 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy  
11.11 conservation programs, the consumer-owned utility and the commissioner must consider  
11.12 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner  
11.13 must also consider the rate at which the consumer-owned utility is increasing energy savings  
11.14 and expenditures on energy conservation, and lifetime energy savings and cumulative energy  
11.15 savings.

11.16 (g) A consumer-owned utility may annually spend and invest up to ten percent of the  
11.17 total amount spent and invested on energy conservation improvements on research and  
11.18 development projects that meet the definition of energy conservation improvement.

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

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

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

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

11.32 (2) recommission buildings;

11.33 (3) train building operators; and

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

12.3 (k) A consumer-owned utility may request that the commissioner adjust its minimum  
12.4 goal for energy savings from energy conservation improvements under subdivision 2,  
12.5 paragraph (a), for the duration of the plan filed under this subdivision. The request must be  
12.6 made by January 1 of the year the consumer-owned utility is required to file a plan under  
12.7 this subdivision. The request must be based on:

12.8 (1) historical energy conservation improvement program achievements;

12.9 (2) customer class makeup;

12.10 (3) projected load growth;

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

12.13 (5) the cost-effectiveness and quality of the energy conservation programs offered by  
12.14 the consumer-owned utility; and

12.15 (6) other factors the commissioner and consumer-owned utility determine warrant an  
12.16 adjustment.

12.17 The commissioner must adjust the energy savings goal to a level the commissioner determines  
12.18 is supported by the record, but must not approve a minimum energy savings goal from  
12.19 energy conservation improvements that is less than an average of one percent per year over  
12.20 the consecutive years of the plan's duration, including the year the minimum energy savings  
12.21 goal is adjusted.

12.22 Subd. 4. **Consumer-owned utility; energy savings investment.** (a) Except as otherwise  
12.23 provided, a consumer-owned utility that the commissioner determines falls short of the  
12.24 minimum energy savings goal from energy conservation improvements established in  
12.25 subdivision 2, paragraph (a), for three consecutive years during which the utility has annually  
12.26 spent on energy conservation improvements less than 1.5 percent of its gross operating  
12.27 revenues for an electric utility or less than 0.5 percent of its gross operating revenues for a  
12.28 natural gas utility, must spend no less than the following amounts for energy conservation  
12.29 improvements:

12.30 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
12.31 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
12.32 operating revenues from electric and gas service provided in Minnesota to large electric  
12.33 customer facilities; and

13.1 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
13.2 from service provided in the state, excluding gross operating revenues from service provided  
13.3 in Minnesota to large electric customers facilities indirectly through a distribution cooperative  
13.4 electric association.

13.5 (b) The commissioner may not impose the spending requirement under this subdivision  
13.6 if the commissioner has determined that the utility has followed the commissioner's  
13.7 recommendations, if any, provided under subdivision 3, paragraph (d).

13.8 (c) Upon request of a consumer-owned utility, the commissioner may reduce the amount  
13.9 or duration of the spending requirement imposed under this subdivision, or both, if the  
13.10 commissioner determines that the consumer-owned utility's failure to maintain the minimum  
13.11 energy savings goal is the result of:

13.12 (1) a natural disaster or other emergency that is declared by the executive branch through  
13.13 an emergency executive order that affects the consumer-owned utility's service area;

13.14 (2) a unique load distribution experienced by the consumer-owned utility; or

13.15 (3) other factors that the commissioner determines justifies a reduction.

13.16 (d) Unless the commissioner reduces the duration of the spending requirement under  
13.17 paragraph (c), the spending requirement under this subdivision remains in effect until the  
13.18 consumer-owned utility has met the minimum energy savings goal for three consecutive  
13.19 years.

13.20 **Subd. 5. Energy conservation programs for low-income households. (a) A**  
13.21 consumer-owned utility subject to this section must provide energy conservation programs  
13.22 to low-income households. The commissioner must evaluate a consumer-owned utility's  
13.23 plans under this section by considering the consumer-owned utility's historic spending on  
13.24 energy conservation programs directed to low-income households, the rate of customer  
13.25 participation in and the energy savings resulting from those programs, and the number of  
13.26 low-income persons residing in the consumer-owned utility's service territory. A municipal  
13.27 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal  
13.28 utility's most recent three-year average gross operating revenue from residential customers  
13.29 in Minnesota on energy conservation programs for low-income households. A  
13.30 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the  
13.31 consumer-owned utility's gross operating revenue from residential customers in Minnesota  
13.32 on energy conservation programs for low-income households. The requirement under this  
13.33 paragraph applies to each generation and transmission cooperative association's aggregate

14.1 gross operating revenue from the sale of electricity to residential customers in Minnesota  
14.2 by all of the association's member distribution cooperatives.

14.3 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned  
14.4 utility may contribute money to the energy and conservation account established in section  
14.5 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount  
14.6 of contributions the consumer-owned utility plans to make to the energy and conservation  
14.7 account. Contributions to the account must be used for energy conservation programs serving  
14.8 low-income households, including renters, located in the service area of the consumer-owned  
14.9 utility making the contribution. Contributions must be remitted to the commissioner by  
14.10 February 1 each year.

14.11 (c) The commissioner must establish energy conservation programs for low-income  
14.12 households funded through contributions made to the energy and conservation account  
14.13 under paragraph (b). When establishing energy conservation programs for low-income  
14.14 households, the commissioner must consult political subdivisions, utilities, and nonprofit  
14.15 and community organizations, including organizations providing energy and weatherization  
14.16 assistance to low-income households. The commissioner must record and report expenditures  
14.17 and energy savings achieved as a result of energy conservation programs for low-income  
14.18 households funded through the energy and conservation account in the report required under  
14.19 section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a  
14.20 political subdivision, nonprofit or community organization, public utility, municipality, or  
14.21 consumer-owned utility to implement low-income programs funded through the energy and  
14.22 conservation account.

14.23 (d) A consumer-owned utility may petition the commissioner to modify the required  
14.24 spending under this subdivision if the consumer-owned utility and the commissioner were  
14.25 unable to expend the amount required for three consecutive years.

14.26 (e) The commissioner must develop and establish guidelines for determining the eligibility  
14.27 of multifamily buildings to participate in energy conservation programs provided to  
14.28 low-income households. Notwithstanding the definition of low-income household in section  
14.29 216B.2402, a consumer-owned utility or association may apply the most recent guidelines  
14.30 published by the department for purposes of determining the eligibility of multifamily  
14.31 buildings to participate in low-income programs. The commissioner must convene a  
14.32 stakeholder group to review and update these guidelines by July 1, 2022, and at least once  
14.33 every five years thereafter. The stakeholder group must include but is not limited to  
14.34 representatives of public utilities; municipal electric or gas utilities; electric cooperative  
14.35 associations; multifamily housing owners and developers; and low-income advocates.

15.1 (f) Up to 15 percent of a consumer-owned utility's spending on low-income energy  
15.2 conservation programs may be spent on preweatherization measures. A consumer-owned  
15.3 utility is prohibited from claiming energy savings from preweatherization measures toward  
15.4 the consumer-owned utility's energy savings goal.

15.5 (g) The commissioner must, by order, establish a list of preweatherization measures  
15.6 eligible for inclusion in low-income energy conservation programs no later than March 15,  
15.7 2021.

15.8 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate  
15.9 account in the special revenue fund in the state treasury. A consumer-owned utility may  
15.10 elect to contribute money to the Healthy AIR account to provide preweatherization measures  
15.11 for households eligible for weatherization assistance from the state weatherization assistance  
15.12 program in section 216C.264. Remediation activities must be executed in conjunction with  
15.13 federal weatherization assistance program services. Money contributed to the account by a  
15.14 consumer-owned utility counts toward: (1) the minimum low-income spending requirement  
15.15 under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f).  
15.16 Money in the account is annually appropriated to the commissioner of commerce to pay for  
15.17 Healthy AIR-related activities.

15.18 Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric  
15.19 association subject to rate regulation under section 216B.026 to recover expenses resulting  
15.20 from: (1) a plan under this section; and (2) assessments and contributions to the energy and  
15.21 conservation account under section 216B.241, subdivision 2a.

15.22 Subd. 7. **Ownership of preweatherization measure or energy conservation**  
15.23 **improvement.** (a) A preweatherization measure or energy conservation improvement  
15.24 installed in a building under this section, excluding a system owned by a consumer-owned  
15.25 utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive  
15.26 property of the building owner, except to the extent that the improvement is subject to a  
15.27 security interest in favor of the consumer-owned utility in case of a loan to the building  
15.28 owner for the improvement.

15.29 (b) A consumer-owned utility has no liability for loss, damage, or injury directly or  
15.30 indirectly caused by a preweatherization measure or energy conservation improvement,  
15.31 unless a consumer-owned utility is determined to have been negligent in purchasing,  
15.32 installing, or modifying a preweatherization measure or energy conservation improvement.

15.33 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
15.34 improvement is deemed efficient if, applying the technical criteria established under section

16.1 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being  
16.2 displaced:

16.3 (1) results in a net reduction in the amount of source energy consumed for a particular  
16.4 use, measured on a fuel-neutral basis;

16.5 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
16.6 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
16.7 improvement installed by an electric consumer-owned utility, the reduction in emissions  
16.8 must be measured based on the hourly emissions profile of the consumer-owned utility or  
16.9 the utility's electricity supplier, as reported in the most recent resource plan approved by  
16.10 the commission under section 216B.2422. If the hourly emissions profile is not available,  
16.11 the commissioner must develop a method consumer-owned utilities must use to estimate  
16.12 that value;

16.13 (3) is cost-effective, considering the costs and benefits from the perspective of the  
16.14 consumer-owned utility, participants, and society; and

16.15 (4) is installed and operated in a manner that improves the consumer-owned utility's  
16.16 system load factor.

16.17 (b) For purposes of this subdivision, "source energy" means the total amount of primary  
16.18 energy required to deliver energy services, adjusted for losses in generation, transmission,  
16.19 and distribution, and expressed on a fuel-neutral basis.

16.20 Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the  
16.21 filings required under this section to the department using the department's electronic filing  
16.22 system. The commissioner may approve an exemption from this requirement if a  
16.23 consumer-owned utility is unable to submit filings via the department's electronic filing  
16.24 system. All other interested parties must submit filings to the department via the department's  
16.25 electronic filing system whenever practicable but may also file by personal delivery or by  
16.26 mail.

16.27 (b) The submission of a document to the department's electronic filing system constitutes  
16.28 service on the department. If a department rule requires service of a notice, order, or other  
16.29 document by the department, a consumer-owned utility, or an interested party upon persons  
16.30 on a service list maintained by the department, service may be made by personal delivery,  
16.31 mail, or electronic service. Electronic service may be made only to persons on the service  
16.32 list that have previously agreed in writing to accept electronic service at an e-mail address  
16.33 provided to the department for electronic service purposes.



17.1 Subd. 10. Assessment. The commission or department may assess consumer-owned  
 17.2 utilities subject to this section to carry out the purposes of section 216B.241, subdivisions  
 17.3 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a  
 17.4 consumer-owned utility's gross operating revenue from sales of gas or electric service in  
 17.5 Minnesota during the previous calendar year, as applicable. Assessments under this  
 17.6 subdivision are not subject to the cap on assessments under section 216B.62 or any other  
 17.7 law.

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

17.9 Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

17.10 Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ Large customer  
 17.11 facility. (a) ~~For purposes of this subdivision and subdivision 2, "public utility" has the~~  
 17.12 ~~meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and~~  
 17.13 ~~invest for energy conservation improvements under this subdivision and subdivision 2 the~~  
 17.14 ~~following amounts:~~

17.15 ~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues~~  
 17.16 ~~from service provided in the state;~~

17.17 ~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues~~  
 17.18 ~~from service provided in the state; and~~

17.19 ~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric~~  
 17.20 ~~generating plant within the state, two percent of its gross operating revenues from service~~  
 17.21 ~~provided in the state.~~

17.22 ~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues~~  
 17.23 ~~from large customer facilities exempted under paragraph (b), or from commercial gas~~  
 17.24 ~~customers that are exempted under paragraph (c) or (e).~~

17.25 ~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt  
 17.26 both electric and gas utilities serving the large customer facility from ~~the investment and~~  
 17.27 ~~expenditure requirements of paragraph (a)~~ contributing to investments and expenditures  
 17.28 made under an energy and conservation optimization plan filed under subdivision 2 or  
 17.29 section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large  
 17.30 customer facility. The filing must include a discussion of the competitive or economic  
 17.31 pressures facing the owner of the facility and the efforts taken by the owner to identify,  
 17.32 evaluate, and implement energy conservation and efficiency improvements. A filing  
 17.33 submitted on or before October 1 of any year must be approved within 90 days and become

18.1 effective January 1 of the year following the filing, unless the commissioner finds that the  
18.2 owner of the large customer facility has failed to take reasonable measures to identify,  
18.3 evaluate, and implement energy conservation and efficiency improvements. If a facility  
18.4 qualifies as a large customer facility solely due to its peak electrical demand or annual  
18.5 natural gas usage, the exemption may be limited to the qualifying utility if the commissioner  
18.6 finds that the owner of the large customer facility has failed to take reasonable measures to  
18.7 identify, evaluate, and implement energy conservation and efficiency improvements with  
18.8 respect to the nonqualifying utility. Once an exemption is approved, the commissioner may  
18.9 request the owner of a large customer facility to submit, not more often than once every  
18.10 five years, a report demonstrating the large customer facility's ongoing commitment to  
18.11 energy conservation and efficiency improvement after the exemption filing. The  
18.12 commissioner may request such reports for up to ten years after the effective date of the  
18.13 exemption, unless the majority ownership of the large customer facility changes, in which  
18.14 case the commissioner may request additional reports for up to ten years after the change  
18.15 in ownership occurs. The commissioner may, within 180 days of receiving a report submitted  
18.16 under this paragraph, rescind any exemption granted under this paragraph upon a  
18.17 determination that the large customer facility is not continuing to make reasonable efforts  
18.18 to identify, evaluate, and implement energy conservation improvements. A large customer  
18.19 facility that is, under an order from the commissioner, exempt from the investment and  
18.20 expenditure requirements of paragraph (a) as of December 31, 2010, is not required to  
18.21 submit a report to retain its exempt status, except as otherwise provided in this paragraph  
18.22 with respect to ownership changes. No exempt large customer facility may participate in a  
18.23 utility conservation improvement program unless the owner of the facility submits a filing  
18.24 with the commissioner to withdraw its exemption.

18.25 ~~(e)~~ (b) A commercial gas customer that is not a large customer facility and that purchases  
18.26 or acquires natural gas from a public utility having fewer than 600,000 natural gas customers  
18.27 in Minnesota may petition the commissioner to exempt gas utilities serving the commercial  
18.28 gas customer from ~~the investment and expenditure requirements of paragraph (a) contributing~~  
18.29 to investments and expenditures made under an energy and conservation optimization plan  
18.30 filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues  
18.31 attributable to the commercial gas customer. The petition must be supported by evidence  
18.32 demonstrating that the commercial gas customer has acquired or can reasonably acquire  
18.33 the capability to bypass use of the utility's gas distribution system by obtaining natural gas  
18.34 directly from a supplier not regulated by the commission. The commissioner shall grant the  
18.35 exemption if the commissioner finds that the petitioner has made the demonstration required  
18.36 by this paragraph.

19.1 ~~(d) The commissioner may require investments or spending greater than the amounts~~  
 19.2 ~~required under this subdivision for a public utility whose most recent advance forecast~~  
 19.3 ~~required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100~~  
 19.4 ~~megawatts or greater within five years under midrange forecast assumptions.~~

19.5 ~~(e)~~ (c) A public utility, consumer-owned utility, or owner of a large customer facility  
 19.6 may appeal a decision of the commissioner under paragraph (a) or (b), ~~(e), or (d)~~ to the  
 19.7 commission under subdivision 2. In reviewing a decision of the commissioner under  
 19.8 paragraph (a) or (b), ~~(e), or (d)~~, the commission shall rescind the decision if it finds ~~that the~~  
 19.9 ~~required investments or spending will:~~

19.10 ~~(1) not result in cost-effective energy conservation improvements; or~~

19.11 ~~(2) otherwise~~ the decision is not be in the public interest.

19.12 (d) A public utility is prohibited from spending for or investing in energy conservation  
 19.13 improvements that directly benefit a large energy facility or a large electric customer facility  
 19.14 to which the commissioner has issued an exemption under this section.

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

19.16 Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

19.17 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish  
 19.18 energy-saving goals for energy conservation ~~improvement expenditures~~ improvements and  
 19.19 shall evaluate an energy conservation improvement program on how well it meets the goals  
 19.20 set.

19.21 ~~(b) Each individual~~ A public utility and association shall have providing electric service  
 19.22 has an annual energy-savings goal equivalent to ~~1.5~~ 1.75 percent of gross annual retail  
 19.23 energy sales unless modified by the commissioner under paragraph ~~(d)~~. (c). A public utility  
 19.24 providing natural gas service has an annual energy-savings goal equivalent to one percent  
 19.25 of gross annual retail energy sales, which cannot be lowered by the commissioner. The  
 19.26 savings goals must be calculated based on the most recent three-year weather-normalized  
 19.27 average. A public utility or association providing electric service may elect to carry forward  
 19.28 energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar  
 19.29 years, except that savings from electric utility infrastructure projects allowed under paragraph  
 19.30 (d) may be carried forward for five years. A public utility providing natural gas service may  
 19.31 elect to carry forward energy savings in excess of one percent for a year to the succeeding  
 19.32 three calendar years. A particular energy savings can only be used ~~only for~~ to meet one  
 19.33 year's goal.

20.1 ~~(e) The commissioner must adopt a filing schedule that is designed to have all utilities~~  
20.2 ~~and associations operating under an energy-savings plan by calendar year 2010.~~

20.3 ~~(d)~~ (c) In its energy conservation ~~improvement~~ and optimization plan filing, a public  
20.4 ~~utility or association~~ may request the commissioner to adjust its annual energy-savings  
20.5 percentage goal based on its historical conservation investment experience, customer class  
20.6 makeup, load growth, a conservation potential study, or other factors the commissioner  
20.7 determines warrants an adjustment.

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

20.11 ~~A utility or association may include in its energy conservation plan energy savings from~~  
20.12 The balance of the 1.75 percent annual energy savings goal may be achieved through energy  
20.13 savings from:

20.14 (1) additional energy conservation improvements;

20.15 (2) electric utility infrastructure projects approved by the commission under section  
20.16 216B.1636 that result in increased efficiency greater than would have occurred through  
20.17 normal maintenance activity; or waste heat recovery converted into electricity projects that  
20.18 ~~may count as energy savings in addition to a minimum energy-savings goal of at least one~~  
20.19 ~~percent for energy conservation improvements. Energy savings from electric utility~~  
20.20 ~~infrastructure projects, as defined in section 216B.1636, may be included in the energy~~  
20.21 ~~conservation plan of a municipal utility or cooperative electric association. Electric utility~~  
20.22 ~~infrastructure projects must result in increased energy efficiency greater than that which~~  
20.23 ~~would have occurred through normal maintenance activity~~

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

20.27 ~~(e) An energy-savings goal is not satisfied by attaining the revenue expenditure~~  
20.28 ~~requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the~~  
20.29 ~~energy-savings goal established in this subdivision.~~

20.30 ~~(f) An association or~~ (e) A public utility is not required to make energy conservation  
20.31 investments to attain the energy-savings goals of this subdivision that are not cost-effective  
20.32 even if the investment is necessary to attain the energy-savings goals. For the purpose of  
20.33 this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the

21.1 costs and benefits to ratepayers, the utility, participants, and society. ~~In addition, the~~  
 21.2 ~~commissioner shall consider;~~ (2) the rate at which an association or municipal a public  
 21.3 utility is increasing both its energy savings and its expenditures on energy conservation;  
 21.4 and (3) the public utility's lifetime energy savings and cumulative energy savings.

21.5 ~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available  
 21.6 a report on the annual energy and capacity savings and estimated carbon dioxide reductions  
 21.7 achieved by the ~~energy conservation improvement~~ programs under this section and section  
 21.8 216B.2403 for the two most recent years for which data is available. The report must also  
 21.9 include information regarding any annual energy sales or generation capacity increases  
 21.10 resulting from efficient fuel-switching improvements. The commissioner shall report on  
 21.11 program performance both in the aggregate and for each entity filing an energy conservation  
 21.12 improvement plan for approval or review by the commissioner, and must estimate progress  
 21.13 made toward the statewide energy-savings goal under section 216B.2401.

21.14 ~~(h) By January 15, 2010, the commissioner shall report to the legislature whether the~~  
 21.15 ~~spending requirements under subdivisions 1a and 1b are necessary to achieve the~~  
 21.16 ~~energy savings goals established in this subdivision.~~

21.17 ~~(i) This subdivision does not apply to:~~

21.18 ~~(1) a cooperative electric association with fewer than 5,000 members;~~

21.19 ~~(2) a municipal utility with fewer than 1,000 retail electric customers; or~~

21.20 ~~(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales~~  
 21.21 ~~to retail natural gas customers.~~

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

21.23 Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

21.24 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation  
 21.25 improvement programs filed under this section and section 216B.2403 on the basis of  
 21.26 cost-effectiveness and the reliability of the technologies employed. The commissioner shall,  
 21.27 by order, establish, maintain, and update energy-savings assumptions that must be used by  
 21.28 utilities when filing energy conservation improvement programs. The department must track  
 21.29 a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime  
 21.30 energy savings reported in plans submitted under this section and section 216B.2403.

21.31 (b) The commissioner shall establish an inventory of the most effective energy  
 21.32 conservation programs, techniques, and technologies, and encourage all Minnesota utilities

22.1 to implement them, where appropriate, ~~in their service territories~~. The commissioner shall  
 22.2 describe these programs in sufficient detail to provide a utility reasonable guidance  
 22.3 concerning implementation. The commissioner shall prioritize the opportunities in order of  
 22.4 potential energy savings and in order of cost-effectiveness.

22.5 (c) The commissioner may contract with a third party to carry out any of the  
 22.6 commissioner's duties under this subdivision, and to obtain technical assistance to evaluate  
 22.7 the effectiveness of any conservation improvement program.

22.8 (d) The commissioner may assess up to \$850,000 annually for the purposes of this  
 22.9 subdivision. The assessments must be deposited in the state treasury and credited to the  
 22.10 energy and conservation account created under subdivision 2a. An assessment made under  
 22.11 this subdivision is not subject to the cap on assessments provided by section 216B.62, or  
 22.12 any other law.

22.13 ~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend~~  
 22.14 ~~up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing~~  
 22.15 ~~technical support for a uniform electronic data reporting and tracking system available to~~  
 22.16 ~~all utilities subject to this section, in order to enable accurate measurement of the cost and~~  
 22.17 ~~energy savings of the energy conservation improvements required by this section. This~~  
 22.18 ~~paragraph expires June 30, 2018.~~

22.19 (e) The commissioner must work with stakeholders to develop technical guidelines that  
 22.20 public utilities and consumer-owned utilities must use to:

22.21 (1) determine whether deployment of a fuel-switching improvement meets the criteria  
 22.22 established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as  
 22.23 applicable; and

22.24 (2) calculate the amount of energy saved by deploying a fuel-switching improvement.  
 22.25 The guidelines must be issued by the commissioner by order no later than March 15, 2022,  
 22.26 and must be updated as the commissioner determines is necessary.

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

22.28 Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

22.29 Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the  
 22.30 commissioner of commerce shall maintain and, as needed, revise the sustainable building  
 22.31 design guidelines developed under section 16B.325.

23.1 (b) The commissioner of administration and the commissioner of commerce shall maintain  
 23.2 and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section  
 23.3 3, so that all public buildings can use the benchmarking tool to maintain energy use  
 23.4 information for the purposes of establishing energy efficiency benchmarks, tracking building  
 23.5 performance, and measuring the results of energy efficiency and conservation improvements.

23.6 (c) The commissioner shall require that utilities include in their conservation improvement  
 23.7 plans programs that facilitate professional engineering verification to qualify a building as  
 23.8 Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or  
 23.9 Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial~~  
 23.10 ~~buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green~~  
 23.11 ~~Globes-certified by December 31, 2010.~~

23.12 (d) The commissioner may assess up to \$500,000 annually for the purposes of this  
 23.13 subdivision. The assessments must be deposited in the state treasury and credited to the  
 23.14 energy and conservation account created under subdivision 2a. An assessment made under  
 23.15 this subdivision is not subject to the cap on assessments provided by section 216B.62, or  
 23.16 any other law.

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

23.18 Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

23.19 Subd. 1g. **Manner of filing and service.** (a) A public utility, ~~generation and transmission~~  
 23.20 ~~cooperative electric association, municipal power agency, cooperative electric association,~~  
 23.21 ~~and municipal utility~~ shall submit filings to the department via the department's electronic  
 23.22 filing system. The commissioner may approve an exemption from this requirement in the  
 23.23 event ~~an affected~~ a public utility or association is unable to submit filings via the department's  
 23.24 electronic filing system. All other interested parties shall submit filings to the department  
 23.25 via the department's electronic filing system whenever practicable but may also file by  
 23.26 personal delivery or by mail.

23.27 (b) Submission of a document to the department's electronic filing system constitutes  
 23.28 service on the department. Where department rule requires service of a notice, order, or  
 23.29 other document by the department, public utility, association, or interested party upon  
 23.30 persons on a service list maintained by the department, service may be made by personal  
 23.31 delivery, mail, or electronic service, except that electronic service may only be made upon  
 23.32 persons on the service list who have previously agreed in writing to accept electronic service  
 23.33 at an electronic address provided to the department for electronic service purposes.

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

24.2 Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

24.3 Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a)

24.4 The commissioner may require a public utilities utility to make investments and expenditures  
 24.5 in energy conservation improvements, explicitly setting forth the interest rates, prices, and  
 24.6 terms under which the improvements must be offered to the customers. ~~The required~~  
 24.7 ~~programs must cover no more than a three-year period.~~

24.8 (b) A public utilities utility shall file an energy conservation improvement plans and  
 24.9 optimization plan by June 1, on a schedule determined by order of the commissioner, but  
 24.10 at least every three years. ~~Plans received~~ As provided in subdivisions 11 to 13, plans may  
 24.11 include programs for efficient fuel-switching improvements and load management. An  
 24.12 individual utility program may combine elements of energy conservation, load management,  
 24.13 or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative  
 24.14 lifetime energy savings projected to be achieved under the plan. A plan filed by a public  
 24.15 utility by June 1 must be approved or approved as modified by the commissioner by  
 24.16 December 1 of that same year.

24.17 (c) The commissioner shall evaluate the program plan on the basis of cost-effectiveness  
 24.18 and the reliability of technologies employed. The commissioner's order must provide to the  
 24.19 extent practicable for a free choice, by consumers participating in ~~the~~ an energy conservation  
 24.20 program, of the device, method, material, or project constituting the energy conservation  
 24.21 improvement and for a free choice of the seller, installer, or contractor of the energy  
 24.22 conservation improvement, provided that the device, method, material, or project seller,  
 24.23 installer, or contractor is duly licensed, certified, approved, or qualified, including under  
 24.24 the residential conservation services program, where applicable.

24.25 ~~(b)~~ (d) The commissioner may require a utility subject to subdivision 1c to make an  
 24.26 energy conservation improvement investment or expenditure whenever the commissioner  
 24.27 finds that the improvement will result in energy savings at a total cost to the utility less than  
 24.28 the cost to the utility to produce or purchase an equivalent amount of new supply of energy.  
 24.29 ~~The commissioner shall nevertheless ensure that every public utility operate one or more~~  
 24.30 ~~programs under periodic review by the department.~~

24.31 ~~(e)~~ (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually  
 24.32 up to ten percent of the total amount ~~required to be spent and invested~~ on energy conservation  
 24.33 improvements under this section by the public utility on research and development projects



25.1 that meet the definition of energy conservation improvement ~~in subdivision 1 and that are~~  
25.2 ~~funded directly by the public utility.~~

25.3 ~~(d) A public utility may not spend for or invest in energy conservation improvements~~  
25.4 ~~that directly benefit a large energy facility or a large electric customer facility for which the~~  
25.5 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~

25.6 ~~(f)~~ The commissioner shall consider and may require a public utility to undertake a an  
25.7 energy conservation program suggested by an outside source, including a political  
25.8 subdivision, a nonprofit corporation, or community organization.

25.9 ~~(e)~~ ~~(g)~~ A public utility, a political subdivision, or a nonprofit or community organization  
25.10 that has suggested a an energy conservation program, the attorney general acting on behalf  
25.11 of consumers and small business interests, or a public utility customer that has suggested a  
25.12 an energy conservation program and is not represented by the attorney general under section  
25.13 8.33 may petition the commission to modify or revoke a department decision under this  
25.14 section, and the commission may do so if it determines that the energy conservation program  
25.15 is not cost-effective, does not adequately address the residential conservation improvement  
25.16 needs of low-income persons, has a long-range negative effect on one or more classes of  
25.17 customers, or is otherwise not in the public interest. The commission shall reject a petition  
25.18 that, on its face, fails to make a reasonable argument that a an energy conservation program  
25.19 is not in the public interest.

25.20 ~~(f)~~ ~~(h)~~ The commissioner may order a public utility to include, with the filing of the  
25.21 public utility's annual status report, the results of an independent audit of the public utility's  
25.22 conservation improvement programs and expenditures performed by the department or an  
25.23 auditor with experience in the provision of energy conservation and energy efficiency  
25.24 services approved by the commissioner and chosen by the public utility. The audit must  
25.25 specify the energy savings or increased efficiency in the use of energy within the service  
25.26 territory of the public utility that is the result of the public utility's spending and investments.  
25.27 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

25.28 ~~(g)~~ ~~A gas utility may not spend for or invest in energy conservation improvements that~~  
25.29 ~~directly benefit a large customer facility or commercial gas customer facility for which the~~  
25.30 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or~~  
25.31 ~~(e). The commissioner shall consider and may require a utility to undertake a program~~  
25.32 ~~suggested by an outside source, including a political subdivision, a nonprofit corporation,~~  
25.33 ~~or a community organization.~~

26.1 (i) The energy conservation and optimization plan of each public utility subject to this  
 26.2 section must include activities to improve energy efficiency in public schools served by the  
 26.3 utility. As applicable to each public utility, at a minimum the activities must include programs  
 26.4 to increase the efficiency of the school's lighting and heating and cooling systems, and to  
 26.5 provide for building recommissioning, building operator training, and opportunities to  
 26.6 educate students, teachers, and staff regarding energy efficiency measures implemented at  
 26.7 the school.

26.8 (j) The commissioner may require investments or spending greater than the amounts  
 26.9 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose  
 26.10 most recent advanced forecast required under section 216B.2422 projects a peak demand  
 26.11 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

26.13 Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

26.14 Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to  
 26.15 recover expenses resulting from a an energy conservation improvement program required  
 26.16 and optimization plan approved by the department under this section and contributions and  
 26.17 assessments to the energy and conservation account, unless the recovery would be  
 26.18 inconsistent with a financial incentive proposal approved by the commission. The commission  
 26.19 shall allow a cooperative electric association subject to rate regulation under section  
 26.20 216B.026, to recover expenses resulting from energy conservation improvement programs,  
 26.21 load management programs, and assessments and contributions to the energy and  
 26.22 conservation account unless the recovery would be inconsistent with a financial incentive  
 26.23 proposal approved by the commission. In addition,

26.24 (b) A public utility may file annually, or the Public Utilities Commission may require  
 26.25 the public utility to file, and the commission may approve, rate schedules containing  
 26.26 provisions for the automatic adjustment of charges for utility service in direct relation to  
 26.27 changes in the expenses of the public utility for real and personal property taxes, fees, and  
 26.28 permits, the amounts of which the public utility cannot control. A public utility is eligible  
 26.29 to file for adjustment for real and personal property taxes, fees, and permits under this  
 26.30 subdivision only if, in the year previous to the year in which it files for adjustment, it has  
 26.31 spent or invested at least 1.75 percent of its gross revenues from provision of electric service,  
 26.32 excluding gross operating revenues from electric service provided in the state to large electric  
 26.33 customer facilities for which the commissioner has issued an exemption under subdivision  
 26.34 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,

27.1 excluding gross operating revenues from gas services provided in the state to large electric  
 27.2 customer facilities for which the commissioner has issued an exemption under subdivision  
 27.3 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

27.5 Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

27.6 Subd. 3. **Ownership of preweatherization measure or energy conservation**

27.7 **improvement.** ~~An~~ (a) A preweatherization measure or energy conservation improvement  
 27.8 made to or installed in a building in accordance with this section, except systems owned by  
 27.9 ~~the~~ a public utility and designed to turn off, limit, or vary the delivery of energy, are the  
 27.10 exclusive property of the owner of the building except to the extent that the improvement  
 27.11 is subjected to a security interest in favor of the public utility in case of a loan to the building  
 27.12 owner. ~~The~~

27.13 (b) A public utility has no liability for loss, damage or injury caused directly or indirectly  
 27.14 by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence  
 27.15 by the utility in ~~purchase, installation, or modification of the product.~~ purchasing, installing,  
 27.16 or modifying a preweatherization measure or energy conservation improvement.

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

27.18 Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

27.19 Subd. 5. **Efficient lighting program.** (a) Each public utility, ~~cooperative electric~~  
 27.20 ~~association, and municipal~~ and consumer-owned utility that provides electric service to  
 27.21 retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part  
 27.22 of its conservation improvement activities a program to strongly encourage the use of LED  
 27.23 lamps. The program must include at least a public information campaign to encourage use  
 27.24 of LED lamps and proper management of spent lamps by all customer classifications.

27.25 (b) A public utility that provides electric service at retail to 200,000 or more customers  
 27.26 shall establish, either directly or through contracts with other persons, including lamp  
 27.27 manufacturers, distributors, wholesalers, and retailers and local government units, a system  
 27.28 to collect for delivery to a reclamation or recycling facility spent fluorescent and  
 27.29 high-intensity discharge lamps from households and from small businesses as defined in  
 27.30 section 645.445 that generate an average of fewer than ten spent lamps per year.

27.31 (c) A collection system must include establishing reasonably convenient locations for  
 27.32 collecting spent lamps from households and financial incentives sufficient to encourage

28.1 spent lamp generators to take the lamps to the collection locations. Financial incentives may  
28.2 include coupons for purchase of new LED lamps, a cash back system, or any other financial  
28.3 incentive or group of incentives designed to collect the maximum number of spent lamps  
28.4 from households and small businesses that is reasonably feasible.

28.5 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,  
28.6 ~~a cooperative electric association, or a municipal~~ or a consumer-owned utility that provides  
28.7 electric service at retail to customers may establish a collection system under paragraphs  
28.8 (b) and (c) as part of conservation improvement activities required under this section.

28.9 (e) The commissioner of the Pollution Control Agency may not, unless clearly required  
28.10 by federal law, require a public utility, ~~cooperative electric association, or municipality or~~  
28.11 consumer-owned utility that establishes a household fluorescent and high-intensity discharge  
28.12 lamp collection system under this section to manage the lamps as hazardous waste as long  
28.13 as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation  
28.14 facility that removes mercury and other toxic materials contained in the lamps prior to  
28.15 placement of the lamps in solid waste.

28.16 (f) If a public utility, ~~cooperative electric association, or municipal~~ or consumer-owned  
28.17 utility contracts with a local government unit to provide a collection system under this  
28.18 subdivision, the contract must provide for payment to the local government unit of all the  
28.19 unit's incremental costs of collecting and managing spent lamps.

28.20 (g) All the costs incurred by a public utility, ~~cooperative electric association, or municipal~~  
28.21 or consumer-owned utility to promote the use of LED lamps and to ~~collect fluorescent and~~  
28.22 high-intensity discharge collect LED lamps under this subdivision are conservation  
28.23 improvement spending under this section.

28.24 (h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode ~~lamp~~  
28.25 ~~that consists of a solid state device that emits visible light when an electric current passes~~  
28.26 ~~through a semiconductor~~ bulb or lighting product.

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

28.28 Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

28.29 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public  
28.30 utility and association subject to subdivision 1c provides ~~low-income~~ energy conservation  
28.31 programs to low-income households. When approving spending and energy-savings goals  
28.32 for low-income programs, the commissioner shall consider historic spending and participation  
28.33 levels, energy savings ~~for~~ achieved by low-income programs, and the number of low-income

29.1 persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service~~  
29.2 ~~must spend at least 0.2 percent, and a public utility furnishing gas service must spend at~~  
29.3 ~~least 0.4~~ 0.8 percent, of its most recent three-year average gross operating revenue from  
29.4 residential customers in the state on low-income programs. A public utility ~~or association~~  
29.5 that furnishes electric service must spend at least ~~0.1~~ 0.4 percent of its gross operating  
29.6 revenue from residential customers in the state on low-income programs. ~~For a generation~~  
29.7 ~~and transmission cooperative association, this requirement shall apply to each association's~~  
29.8 ~~members' aggregate gross operating revenue from sale of electricity to residential customers~~  
29.9 ~~in the state. Beginning in 2010, a utility or association that furnishes electric service must~~  
29.10 ~~spend 0.2 percent of its gross operating revenue from residential customers in the state on~~  
29.11 ~~low-income programs.~~

29.12 (b) To meet the requirements of paragraph (a), a public utility ~~or association~~ may  
29.13 contribute money to the energy and conservation account established under subdivision 2a.  
29.14 An energy conservation improvement plan must state the amount, if any, of low-income  
29.15 energy conservation improvement funds the public utility ~~or association~~ will contribute to  
29.16 the energy and conservation account. Contributions must be remitted to the commissioner  
29.17 by February 1 of each year.

29.18 (c) The commissioner shall establish low-income energy conservation programs to utilize  
29.19 ~~money contributed~~ contributions made to the energy and conservation account under  
29.20 paragraph (b). In establishing low-income programs, the commissioner shall consult political  
29.21 subdivisions, utilities, and nonprofit and community organizations, especially organizations  
29.22 ~~engaged in~~ providing energy and weatherization assistance to low-income ~~persons~~  
29.23 households. ~~Money contributed~~ Contributions made to the energy and conservation account  
29.24 under paragraph (b) must provide programs for low-income ~~persons~~ households, including  
29.25 low-income renters, in the service territory of the public utility ~~or association~~ providing the  
29.26 money. The commissioner shall record and report expenditures and energy savings achieved  
29.27 as a result of low-income programs funded through the energy and conservation account in  
29.28 the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract  
29.29 with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~  
29.30 ~~or cooperative electric association~~ consumer-owned utility to implement low-income  
29.31 programs funded through the energy and conservation account.

29.32 (d) A public utility ~~or association~~ may petition the commissioner to modify its required  
29.33 spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been  
29.34 unable to expend the amount required under paragraph (a) for three consecutive years.

30.1 (e) The commissioner must develop and establish guidelines to determine the eligibility  
30.2 of multifamily buildings to participate in low-income energy conservation programs.  
30.3 Notwithstanding the definition of low-income household in section 216B.2402, for purposes  
30.4 of determining the eligibility of multifamily buildings for low-income programs, a public  
30.5 utility may apply the most recent guidelines published by the department. The commissioner  
30.6 must convene a stakeholder group to review and update guidelines by July 1, 2022, and at  
30.7 least once every five years thereafter. The stakeholder group must include but is not limited  
30.8 to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal  
30.9 electric or gas utilities; electric cooperative associations; multifamily housing owners and  
30.10 developers; and low-income advocates.

30.11 (f) Up to 15 percent of a public utility's spending on low-income programs may be spent  
30.12 on preweatherization measures. A public utility is prohibited from claiming energy savings  
30.13 from preweatherization measures toward the public utility's energy savings goal.

30.14 (g) The commissioner must, by order, establish a list of preweatherization measures  
30.15 eligible for inclusion in low-income programs no later than March 15, 2022.

30.16 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate  
30.17 account in the special revenue fund in the state treasury. A public utility may elect to  
30.18 contribute money to the Healthy AIR account to provide preweatherization measures to  
30.19 households eligible for weatherization assistance under section 216C.264. Remediation  
30.20 activities must be executed in conjunction with federal weatherization assistance program  
30.21 services. Money contributed to the account counts toward: (1) the minimum low-income  
30.22 spending requirement in paragraph (a); and (2) the cap on preweatherization measures under  
30.23 paragraph (f). Money in the account is annually appropriated to the commissioner of  
30.24 commerce to pay for Healthy AIR-related activities.

30.25 ~~(e)~~ (i) The costs and benefits associated with any approved low-income gas or electric  
30.26 conservation improvement program that is not cost-effective when considering the costs  
30.27 and benefits to the public utility may, at the discretion of the utility, be excluded from the  
30.28 calculation of net economic benefits for purposes of calculating the financial incentive to  
30.29 the public utility. The energy and demand savings may, at the discretion of the public utility,  
30.30 be applied toward the calculation of overall portfolio energy and demand savings for purposes  
30.31 of determining progress toward annual goals and in the financial incentive mechanism.

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

31.1 Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

31.2 Subd. 8. **Assessment.** The commission or department may assess public utilities subject  
31.3 to this section in proportion to their respective to carry out the purposes of subdivisions 1d,  
31.4 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's  
31.5 gross operating revenue from sales of gas or electric service within the state Minnesota  
31.6 during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those  
31.7 assessments , as applicable. Assessments made under this subdivision are not subject to the  
31.8 cap on assessments provided by section 216B.62, or any other law.

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

31.10 Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
31.11 to read:

31.12 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)  
31.13 A public utility providing electric service at retail may include in the plan required under  
31.14 subdivision 2 programs to implement efficient fuel-switching improvements or combinations  
31.15 of energy conservation improvements, fuel-switching improvements, and load management.  
31.16 For each program, the public utility must provide a proposed budget, an analysis of the  
31.17 program's cost-effectiveness, and estimated net energy and demand savings.

31.18 (b) The department may approve proposed programs for efficient fuel-switching  
31.19 improvements if it determines the improvements meet the requirements of paragraph (d).  
31.20 For fuel-switching improvements that require the deployment of electric technologies, the  
31.21 department must also consider whether the fuel-switching improvement can be operated in  
31.22 a manner that facilitates the integration of variable renewable energy into the electric system.  
31.23 The net benefits from an efficient fuel-switching improvement that is integrated with an  
31.24 energy efficiency program approved under this section may be counted toward the net  
31.25 benefits of the energy efficiency program, if the department determines the primary purpose  
31.26 and effect of the program is energy efficiency.

31.27 (c) A public utility may file a rate schedule with the commission that provides for annual  
31.28 cost recovery of reasonable and prudent costs incurred to implement and promote efficient  
31.29 fuel-switching programs. The commission may not approve a financial incentive to encourage  
31.30 efficient fuel-switching programs operated by a public utility providing electric service.

31.31 (d) A fuel-switching improvement is deemed efficient if, applying the technical criteria  
31.32 established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets  
31.33 the following criteria, relative to the fuel that is being displaced:

32.1 (1) results in a net reduction in the amount of source energy consumed for a particular  
 32.2 use, measured on a fuel-neutral basis;

32.3 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section  
 32.4 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
 32.5 improvement installed by an electric utility, the reduction in emissions must be measured  
 32.6 based on the hourly emission profile of the electric utility, using the hourly emissions profile  
 32.7 in the most recent resource plan approved by the commission under section 216B.2422;

32.8 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,  
 32.9 participants, and society; and

32.10 (4) is installed and operated in a manner that improves the utility's system load factor.

32.11 (e) For purposes of this subdivision, "source energy" means the total amount of primary  
 32.12 energy required to deliver energy services, adjusted for losses in generation, transmission,  
 32.13 and distribution, and expressed on a fuel-neutral basis.

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

32.15 Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
 32.16 to read:

32.17 Subd. 12. **Programs for efficient fuel-switching improvements; natural gas**  
 32.18 **utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that  
 32.19 provides natural gas service to Minnesota retail customers may propose as an energy  
 32.20 conservation improvement one or more programs to install electric technologies that reduce  
 32.21 the consumption of natural gas by the utility's retail customers. The commissioner may  
 32.22 approve a proposed program if the commissioner, applying the technical criteria developed  
 32.23 under section 216B.241, subdivision 1d, paragraph (b), determines that:

32.24 (1) the electric technology to be installed meets the criteria established under section  
 32.25 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

32.26 (2) the program is cost-effective, considering the costs and benefits to ratepayers, the  
 32.27 utility, participants, and society.

32.28 (b) If a program is approved by the commission under this subdivision, the public utility  
 32.29 may count the program's energy savings toward its energy savings goal under section  
 32.30 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient  
 32.31 fuel-switching achieved through programs approved under this subdivision is energy  
 32.32 conservation.



33.1 (c) A public utility may file rate schedules with the commission that provide annual  
33.2 cost-recovery for programs approved by the department under this subdivision, including  
33.3 reasonable and prudent costs incurred to implement and promote the programs.

33.4 (d) The commission may approve, modify, or reject a proposal made by the department  
33.5 or a utility for an incentive plan to encourage efficient fuel-switching programs approved  
33.6 under this subdivision, applying the considerations established under section 216B.16,  
33.7 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive  
33.8 mechanism that is calculated based on the combined energy savings and net benefits that  
33.9 the commission has determined have been achieved by a program approved under this  
33.10 subdivision, provided the commission determines that the financial incentive mechanism  
33.11 is in the ratepayers' interest.

33.12 (e) A public utility is not eligible for a financial incentive for an efficient fuel-switching  
33.13 program under this subdivision in any year in which the utility achieves energy savings  
33.14 below one percent of gross annual retail energy sales, excluding savings achieved through  
33.15 fuel-switching programs.

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

33.17 Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
33.18 to read:

33.19 **Subd. 13. Cost-effective load management programs.** (a) A public utility may include  
33.20 in the utility's plan required under subdivision 2 programs to implement load management  
33.21 activities, or combinations of energy conservation improvements, fuel-switching  
33.22 improvements, and load management activities. For each program the public utility must  
33.23 provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand  
33.24 savings.

33.25 (b) The commissioner may approve a proposed program if the commissioner determines  
33.26 that the program is cost-effective, considering the costs and benefits to ratepayers, the utility,  
33.27 participants, and society.

33.28 (c) A public utility providing retail service to Minnesota customers may file rate schedules  
33.29 with the commission that provide for annual cost recovery of reasonable and prudent costs  
33.30 incurred to implement and promote cost-effective load management programs approved by  
33.31 the department under this subdivision.

34.1 (d) In determining whether to approve, modify, or reject a proposal made by the  
34.2 department or a public utility for an incentive plan to encourage investments in load  
34.3 management programs, the commission shall consider whether the plan:

34.4 (1) is needed to increase the public utility's investment in cost-effective load management;

34.5 (2) is compatible with the interest of the public utility's ratepayers; and

34.6 (3) links the incentive to the public utility's performance in achieving cost-effective load  
34.7 management.

34.8 (e) The commission may structure an incentive plan to encourage cost-effective load  
34.9 management programs as an asset on which a public utility earns a rate of return at a level  
34.10 the commission determines is reasonable and in the public interest.

34.11 (f) The commission may include the net benefits from a load management activity  
34.12 integrated with an energy efficiency program approved under this section in the net benefits  
34.13 of the energy efficiency program for purposes of a financial incentive program under section  
34.14 216B.16, subdivision 6c, if the department determines the primary purpose of the load  
34.15 management activity is energy efficiency.

34.16 (g) A public utility is not eligible for a financial incentive for a load management program  
34.17 in any year in which the utility achieves energy savings below one percent of gross annual  
34.18 retail energy sales, excluding savings achieved through load management programs.

34.19 (h) The commission may include net benefits from a particular load management activity  
34.20 in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

34.22 Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
34.23 to read:

34.24 Subd. 14. **Minnesota efficient technology accelerator.** (a) A nonprofit organization  
34.25 with extensive experience implementing energy efficiency programs in Minnesota and  
34.26 conducting energy-efficient technology research in the state may file a proposal with the  
34.27 commissioner for a program to accelerate deployment and reduce the cost of emerging and  
34.28 innovative efficient technologies and approaches and result in lower energy costs for  
34.29 Minnesota ratepayers. The program must include strategic initiatives with technology  
34.30 manufacturers to improve the efficiency and performance of their products, and with  
34.31 equipment installers and other key actors in the technology supply chain. The program's  
34.32 goals are to achieve cost effective energy savings for Minnesota utilities, bill savings for

35.1 Minnesota utility consumers, enhanced employment opportunities in the state, and avoidance  
35.2 of greenhouse gas emissions.

35.3 (b) Prior to developing and filing a proposal, the nonprofit must submit to the  
35.4 commissioner a notice of intent to file a proposal under this subdivision, that describes its  
35.5 eligibility with respect to the requirements of paragraph (a). The commissioner shall review  
35.6 the notice of intent and issue a determination of eligibility within 30 days of the filing of  
35.7 the notice of intent.

35.8 (c) Upon receiving approval from the commissioner to file a proposal under this section,  
35.9 a nonprofit organization must engage interested stakeholders in discussions regarding, at a  
35.10 minimum, the following elements required of a program proposal under this subdivision:

35.11 (1) a proposed budget and operational guidelines for the accelerator;

35.12 (2) proposed methodologies to estimate, evaluate, and allocate energy savings and net  
35.13 benefits from program activities. Energy savings and net benefits from program activities  
35.14 must be allocated to participating utilities and be considered when determining the  
35.15 cost-effectiveness of energy savings achieved by the program and related incentives;

35.16 (3) a process to identify and select technologies that:

35.17 (i) address energy use in residential, commercial, and industrial buildings; and

35.18 (ii) benefit utility customers in proportion to the funds contributed to the program by  
35.19 electric and natural gas utilities, respectively; and

35.20 (4) a process to identify and track performance metrics for each technology selected so  
35.21 that progress in achieving energy savings can be measured, including one or more methods  
35.22 to evaluate cost-effectiveness.

35.23 (d) No earlier than 180 days from the date of the commissioner's eligibility determination  
35.24 under paragraph (b), the nonprofit may file a program proposal under this subdivision. The  
35.25 filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the  
35.26 recommendations and concerns identified in the stakeholder engagement process required  
35.27 under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment,  
35.28 and after the commissioner has considered the estimated program costs and benefits from  
35.29 the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify,  
35.30 or reject the proposal. An approved program may have a term extending up to five years,  
35.31 and may be renewed by the commissioner one or more times for additional terms of up to  
35.32 five years.

36.1 (e) Upon approval of a program under paragraph (d), each public utility with over 30,000  
36.2 customers must participate in the program and contribute to the approved program budget  
36.3 in proportion to its gross operating revenue from sales of gas or electric service in the state,  
36.4 excluding revenues from large customer facilities exempted under subdivision 1a. No  
36.5 participating utility may be required to contribute more than the following percentages of  
36.6 the utility's spending approved by the commission in the plan filed under subdivision 2: (1)  
36.7 two percent in the program's initial two years; (2) 3.5 percent in the program's third and  
36.8 fourth years; and (3) five percent each year thereafter. Other utilities may elect to participate  
36.9 in an approved program.

36.10 (f) A participating utility may request the commissioner to adjust its approved annual  
36.11 budget under subdivision 2, if necessary to meet approved energy savings goals under that  
36.12 subdivision. Other utilities may elect to participate in the accelerator program.

36.13 (g) Costs incurred by a public utility under this subdivision are recoverable under  
36.14 subdivision 2b as an assessment to the energy and conservation account. Amounts provided  
36.15 to the account under this subdivision are not subject to the cap on assessments in section  
36.16 216B.62. The commissioner may make expenditures from the account for the purposes of  
36.17 this subdivision, including amounts necessary to reimburse administrative costs incurred  
36.18 by the department under this subdivision. Costs for research projects under this subdivision  
36.19 that the commissioner determines may be duplicative to projects that would be eligible for  
36.20 funding under subdivision 1e, paragraph (a), may be deducted from the assessment under  
36.21 subdivision 1e for utilities participating in the accelerator.

36.22 **EFFECTIVE DATE.** This section is effective immediately upon enactment.

36.23 Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

36.24 Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities  
36.25 to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote  
36.26 energy efficiency and conservation. Each pilot program must utilize the criteria and standards  
36.27 established in subdivision 2 and be designed to determine whether a rate-decoupling strategy  
36.28 achieves energy savings. On or before a date established by the commission, the commission  
36.29 shall require electric and gas utilities that intend to implement a decoupling program to file  
36.30 a decoupling pilot plan, which shall be approved or approved as modified by the commission.  
36.31 A pilot program may not exceed three years in length. Any extension beyond three years  
36.32 can only be approved in a general rate case, unless that decoupling program was previously  
36.33 approved as part of a general rate case. ~~The commission shall report on the programs annually~~

37.1 ~~to the chairs of the house of representatives and senate committees with primary jurisdiction~~  
37.2 ~~over energy policy.~~

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

37.4 Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
37.5 to read:

37.6 Subd. 7a. **Energy storage systems; installation.** The commission shall, as part of its  
37.7 order with respect to a public utility's integrated resource plan filed under this section,  
37.8 require a public utility to install one or more energy storage systems, provided that the  
37.9 commission finds such investments to be reasonable and prudent and in the public interest.  
37.10 In determining the aggregate capacity of the energy storage systems ordered under this  
37.11 subdivision, the commission must take into consideration the public utility's assessment of  
37.12 energy storage systems contained in its integrated resource plan, as required under subdivision  
37.13 7.

37.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
37.15 applies to any order issued to a public utility by the commission in an integrated resource  
37.16 plan proceeding after July 1, 2021.

37.17 Sec. 24. **[216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.**

37.18 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has  
37.19 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

37.20 Subd. 2. **Application requirement.** No later than one year following the commission's  
37.21 order to a public utility in an integrated resource plan proceeding under section 216B.2422,  
37.22 the public utility must submit an application to the commission for review and approval to  
37.23 install one or more energy storage systems whose aggregate capacity meets or exceeds that  
37.24 ordered by the commission in the public utility's most recent integrated resource plan  
37.25 proceeding, in accord with section 216B.2422, subdivision 7a.

37.26 Subd. 3. **Application contents.** (a) Each application submitted under this section shall  
37.27 contain the following information:

37.28 (1) technical specifications of the energy storage system, including, but not limited to:

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

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

38.1 (iii) the location of the project, and a description of the analysis conducted to determine  
38.2 the location;

38.3 (iv) what needs of the public utility's electric system the proposed energy storage system  
38.4 will address;

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

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

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

38.11 (i) capital costs;

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

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

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

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

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

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

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

38.20 (4) how the addition of an energy storage system complements proposed actions of the  
38.21 public utility described in its most recent integrated resource plan submitted under section  
38.22 216B.2422, to meet expected demand with the least cost combination of resources; and

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

38.24 (b) A public utility must include in its application an evaluation of the potential to store  
38.25 energy in the public utility's electric system and must identify geographic areas in the public  
38.26 utility's service area where the deployment of energy storage systems has the greatest  
38.27 potential to achieve the economic benefits identified in paragraph (a), clause (3).

38.28 Subd. 4. **Commission review.** The commission shall review each proposal submitted  
38.29 under this section and may approve, reject, or modify the proposal. The commission shall  
38.30 approve a proposal it determines is in the public interest and reasonably balances the value  
38.31 derived from the deployment of an energy storage system for ratepayers and the public

39.1 utility's operations with the costs of procuring, constructing, operating, and maintaining the  
 39.2 energy storage system.

39.3 Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently  
 39.4 incurred by the public utility in deploying an energy storage system approved by the  
 39.5 commission under this section, net of any revenues generated by the operation of the energy  
 39.6 storage system.

39.7 Subd. 6. **Commission authority; orders.** The commission may issue orders necessary  
 39.8 to implement and administer this section.

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

39.10 Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

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

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

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

39.16 (3) 25 percent of the total energy used in ~~the state~~ be Minnesota is derived from renewable  
 39.17 energy resources by the year 2025; ~~and~~

39.18 (4) statewide greenhouse gas emissions from energy use in existing commercial and  
 39.19 residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the  
 39.20 most effective current energy-saving incentives programs, evaluated by participation and  
 39.21 efficacy; and (ii) development and implementation of new programs, prioritizing solutions  
 39.22 that achieve the highest overall carbon reduction; and

39.23 ~~(4)~~ (5) retail electricity rates for each customer class ~~be~~ are at least five percent below  
 39.24 the national average.

39.25 Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

39.26 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 2, the  
 39.27 following terms have the meanings given.

39.28 (b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor  
 39.29 air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat  
 39.30 exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to  
 39.31 warm or cool the refrigerant vapor.

- 40.1 (c) "Commercial building" means a building:
- 40.2 (1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of
- 40.3 services, or (ii) a restaurant; or
- 40.4 (2) that contains four or more dwelling units.
- 40.5 (d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
- 40.6 paragraph (e).
- 40.7 (e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
- 40.8 paragraph (f).
- 40.9 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision
- 40.10 1, paragraph (f).
- 40.11 (g) "Envelope" means the physical elements separating a building's interior and exterior.
- 40.12 (h) "Grantee" means a person awarded a grant by the commissioner under this section.
- 40.13 (i) "Ground-source heat pump" means an earth-coupled heating or cooling device
- 40.14 consisting of a sealed closed-loop piping system installed in the ground to transfer heat
- 40.15 between the surrounding earth and a building.
- 40.16 (j) "Institutional building" means a building with occupants that provide health care,
- 40.17 educational, or government services.
- 40.18 (k) "Preweatherization measure" means a general repair or measure that affects the health
- 40.19 or safety of residents of a dwelling unit and that is required under federal law in order for
- 40.20 weatherization services to be provided to the dwelling unit.
- 40.21 (l) "Qualified energy technology" means:
- 40.22 (1) a solar energy system;
- 40.23 (2) a measure installed in a building that results in energy efficiency or energy
- 40.24 conservation, excluding a natural gas furnace that does not function solely as a backup to
- 40.25 a primary heating system utilizing a ground-source heat pump or a cold climate air-source
- 40.26 heat pump; or
- 40.27 (3) an energy storage system.
- 40.28 (m) "Residential building" means a building containing one to three residential units.
- 40.29 (n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.



41.1 Subd. 2. **Program establishment.** A rebuild right grant program is established in the  
41.2 Department of Commerce to award grants to incorporate qualified energy technologies as  
41.3 part of the renovation or new construction of buildings damaged or destroyed by civil unrest  
41.4 in May and June 2020.

41.5 Subd. 3. **Application.** (a) An application for a grant under this section must be made to  
41.6 the commissioner on a form developed by the commissioner. The application must include:

41.7 (1) evidence substantiating the applicant's experience required under subdivision 4,  
41.8 paragraph (b);

41.9 (2) information detailing how property owners are notified that financial assistance is  
41.10 available;

41.11 (3) the geographic area within which an applicant proposes to target financial assistance;

41.12 (4) information detailing how the applicant determines whether a proposed project meets  
41.13 the applicable energy standards required under subdivision 5, and what postimplementation  
41.14 methods are used to assess whether the standards have been met;

41.15 (5) information detailing how the applicant evaluates and ranks project proposals; and

41.16 (6) any other information required by the commissioner.

41.17 (b) The commissioner must develop administrative procedures and processes to review  
41.18 applications and award grants under this section.

41.19 Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions  
41.20 and nonprofit organizations, may jointly file a single application for a grant award under  
41.21 this section.

41.22 (b) Applicants for a grant awarded under this section must have experience:

41.23 (1) analyzing the energy and economic impacts of installing qualified energy technologies  
41.24 in buildings;

41.25 (2) working with contractors to implement projects that install qualified energy  
41.26 technologies in buildings; and

41.27 (3) successfully working with small businesses, community groups, and residents of  
41.28 neighborhoods that contain a preponderance of low-income households.

41.29 Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b),  
41.30 a renovated or newly constructed commercial or institutional building awarded grant funds

42.1 under this section must meet, at a minimum, the current Sustainable Building 2030 energy  
42.2 performance standards adopted under section 216B.241, subdivision 9.

42.3 (b) A renovated or newly constructed residential building or a commercial building  
42.4 containing four or more dwelling units awarded grant funds under this section must meet,  
42.5 at a minimum, the current energy performance standards for new residential construction  
42.6 or renovations, as applicable, contained in the International Passive House Standard promoted  
42.7 by the North American Passive House Network or the United States Department of Energy's  
42.8 Zero Energy Ready Home.

42.9 Subd. 6. **Eligible properties.** A property is eligible to receive a grant awarded under  
42.10 this section if the property: (1) was damaged or destroyed by civil unrest that occurred in  
42.11 the state in May and June 2020, and (2) is being renovated or constructed to operate as a  
42.12 residential, commercial, or institutional property.

42.13 Subd. 7. **Eligible expenditures.** An appropriation made to support activities under this  
42.14 section may be used to:

42.15 (1) conduct outreach activities to:

42.16 (i) cities and business associations affected by the civil unrest that occurred in Minnesota  
42.17 in May and June 2020;

42.18 (ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

42.19 (iii) potential building owners who may receive services under the program;

42.20 (2) purchase and install qualified energy technologies in buildings;

42.21 (3) pay the reasonable costs incurred by the department to administer this section; and

42.22 (4) compensate task force members under subdivision 12.

42.23 Subd. 8. **Grant priorities.** When awarding grants under this section, the commissioner  
42.24 must give priority to applications that:

42.25 (1) commit to conduct aggressive outreach programs to provide assistance under this  
42.26 section to eligible owners of buildings:

42.27 (i) located in census tracts in which 50 percent or more of households have household  
42.28 incomes at or below 60 percent of the state median household income;

42.29 (ii) located in census tracts designated by the governor as Opportunity Zones under  
42.30 United States Code, title 26, sections 1400Z-1, et. seq.;

42.31 (iii) containing minority-owned businesses, as defined in section 116J.8737; or

- 43.1 (iv) containing women-owned businesses, as defined in section 116J.8737;  
43.2 (2) commit to employ contractors that pay employees a wage comparable to, as  
43.3 determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or  
43.4 (3) leverage additional funding to be used for the purposes of this section.

43.5 Subd. 9. **Limits.** Grant funds awarded under this section to support the renovation or  
43.6 construction of building envelopes and energy systems in commercial or institutional  
43.7 buildings may be used to pay the difference in cost between renovating or constructing a  
43.8 building's envelope or energy system to meet the current applicable energy code and the  
43.9 cost to meet the standards required under subdivision 5. The commissioner must develop  
43.10 a methodology to calculate the cost of renovating or constructing a commercial or institutional  
43.11 building's envelope and energy system to meet current applicable energy code standards,  
43.12 which must be used by a grantee to determine the amount awarded to a building owner.

43.13 Subd. 10. **Awards to building owners.** A commercial or institutional building owner  
43.14 seeking funding from a grant awarded under this section must submit an application to the  
43.15 grantee that includes:

- 43.16 (1) evidence that the building is eligible to receive a grant under this section, including  
43.17 documentation of damage done to the building;  
43.18 (2) a description of the project, including cost estimates for major project elements;  
43.19 (3) documentation that the measures funded result in the building meeting the applicable  
43.20 energy standards of subdivision 5; and  
43.21 (4) any other information required by a grantee.

43.22 Subd. 11. **Grantee reports.** Recipients of a grant awarded under this section must file  
43.23 semiannual reports with the commissioner containing:

- 43.24 (1) a list of properties where grant funds have been expended, the amount of the  
43.25 expenditures, and the nature of the energy efficiency measures and renewable energy systems  
43.26 installed;  
43.27 (2) estimated energy savings and greenhouse gas emissions reductions resulting from  
43.28 expenditures made under this section compared with estimated levels of energy use and  
43.29 greenhouse gas emissions associated with those properties in 2019; and  
43.30 (3) any other information required by the commissioner.

43.31 Subd. 12. **Advisory task force.** (a) Within 60 days of the effective date of this act, the  
43.32 commissioner must select and appoint eight members to a Rebuild Right Advisory Task

- 44.1 Force and must convene the initial meeting of the task force. The advisory task force must  
44.2 include:
- 44.3 (1) one representative of the public utility subject to section 116C.779, subdivision 1;  
44.4 (2) one representative of the Prairie Island Indian Community;  
44.5 (3) one representative of organized labor;  
44.6 (4) two representatives of organizations with expertise installing energy conservation  
44.7 measures and renewable energy programs in buildings;  
44.8 (5) one representative of organizations that advocate for energy policies addressing  
44.9 low-income households; and  
44.10 (6) two representatives of organizations representing businesses located in areas that  
44.11 experienced extensive property damage from civil unrest in Minnesota in May and June  
44.12 2020.
- 44.13 (b) Within 60 days of the effective date of this act, the state senators and state  
44.14 representatives representing Minneapolis neighborhoods that suffered extensive property  
44.15 damage from civil unrest in May and June 2020 must jointly appoint as task force members  
44.16 two residents who live in the neighborhoods where the property damage occurred.
- 44.17 (c) Within 60 days of the effective date of this act, the state senators and state  
44.18 representatives representing St. Paul neighborhoods that suffered extensive property damage  
44.19 from civil unrest in May and June 2020 must jointly appoint as task force members two  
44.20 residents who live in the neighborhoods where the property damage occurred.
- 44.21 (d) Members of the advisory task force appointed under paragraph (a), clauses (1) to  
44.22 (3), are nonvoting members. All other members are voting members.
- 44.23 (e) The Department of Commerce must serve as staff and provide administrative support  
44.24 to the advisory task force.
- 44.25 (f) The advisory task force must advise the commissioner throughout the development  
44.26 of the request for proposal and grant award process, and may recommend funding priorities  
44.27 in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory  
44.28 task force must present recommendations to the commissioner regarding the content of the  
44.29 request for proposal.
- 44.30 (g) An organization that is represented on the advisory task force must not be awarded  
44.31 a grant under this section.

45.1 (h) Notwithstanding section 15.059, subdivision 6, advisory task force members may  
45.2 be compensated as provided under section 15.059, subdivision 3.

45.3 (i) The advisory task force established under this subdivision expires two years after the  
45.4 effective date of this act.

45.5 Subd. 13. **Report.** Beginning January 15, 2022, and continuing each January 15 through  
45.6 2026, the commissioner must submit a report to the chairs and ranking minority members  
45.7 of the senate and house of representatives committees with jurisdiction over energy policy.  
45.8 The report must contain:

45.9 (1) a list of the grant awards made under this section;

45.10 (2) summaries of the grantee reports submitted under subdivision 10; and

45.11 (3) other information deemed relevant by the commissioner.

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

45.13 Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

45.14 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections  
45.15 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the  
45.16 Construction Codes Advisory Council establish a code of standards for the construction,  
45.17 reconstruction, alteration, and repair of buildings, governing matters of structural materials,  
45.18 design and construction, fire protection, health, sanitation, and safety, including design and  
45.19 construction standards regarding heat loss control, illumination, and climate control. The  
45.20 code must also include duties and responsibilities for code administration, including  
45.21 procedures for administrative action, penalties, and suspension and revocation of certification.  
45.22 The code must conform insofar as practicable to model building codes generally accepted  
45.23 and in use throughout the United States, including a code for building conservation. In the  
45.24 preparation of the code, consideration must be given to the existing statewide specialty  
45.25 codes presently in use in the state. Model codes with necessary modifications and statewide  
45.26 specialty codes may be adopted by reference. The code must be based on the application  
45.27 of scientific principles, approved tests, and professional judgment. To the extent possible,  
45.28 the code must be adopted in terms of desired results instead of the means of achieving those  
45.29 results, avoiding wherever possible the incorporation of specifications of particular methods  
45.30 or materials. To that end the code must encourage the use of new methods and new materials.  
45.31 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall  
45.32 administer and enforce the provisions of those sections.

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

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

46.13 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model  
46.14 residential energy code and the new model commercial energy code in accordance with  
46.15 federal law for which the United States Department of Energy has issued an affirmative  
46.16 determination in compliance with United States Code, title 42, section 6833. Beginning in  
46.17 2022, the commissioner shall act on the new model commercial energy code by adopting  
46.18 each new published edition of ASHRAE 90.1 or a more efficient standard, and amending  
46.19 it as necessary to achieve a minimum of eight percent energy efficiency with each edition,  
46.20 as measured against energy consumption by an average building in each applicable building  
46.21 sector in 2003. These amendments must achieve a net zero energy standard for new  
46.22 commercial buildings by 2036 and thereafter. The commissioner may adopt amendments  
46.23 prior to adoption of the new energy codes, as amended for use in Minnesota, to advance  
46.24 construction methods, technology, or materials, or, where necessary to protect the health,  
46.25 safety, and welfare of the public, or to improve the efficiency or use of a building.

46.26 **Sec. 28. SUPPLEMENTING WEATHERIZATION SERVICES.**

46.27 (a) The state may implement preweatherization measures and qualified energy  
46.28 technologies in dwelling units of low-income households that are: (1) receiving  
46.29 weatherization services delivered under the federal Weatherization Assistance Program  
46.30 authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in  
46.31 neighborhoods adjacent to areas that experienced property damage resulting from civil  
46.32 unrest in May and June 2020, as determined by the commissioner of commerce.

46.33 (b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance  
46.34 provided under this section.

47.1 (c) The commissioner of commerce may require the design heating load of a dwelling  
47.2 unit receiving assistance under this section to be no more than 12 British Thermal Units per  
47.3 hour per square foot after all preweatherization measures financed under this section,  
47.4 qualified energy technologies financed under this section, and weatherization measures  
47.5 provided under the federal weatherization program are implemented.

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

47.7 Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF**  
47.8 **WEATHERIZATION SERVICES.**

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

47.11 (b) "Commissioner" means the commissioner of commerce.

47.12 (c) "Weatherization Assistance Program" means the federal program described in Code  
47.13 of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households  
47.14 to cost-effectively reduce energy use.

47.15 (d) "Weatherization service providers" means the network of contracted entities that  
47.16 administer the Weatherization Assistance Program.

47.17 (e) "Weatherization assistance services" means the energy conservation measures installed  
47.18 in households under the Weatherization Assistance Program.

47.19 Subd. 2. **Establishment.** A task force is established to explore ways to expand existing  
47.20 funding sources and identify potential new funding sources in order to increase the number  
47.21 of low-income Minnesota households served or the scope of services provided by the  
47.22 Weatherization Assistance Program.

47.23 Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint  
47.24 members to the task force representing the following stakeholders:

47.25 (1) a statewide association representing Weatherization Assistance Program providers;

47.26 (2) individual Weatherization Assistance Program service providers;

47.27 (3) investor-owned utilities;

47.28 (4) electric cooperatives and municipal utilities;

47.29 (5) low-income energy advocates;

47.30 (6) Tribal nations; and

48.1 (7) delivered fuel dealers.

48.2 (b) Task force members serve without compensation.

48.3 (c) The commissioner must fill task force vacancies to maintain the representation  
48.4 required under paragraph (a).

48.5 Subd. 4. **Meetings; officers.** (a) The commissioner must convene the first meeting of  
48.6 the task force no later than August 15, 2021.

48.7 (b) At the task force's first meeting, the task force must elect a chair and vice-chair from  
48.8 among its members and may elect other officers as necessary.

48.9 (c) The task force must meet according to a schedule determined by the task force, and  
48.10 may also meet at the call of the chair. The task force must meet as often as necessary to  
48.11 accomplish the duties listed under subdivision 5.

48.12 (d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes,  
48.13 chapter 13D.

48.14 Subd. 5. **Duties.** The task force must:

48.15 (1) develop a strategy to reduce, each year, a targeted number of eligible households  
48.16 denied weatherization services due to unaddressed health, environmental, or structural  
48.17 hazards in the home;

48.18 (2) explore new sources of funding in order to increase the number of households  
48.19 receiving weatherization assistance services;

48.20 (3) analyze existing program models in other states that offer services that complement  
48.21 the Weatherization Assistance Program;

48.22 (4) analyze the current distribution of weatherization services across ethnic groups,  
48.23 among different regions of Minnesota, in urban, suburban, and rural areas, and with respect  
48.24 to other demographic factors in order to determine how to distribute weatherization services  
48.25 more equitably throughout Minnesota;

48.26 (5) discuss how additional funding would impact the ability of weatherization assistance  
48.27 service providers to provide weatherization assistance services to more eligible households;

48.28 (6) identify services that a supplemental funding program could provide to address  
48.29 necessary repairs to homes that the federal Weatherization Assistance Program requires  
48.30 before weatherization assistance is provided, but which cannot be funded with federal  
48.31 Weatherization Assistance Program funds; and



49.1 (7) examine other related issues the task force deems relevant.

49.2 Subd. 6. **Administrative support.** The commissioner must provide administrative  
49.3 support and physical or virtual meeting space needed to complete the task force's work.

49.4 Subd. 7. **Report.** No later than February 1, 2022, the task force must submit a report on  
49.5 its findings and recommendations to the chairs and ranking minority members of the senate  
49.6 and house of representatives committees with jurisdiction over energy. The report must  
49.7 include recommendations for legislation to supplement funding for the Weatherization  
49.8 Assistance Program.

49.9 Subd. 8. **Expiration.** This section expires April 15, 2022.

49.10 **EFFECTIVE DATE.** This section is effective July 1, 2021.

49.11 Sec. 30. **TRANSFER.**

49.12 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),  
49.13 \$5,000,000 in fiscal year 2022 and \$5,000,000 in fiscal year 2023 are transferred from the  
49.14 renewable development account established under Minnesota Statutes, section 116C.779,  
49.15 subdivision 1, to the commissioner of administration for deposit in the state building energy  
49.16 conservation improvement account established in Minnesota Statutes, section 16B.86, for  
49.17 the purpose of providing loans to state agencies for energy conservation projects under  
49.18 Minnesota Statutes, section 16B.87.

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

49.20 Sec. 31. **APPROPRIATION.**

49.21 Subdivision 1. **Building energy codes.** \$146,000 in fiscal year 2023 is appropriated  
49.22 from the general fund to the commissioner of labor and industry for the purpose of  
49.23 implementing new commercial energy codes, as described in Minnesota Statutes, section  
49.24 326B.106, subdivision 1. This is a onetime appropriation.

49.25 Subd. 2. **Rebuild right grants.** Notwithstanding Minnesota Statutes, section 116C.779,  
49.26 subdivision 1, paragraph (j), \$3,000,000 in fiscal year 2022 is appropriated from the  
49.27 renewable development account established under Minnesota Statutes, section 116C.779,  
49.28 subdivision 1, to the commissioner of commerce for the purpose of awarding rebuild right  
49.29 grants to building owners, as described in Minnesota Statutes, section 216C.402. This is a  
49.30 onetime appropriation.

49.31 **EFFECTIVE DATE.** This section is effective July 1, 2021.

50.1 Sec. 32. **REPEALER.**

50.2 Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are  
50.3 repealed.

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

50.5 **ARTICLE 2**  
50.6 **ENERGY TRANSITION**

50.7 Section 1. **[116J.5491] ENERGY TRANSITION OFFICE.**

50.8 Subdivision 1. Definitions. (a) For purposes of sections 116J.5491 to 116J.5493, the  
50.9 following terms have the meanings given.

50.10 (b) "Impacted facility" means an electric generating unit that is or was owned by a public  
50.11 utility, as defined in section 216B.02, subdivision 4, and that:

50.12 (1) is currently operating and is scheduled to cease operations or whose cessation of  
50.13 operations has been proposed in an integrated resource plan filed with the Public Utilities  
50.14 Commission under section 216B.2422; or

50.15 (2) ceased operations or was removed from the local property tax base no earlier than  
50.16 five years before the effective date of this act.

50.17 (c) "Impacted community" means a municipality, Tribal government, or county in which  
50.18 an impacted facility is located.

50.19 (d) "Impacted worker" means a Minnesota resident:

50.20 (1) employed at an impacted facility and who is facing the loss of that employment as  
50.21 a result of the impacted facility's retirement; or

50.22 (2) employed by a company that, under contract, regularly performs construction,  
50.23 maintenance, or repair work at an impacted facility, and who is facing the loss of that  
50.24 employment or of work opportunities as a result of the impacted facility's retirement.

50.25 Subd. 2. Office established; director. (a) The Energy Transition Office is established  
50.26 in the Department of Employment and Economic Development.

50.27 (b) The director of the Energy Transition Office is appointed by the governor. The  
50.28 director must be qualified by experience in issues related to energy, economic development,  
50.29 and the environment.

51.1 (c) The office may employ staff necessary to carry out its duties as required in this  
51.2 section.

51.3 Subd. 3. Purpose. The purpose of the office is to:

51.4 (1) address economic dislocations experienced by impacted workers after an impacted  
51.5 facility is retired;

51.6 (2) implement recommendations of the Minnesota energy transition plan developed in  
51.7 section 116J.5493;

51.8 (3) improve communication among local, state, federal, and private entities regarding  
51.9 impacted facility retirement planning and implementation;

51.10 (4) address local tax and fiscal issues related to the impacted facility's retirement and  
51.11 develop strategies to reduce economic dislocations of impacted communities and impacted  
51.12 workers; and

51.13 (5) assist the establishment and implementation of economic support programs, including  
51.14 but not limited to property tax revenue replacement, community energy transition programs,  
51.15 and economic development tools for impacted communities and impacted workers.

51.16 Subd. 4. Duties. The office is authorized to:

51.17 (1) administer programs to support impacted communities and impacted workers;

51.18 (2) coordinate resources at local, state, and federal levels to support impacted communities  
51.19 and impacted workers that are subject to significant economic transition;

51.20 (3) coordinate the development of a statewide policy on impacted communities and  
51.21 impacted workers;

51.22 (4) deliver programs and resources to impacted communities and impacted workers;

51.23 (5) support impacted workers through establishing benefits and educating impacted  
51.24 workers on applying for benefits;

51.25 (6) act as a liaison among impacted communities, impacted workers, and state agencies;

51.26 (7) assist state agencies to address local tax, land use, economic development, and fiscal  
51.27 issues related to an impacted facility's retirement and develop strategies to support impacted  
51.28 communities and impacted workers;

51.29 (8) review existing programs supporting impacted workers and identify gaps that need  
51.30 to be addressed;

51.31 (9) support the activities of the energy transition advisory committee members;

- 52.1 (10) monitor transition efforts in other states and localities;
- 52.2 (11) identify impacted facility closures and estimate job losses and the effect on impacted
- 52.3 communities and impacted workers;
- 52.4 (12) maintain communication regarding closure dates with all affected parties; and
- 52.5 (13) monitor and participate in administrative proceedings that affect the office's activities,
- 52.6 including matters before the Public Utilities Commission, the Department of Commerce,
- 52.7 and the Department of Revenue, and other entities.

52.8 Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy

52.9 Transition Office must submit a written report to the chairs and ranking minority members

52.10 of the legislative committees with jurisdiction over energy, economic development, and tax

52.11 policy and finance on the office's activities during the previous year.

52.12 (b) The report must contain:

- 52.13 (1) a list of impacted facility closures, projected associated job losses, and the effect on
- 52.14 impacted communities and impacted workers;
- 52.15 (2) recommendations to support impacted communities and impacted workers;
- 52.16 (3) information on the administration of assistance programs administered by the office;
- 52.17 and
- 52.18 (4) updates on implementation of the Minnesota energy transition plan.

52.19 Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of

52.20 the state that constitute donations to the state. Funds received under this subdivision are

52.21 appropriated to the commissioner of employment and economic development to support

52.22 the purposes of the office.

52.23 Sec. 2. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

52.24 Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is

52.25 established to develop a statewide energy transition plan and to advise the governor, the

52.26 commissioner, and the legislature on transition issues, established transition programs,

52.27 economic initiatives, and transition policy.

52.28 Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and

52.29 six ex officio nonvoting members.

52.30 (b) The voting members of the advisory committee are appointed by the commissioner

52.31 of employment and economic development, except as specified below:

- 53.1 (1) two members of the senate, one appointed by the majority leader of the senate and  
53.2 one appointed by the minority leader of the senate;
- 53.3 (2) two members of the house of representatives, one appointed by the speaker of the  
53.4 house of representatives and one appointed by the minority leader of the house of  
53.5 representatives;
- 53.6 (3) one representative of the Prairie Island Indian community;
- 53.7 (4) four representatives of impacted communities, of which two must represent counties  
53.8 and two must represent municipalities, and, to the extent possible, of the impacted facilities  
53.9 in those communities, at least one must be a coal plant, at least one must be a nuclear plant,  
53.10 and at least one must be a natural gas plant;
- 53.11 (5) three representatives of impacted workers at impacted facilities;
- 53.12 (6) one representative of impacted workers employed by companies that, under contract,  
53.13 regularly perform construction, maintenance, or repair work at an impacted facility;
- 53.14 (7) one representative with professional economic development or workforce retraining  
53.15 experience;
- 53.16 (8) two representatives of utilities that operate an impacted facility;
- 53.17 (9) one representative from a nonprofit organization with expertise and experience  
53.18 delivering energy efficiency and conservation programs; and
- 53.19 (10) one representative from the Coalition of Utility Cities.
- 53.20 (c) The ex officio nonvoting members of the advisory committee consist of:
- 53.21 (1) the governor or the governor's designee;
- 53.22 (2) the commissioner of employment and economic development or the commissioner's  
53.23 designee;
- 53.24 (3) the commissioner of labor and industry or the commissioner's designee;
- 53.25 (4) the commissioner of revenue or the commissioner's designee;
- 53.26 (5) the executive secretary of the Public Utilities Commission or the secretary's designee;  
53.27 and
- 53.28 (6) the commissioner of the Pollution Control Agency or the commissioner's designee.
- 53.29 Subd. 3. **Initial appointments and first meeting.** The appointing authorities must  
53.30 appoint the members of the advisory committee by August 1, 2021. The commissioner of

54.1 employment and economic development must convene the first meeting by September 1,  
54.2 2021, and must act as chair until the advisory committee elects a chair at its first meeting.

54.3 Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among its voting  
54.4 members for terms of two years.

54.5 Subd. 5. **Open meetings.** Advisory committee meetings are subject to Minnesota Statutes,  
54.6 chapter 13D.

54.7 Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from  
54.8 discussing or voting on issues relating to an organization in which the member has either a  
54.9 direct or indirect financial interest.

54.10 Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants  
54.11 on behalf of the state and that constitute donations to the state. Funds received under this  
54.12 subdivision are appropriated to the commissioner of employment and economic development  
54.13 to support the activities of the advisory committee.

54.14 Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition  
54.15 plan is submitted to the governor and the legislature. The chair may call additional meetings  
54.16 as necessary.

54.17 Subd. 9. **Staff.** The Department of Employment and Economic Development shall serve  
54.18 as staff for the advisory committee.

54.19 Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition  
54.20 legacy plan required under section 116J.5493 is submitted to the legislature and the governor.

54.21 Sec. 3. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

54.22 (a) By July 1, 2022, the Energy Transition Advisory Committee established in section  
54.23 116J.5492 must submit a statewide energy transition plan to the governor and the chairs  
54.24 and ranking minority members of the legislative committees having jurisdiction over  
54.25 economic development and energy.

54.26 (b) The energy transition plan must, at a minimum, for each impacted facility:

54.27 (1) identify the timing and location of impacted facility retirements and projected job  
54.28 losses in communities;

54.29 (2) analyze the estimated fiscal impact of impacted facility retirements on local  
54.30 governments;

55.1 (3) describe the statutes and administrative processes that govern how retired utility  
55.2 property impacts a local government tax base;

55.3 (4) review existing state programs that might support impacted communities and impacted  
55.4 workers, and a projection of how effective or ineffective the programs might be in responding  
55.5 to the effects of impacted facility retirements; and

55.6 (5) recommend how to effectively respond to the economic effects of impacted facility  
55.7 retirements.

55.8 **Sec. 4. [116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.**

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

55.11 (b) "Task force" means the advisory task force of the Minnesota Innovation Finance  
55.12 Authority.

55.13 (c) "Authority" means the Minnesota Innovation Finance Authority.

55.14 (d) "Clean energy project" has the meaning given to "qualified project" in paragraph  
55.15 (k), clauses (1) to (4).

55.16 (e) "Credit enhancement" means a pool of capital set aside to cover potential losses on  
55.17 loans made by private lenders, including but not limited to loan loss reserves and loan  
55.18 guarantees.

55.19 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision  
55.20 1, paragraph (f).

55.21 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into  
55.22 electricity through electrochemical reactions.

55.23 (h) "Greenhouse gas emissions" has the meaning given to "statewide greenhouse gas  
55.24 emissions" in section 216H.01, subdivision 2.

55.25 (i) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if  
55.26 a customer defaults on a loan, up to an agreed upon percentage of loans originated by the  
55.27 private lender.

55.28 (j) "Microgrid system" means an electrical grid serving a discrete geographical area  
55.29 from distributed energy resources that can operate independently from the central electric  
55.30 grid on a temporary basis.

55.31 (k) "Qualified project" means:

- 56.1 (1) a project, technology, product, service, or measure that:
- 56.2 (i) reduces energy use while providing the same level and quality of service or output
- 56.3 obtained before the application of the project;
- 56.4 (ii) shifts the use of electricity by retail customers in response to changes in the price of
- 56.5 electricity that vary over time, or other incentives designed to shift electricity demand from
- 56.6 times when market prices are high or when system reliability is jeopardized; or
- 56.7 (iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions
- 56.8 produced before application of the project, excluding projects that generate power from the
- 56.9 combustion of fossil fuels;
- 56.10 (2) the development, construction, deployment, alteration, or repair of any:
- 56.11 (i) project, technology, product, service, or measure that generates electric power from
- 56.12 renewable energy; or
- 56.13 (ii) distributed generation system, energy storage system, smart grid technology, microgrid
- 56.14 system, fuel cell system, or combined heat and power system;
- 56.15 (3) the installation, construction, or use of end-use electric technology that replaces
- 56.16 existing fossil fuel-based technology;
- 56.17 (4) a project, technology, product, service, or measure that supports the development
- 56.18 and deployment of electric vehicle charging stations and associated infrastructure;
- 56.19 (5) agriculture projects that reduce net greenhouse gas emissions or improve climate
- 56.20 resiliency, including but not limited to reforestation, afforestation, forestry management,
- 56.21 and regenerative agriculture;
- 56.22 (6) the construction or enhancement of infrastructure that is planned, designed, and
- 56.23 operated in a manner that anticipates, prepares for, and adapts to current and projected
- 56.24 changing climate conditions so that the infrastructure withstands, responds to, and more
- 56.25 readily recovers from disruptions caused by the current and projected changing climate
- 56.26 conditions; and
- 56.27 (7) the development, construction, deployment, alteration, or repair of any project,
- 56.28 technology, product, service, or measure that:
- 56.29 (i) reduces water use while providing the same or better level and quality of service or
- 56.30 output that was obtained before implementing the water-saving approach; or



57.1 (ii) protects, restores, or preserves the quality of groundwater and surface waters,  
57.2 including but not limited to actions that further the purposes of the Clean Water Legacy  
57.3 Act, as provided in section 114D.10, subdivision 1.

57.4 (l) "Regenerative agriculture" means the deployment of farming methods that reduce  
57.5 agriculture's contribution to climate change by increasing the soil's ability to absorb  
57.6 atmospheric carbon and convert the atmospheric carbon to soil carbon.

57.7 (m) "Renewable energy" means energy generated from the following sources:

57.8 (1) solar;

57.9 (2) wind;

57.10 (3) geothermal;

57.11 (4) hydro;

57.12 (5) trees or other vegetation;

57.13 (6) anaerobic digestion of organic waste streams; and

57.14 (7) fuel cells using energy sources listed in this paragraph.

57.15 (n) "Smart grid" means a digital technology that allows for two-way communication  
57.16 between a utility and the utility's customers that enables the utility to control power flow  
57.17 and load in real time.

57.18 Subd. 2. **Establishment; purpose.** (a) By October 15, 2021, the Minnesota Innovation  
57.19 Finance Authority Task Force established in this section must establish the Minnesota  
57.20 Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek  
57.21 designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal  
57.22 Revenue Code of 1986, as amended.

57.23 (b) When incorporated, the authority's purpose is to accelerate the deployment of clean  
57.24 energy and other qualified projects by reducing the upfront and total cost of adoption, which  
57.25 the authority achieves by leveraging existing public sources and additional private sources  
57.26 of capital through the strategic deployment of public funds in the form of loans, credit  
57.27 enhancements, and other financing mechanisms. The initial directors of the nonprofit  
57.28 corporation must include at least a majority of the members of the task force and must  
57.29 include the commissioner of commerce or the commissioner's designee and the commissioner  
57.30 of employment and economic development or the commissioner's designee. The task force  
57.31 must engage independent legal counsel with relevant experience in nonprofit corporation  
57.32 law and clean energy financing.

58.1 (c) The Minnesota Innovation Finance Authority must:

58.2 (1) identify underserved markets for qualified projects in Minnesota, develop programs  
58.3 to overcome market impediments, and provide access to financing to serve the projects and  
58.4 underserved markets;

58.5 (2) strategically use authority funds to leverage private investment in qualified projects,  
58.6 achieving a high ratio of private to public funds invested through funding mechanisms that  
58.7 support, enhance, and complement private investment;

58.8 (3) coordinate with existing government- and utility-based programs to make the most  
58.9 efficient use of the authority's funds, ensure that financing terms and conditions offered are  
58.10 well-suited to qualified projects, and ensure the authority's activities add to and complement  
58.11 the efforts of these partners;

58.12 (4) stimulate demand for qualified projects by serving as a single point of access for a  
58.13 customer to obtain technical information on energy conservation and renewable energy  
58.14 measures, for contractors who install energy conservation and renewable energy measures,  
58.15 and for financing to reduce the upfront and total costs to borrowers, including through:

58.16 (i) serving as a clearinghouse for information about federal, state, and utility financial  
58.17 assistance for qualifying projects in targeted underserved markets, including coordinating  
58.18 efforts with the energy conservation programs administered by the customer's utility under  
58.19 section 216B.241 and other programs offered to low-income households;

58.20 (ii) forming partnerships with contractors and educating contractors regarding the  
58.21 authority's financing programs;

58.22 (iii) coordinating multiple contractors on projects that install multiple qualifying  
58.23 technologies; and

58.24 (iv) developing innovative marketing strategies to stimulate project owner interest in  
58.25 targeted underserved markets;

58.26 (5) develop rules, policies, and procedures specifying borrower eligibility and other  
58.27 terms and conditions of financial support offered by the authority;

58.28 (6) develop consumer protection standards governing the authority's investments to  
58.29 ensure the authority and partners provide financial support in a responsible and transparent  
58.30 manner that is in the financial interest of participating project owners;

58.31 (7) develop and administer policies to collect reasonable fees for authority services that  
58.32 are sufficient to support ongoing authority activities;

59.1 (8) develop and adopt a workplan to accomplish all of the activities required of the  
59.2 authority, and update the workplan on an annual basis; and

59.3 (9) establish and maintain a comprehensive website providing access to all authority  
59.4 programs and financial products, including rates, terms, and conditions of all financing  
59.5 support programs, unless disclosure of the information constitutes a trade secret or  
59.6 confidential commercial or financial information.

59.7 Subd. 3. **Additional authorized activities.** The authority is authorized to:

59.8 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter  
59.9 317A;

59.10 (2) develop and employ the following financing methods to support qualified projects:

59.11 (i) credit enhancement mechanisms that reduce financial risk for private lenders by  
59.12 providing assurance that a limited portion of a loan is assumed by the authority by means  
59.13 of a loan loss reserve, loan guarantee, or other mechanism;

59.14 (ii) co-investment, in which the authority invests directly in a clean energy project  
59.15 through the provision of senior or subordinated debt, equity, or other mechanisms in  
59.16 conjunction with a private financier's investment; and

59.17 (iii) serve as an aggregator of many small and geographically dispersed qualified projects,  
59.18 in which the authority may provide direct lending, investment, or other financial support in  
59.19 order to diversify risk;

59.20 (3) serve as the designated state entity to apply for and accept federal funds authorized  
59.21 by Congress under a federal climate bank, federal green bank, or other similar entity, provided  
59.22 that the commissioner of commerce authorizes the application; and

59.23 (4) seek to qualify as a Community Development Financial Institution under United  
59.24 States Code, title 12, section 4702, in which case the authority must be treated as a qualified  
59.25 community development entity for the purposes of sections 45D and 1400(m) of the Internal  
59.26 Revenue Code.

59.27 Subd. 4. **Task force; membership.** (a) The task force of the Minnesota Innovation  
59.28 Finance Authority is established and consists of nine members as follows:

59.29 (1) the commissioner of commerce or the commissioner's designee;

59.30 (2) the commissioner of employment and economic development or the commissioner's  
59.31 designee;

59.32 (3) three additional members appointed by the governor;

60.1 (4) two additional members appointed by the speaker of the house of representatives;  
60.2 and

60.3 (5) two additional members appointed by the president of the senate.

60.4 (b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must  
60.5 have expertise in matters relating to energy conservation, clean energy, economic  
60.6 development, banking, law, finance, or other matters relevant to the work of the task force.  
60.7 When appointing a member to the task force, consideration must be given to whether the  
60.8 task force members collectively reflect the geographical and ethnic diversity of Minnesota.

60.9 (c) Task force members must be appointed by August 15, 2021.

60.10 (d)The task force shall expire when the authority is established as a nonprofit corporation  
60.11 under chapter 317A.

60.12 Subd. 5. **Report.** By June 30, 2022, and by June 30 each year thereafter, the authority  
60.13 must submit a comprehensive annual report on the authority's activities to the governor and  
60.14 to the chairs and ranking minority members of the legislative committees with primary  
60.15 jurisdiction over energy policy. The report must contain, at a minimum, information on:

60.16 (1) the amount of authority capital invested, by project type;

60.17 (2) the amount of private capital leveraged as a result of authority investments, by project  
60.18 type;

60.19 (3) the number of qualified projects supported, by project type, and location within  
60.20 Minnesota;

60.21 (4) the estimated number of jobs created and tax revenue generated as a result of the  
60.22 authority's activities;

60.23 (5) the number of clean energy projects financed in low- and moderate-income  
60.24 households; and

60.25 (6) the authority's financial statements.

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

60.27 Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

60.28 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers  
60.29 under this chapter to determine just and reasonable rates for public utilities, shall give due  
60.30 consideration to the public need for adequate, efficient, and reasonable service and to the  
60.31 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing

61.1 the service, including adequate provision for depreciation of its utility property used and  
 61.2 useful in rendering service to the public, and to earn a fair and reasonable return upon the  
 61.3 investment in such property. In determining the rate base upon which the utility is to be  
 61.4 allowed to earn a fair rate of return, the commission shall give due consideration to evidence  
 61.5 of the cost of the property when first devoted to public use, to prudent acquisition cost to  
 61.6 the public utility less appropriate depreciation on each, to construction work in progress, to  
 61.7 offsets in the nature of capital provided by sources other than the investors, and to other  
 61.8 expenses of a capital nature. For purposes of determining rate base, the commission shall  
 61.9 consider the original cost of utility property included in the base and shall make no allowance  
 61.10 for its estimated current replacement value. If the commission orders a generating facility  
 61.11 to terminate its operations before the end of the facility's physical life in order to comply  
 61.12 with a specific state or federal energy ~~statute~~ or policy, the commission may allow the public  
 61.13 utility to recover any positive net book value of the facility as determined by the commission.

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

61.15 Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

61.16 Subd. 13. **Economic and community development.** The commission may allow a  
 61.17 public utility to recover from ratepayers the reasonable expenses incurred (1) for economic  
 61.18 and community development, and (2) to employ local workers to construct and maintain  
 61.19 generation facilities that supply power to the utility's customers.

61.20 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
 61.21 initiated at the Public Utilities Commission on or after that date.

61.22 Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

61.23 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public  
 61.24 Utilities Commission shall approve or disapprove power purchase contracts, investments,  
 61.25 or expenditures entered into or made by the utility to satisfy the wind and biomass mandates  
 61.26 contained in sections 216B.169, 216B.2423, and 216B.2424, ~~and~~ to satisfy the renewable  
 61.27 and solar energy objectives and standards set forth in section 216B.1691, and to provide  
 61.28 additional clean energy resources beyond the proportions required by those mandates and  
 61.29 standards, including reasonable investments and expenditures, net of revenues, made to:

61.30 (1) transmit the electricity generated from sources developed under those sections that  
 61.31 is ultimately used to provide service to the utility's retail customers, including studies  
 61.32 necessary to identify new transmission facilities needed to transmit electricity to Minnesota  
 61.33 retail customers from generating facilities constructed to satisfy the renewable energy

62.1 objectives and standards, provided that the costs of the studies have not been recovered  
62.2 previously under existing tariffs and the utility has filed an application for a certificate of  
62.3 need or for certification as a priority project under section 216B.2425 for the new  
62.4 transmission facilities identified in the studies;

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

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

62.8 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
62.9 initiated at the Public Utilities Commission on or after that date.

62.10 Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

62.11 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the  
62.12 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section  
62.13 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and  
62.14 maintain generation facilities that supply power to the utility's customers are recoverable  
62.15 from the ratepayers of the utility, to the extent ~~they~~ the expenses or expenditures are not  
62.16 offset by utility revenues attributable to the contracts, investments, or expenditures, and if  
62.17 the expenses or expenditures are deemed reasonable by the commission. Upon petition by  
62.18 a public utility, the commission shall approve or approve as modified a rate schedule  
62.19 providing for the automatic adjustment of charges to recover the expenses or costs approved  
62.20 by the commission under subdivision 1, which, in the case of transmission expenditures,  
62.21 are limited to the portion of actual transmission costs that are directly allocable to the need  
62.22 to transmit power from the renewable sources of energy. The commission may not approve  
62.23 recovery of the costs for that portion of the power generated from sources governed by this  
62.24 section that the utility sells into the wholesale market.

62.25 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
62.26 initiated at the Public Utilities Commission on or after that date.

62.27 Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

62.28 Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy  
62.29 technology" means an energy technology that generates electricity from the following  
62.30 renewable energy sources:

62.31 (1) solar;

62.32 (2) wind;

63.1 (3) hydroelectric with a capacity of less than 100 megawatts;

63.2 (4) hydrogen, ~~provided that after January 1, 2010, the hydrogen must be generated from~~  
63.3 the resources listed in this paragraph; or

63.4 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester  
63.5 system; the predominantly organic components of wastewater effluent, sludge, or related  
63.6 by-products from publicly owned treatment works, but not including incineration of  
63.7 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an  
63.8 energy recovery facility used to capture the heat value of mixed municipal solid waste or  
63.9 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

63.10 (b) "Electric utility" means a public utility providing electric service, a generation and  
63.11 transmission cooperative electric association, a municipal power agency, or a power district.

63.12 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by  
63.13 an electric utility to retail customers of the electric utility or to a distribution utility for  
63.14 distribution to the retail customers of the distribution utility. "Total retail electric sales"  
63.15 does not include the sale of hydroelectricity supplied by a federal power marketing  
63.16 administration or other federal agency, regardless of whether the sales are directly to a  
63.17 distribution utility or are made to a generation and transmission utility and pooled for further  
63.18 allocation to a distribution utility.

63.19 (d) "Carbon-free" means a technology that generates electricity without emitting carbon  
63.20 dioxide.

63.21 (e) "Area of concern for environmental justice" means an area in Minnesota that, based  
63.22 on the most recent data published by the United States Census Bureau, meets one or more  
63.23 of the following conditions:

63.24 (1) 50 percent or more of the population is nonwhite;

63.25 (2) 40 percent or more of the households have an income at or below 185 percent of the  
63.26 federal poverty level; or

63.27 (3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

63.29 Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision  
63.30 to read:

63.31 Subd. 1a. **Exception; solid waste incinerators.** (a) An energy recovery facility used to  
63.32 capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed

64.1 municipal solid waste as a primary fuel is not an eligible energy technology, as defined in  
 64.2 subdivision 1, if:

64.3 (1) air pollutants emitted by the facility are deposited in an environmental justice area;  
 64.4 and

64.5 (2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

64.6 (b) For the purposes of this subdivision, "environmental justice area" means an area in  
 64.7 Minnesota that, based on the most recent data published by the United States Census Bureau,  
 64.8 meets one or more of the following conditions:

64.9 (1) 50 percent or more of the population is nonwhite;

64.10 (2) 40 percent or more of the households have an income at or below 185 percent of the  
 64.11 federal poverty level; or

64.12 (3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

64.14 Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

64.15 Subd. 2a. **Eligible energy technology standard.** ~~(a) Except as provided in paragraph~~  
 64.16 ~~(b);~~ Each electric utility shall generate or procure sufficient electricity generated by an  
 64.17 eligible energy technology to provide its retail customers in Minnesota, or the retail customers  
 64.18 of a distribution utility to which the electric utility provides wholesale electric service, so  
 64.19 that at least the following standard percentages of the electric utility's total retail electric  
 64.20 sales to retail customers in Minnesota are generated by eligible energy technologies by the  
 64.21 end of the year indicated:

64.22 (1) 2012 12 percent

64.23 (2) 2016 17 percent

64.24 (3) 2020 20 percent

64.25 (4) 2025 ~~25~~ 40 percent.

64.26 (5) 2035 55 percent.

64.27 ~~(b) An electric utility that owned a nuclear generating facility as of January 1, 2007,~~  
 64.28 ~~must meet the requirements of this paragraph rather than paragraph (a). An electric utility~~  
 64.29 ~~subject to this paragraph must generate or procure sufficient electricity generated by an~~  
 64.30 ~~eligible energy technology to provide its retail customers in Minnesota or the retail customer~~  
 64.31 ~~of a distribution utility to which the electric utility provides wholesale electric service so~~  
 64.32 ~~that at least the following percentages of the electric utility's total retail electric sales to~~



65.1 ~~retail customers in Minnesota are generated by eligible energy technologies by the end of~~  
65.2 ~~the year indicated:~~

65.3 ~~(1) 2010 15 percent~~

65.4 ~~(2) 2012 18 percent~~

65.5 ~~(3) 2016 25 percent~~

65.6 ~~(4) 2020 30 percent.~~

65.7 ~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind~~  
65.8 ~~energy conversion systems and the remaining five percent by other eligible energy~~  
65.9 ~~technology. Of the 25 percent that must be generated by wind or solar, no more than one~~  
65.10 ~~percent may be solar generated and the remaining 24 percent or greater must be wind~~  
65.11 ~~generated.~~

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

65.13 Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

65.14 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay  
65.15 the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in  
65.16 part, if the commission determines it is in the public interest to do so. The commission,  
65.17 when requested to modify or delay implementation of a standard, must consider:

65.18 (1) the impact of implementing the standard on its customers' utility costs, including the  
65.19 economic and competitive pressure on the utility's customers;

65.20 (2) the environmental costs that would be incurred as a result of a delay or modification,  
65.21 based on the full range of environmental cost values established in section 216B.2422,  
65.22 subdivision 3;

65.23 ~~(2)~~ (3) the effects of implementing the standard on the reliability of the electric system;

65.24 ~~(3)~~ (4) technical advances or technical concerns;

65.25 ~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting  
65.26 or other permitting approvals;

65.27 ~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or  
65.28 commercial operation of an eligible energy technology facility;

65.29 ~~(6)~~ (7) transmission constraints preventing delivery of service; ~~and~~

65.30 ~~(7)~~ (8) other statutory obligations imposed on the commission or a utility; and

65.31 (9) impacts on areas of concern for environmental justice.

66.1 The commission may modify or delay implementation of a standard obligation under  
 66.2 clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact,  
 66.3 requires significant measures to address reliability, or raises significant technical issues.

66.4 The commission may modify or delay implementation of a standard obligation under clauses  
 66.5 ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due  
 66.6 to circumstances beyond an electric utility's control and make compliance not feasible.

66.7 (b) When evaluating transmission capacity constraints under paragraph (a), clause (7),  
 66.8 the commission must consider whether the utility has:

66.9 (1) undertaken reasonable measures under the utility's control and consistent with the  
 66.10 utility's obligations under local, state, and federal laws and regulations, and the utility's  
 66.11 obligations as a member of a regional transmission organization or independent system  
 66.12 operator, to acquire sites, necessary permit approvals, and necessary equipment to develop  
 66.13 and construct new transmission lines or upgrade existing transmission lines to transmit  
 66.14 electricity generated by eligible energy technologies; and

66.15 (2) taken all reasonable operational measures to maximize cost-effective electricity  
 66.16 delivery from eligible energy technologies in advance of transmission availability.

66.17 ~~(b)~~ (c) When considering whether to delay or modify implementation of a standard  
 66.18 obligation, the commission must give due consideration to a preference for electric generation  
 66.19 through use of eligible energy technology and to the achievement of the standards set by  
 66.20 this section.

66.21 ~~(c)~~ (d) An electric utility requesting a modification or delay in the implementation of a  
 66.22 standard must file a plan to comply with its standard obligation in the same proceeding ~~that~~  
 66.23 in which it is requesting requests the delay.

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

66.25 Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

66.26 Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing  
 66.27 the criteria and standards ~~by which it will~~ used to measure an electric utility's efforts to meet  
 66.28 the renewable energy ~~objectives of subdivision 2~~ standards under subdivisions 2a, 2f, and  
 66.29 2g, and to determine whether the utility is making the required good faith effort achieving  
 66.30 the standards. In this order, the commission shall include criteria and standards that protect  
 66.31 against undesirable impacts on the reliability of the utility's system and economic impacts  
 66.32 on the utility's ratepayers and that consider technical feasibility.

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

67.1 Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

67.2 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must  
67.3 submit to the commission and the legislative committees with primary jurisdiction over  
67.4 energy policy a report containing an estimation of the rate impact of activities of the electric  
67.5 utility necessary to comply with this section. In consultation with the Department of  
67.6 Commerce, the commission shall determine a uniform reporting system to ensure that  
67.7 individual utility reports are consistent and comparable, and shall, by order, require each  
67.8 electric utility subject to this section to use that reporting system. The rate impact estimate  
67.9 must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall  
67.10 also be for the impact on the electric utility's retail rates. Those activities include, without  
67.11 limitation, energy purchases, generation facility acquisition and construction, and  
67.12 transmission improvements. ~~An initial report must be submitted within 150 days of May~~  
67.13 ~~28, 2011. After the initial report,~~ A report must be updated and submitted as part of each  
67.14 integrated resource plan or plan modification filed by the electric utility under section  
67.15 216B.2422. The reporting obligation of an electric utility under this subdivision expires  
67.16 December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and  
67.17 ~~December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b)~~ 2040.

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

67.19 Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

67.20 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a  
67.21 and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by  
67.22 solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020,  
67.23 at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota  
67.24 is generated by solar energy.

67.25 (b) For a public utility with more than 200,000 retail electric customers, at least ten  
67.26 percent of the 1.5 percent goal must be met by solar energy generated by or procured from  
67.27 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

67.28 (c) A public utility with between 50,000 and 200,000 retail electric customers:

67.29 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by  
67.30 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or  
67.31 less; and

68.1 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions  
68.2 of 40 kilowatts or less to a community solar garden program operated by the public utility  
68.3 that has been approved by the commission.

68.4 (d) The solar energy standard established in this subdivision is subject to all the provisions  
68.5 of this section governing a utility's standard obligation under subdivision 2a.

68.6 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail  
68.7 electric sales in Minnesota be generated by solar energy.

68.8 (f) For the purposes of calculating the total retail electric sales of a public utility under  
68.9 this subdivision, there shall be excluded retail electric sales to customers that are:

68.10 (1) an iron mining extraction and processing facility, including a scam mining facility  
68.11 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

68.12 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board  
68.13 manufacturer.

68.14 Those customers may not have included in the rates charged to them by the public utility  
68.15 any costs of satisfying the solar standard specified by this subdivision.

68.16 (g) A public utility may not use energy used to satisfy the solar energy standard under  
68.17 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may  
68.18 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the  
68.19 solar standard under this subdivision.

68.20 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated  
68.21 with a solar photovoltaic device installed and generating electricity in Minnesota after  
68.22 August 1, 2013, but before 2020 may be used to meet the solar energy standard established  
68.23 under this subdivision.

68.24 ~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file~~  
68.25 ~~a report with the commission reporting its progress in achieving the solar energy standard~~  
68.26 ~~established under this subdivision.~~

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

68.28 Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision  
68.29 to read:

68.30 **Subd. 2g. Carbon-free standard.** In addition to the requirements under subdivisions  
68.31 2a and 2f, each electric utility must generate or procure sufficient electricity generated from  
68.32 a carbon-free energy technology to provide its retail customers in Minnesota, or the retail

69.1 customers of a distribution utility to which the electric utility provides wholesale electric  
 69.2 service, so that at least the following standard percentages of the electric utility's total retail  
 69.3 electric sales to retail customers in Minnesota are generated from carbon-free energy  
 69.4 technologies by the end of the year indicated:

- |      |     |             |                     |
|------|-----|-------------|---------------------|
| 69.5 | (1) | <u>2025</u> | <u>65 percent</u>   |
| 69.6 | (2) | <u>2030</u> | <u>80 percent</u>   |
| 69.7 | (3) | <u>2035</u> | <u>90 percent</u>   |
| 69.8 | (4) | <u>2040</u> | <u>100 percent.</u> |

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

69.10 Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

69.11 **Subd. 3. Utility plans filed with commission.** (a) Each electric utility shall report on  
 69.12 its plans, activities, and progress with regard to the ~~objective and standards of~~ standard  
 69.13 obligations under this section in its filings under section 216B.2422 or in a separate report  
 69.14 submitted to the commission every two years, whichever is more frequent, demonstrating  
 69.15 to the commission the utility's effort to comply with this section. In its resource plan or a  
 69.16 separate report, each electric utility shall provide a description of:

69.17 (1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~  
 69.18 standard obligations;

69.19 (2) efforts taken to meet the ~~objective and standards~~ standard obligations;

69.20 (3) any obstacles encountered or anticipated in meeting the ~~objective or standards; and~~  
 69.21 standard obligations;

69.22 (4) potential solutions to the obstacles;

69.23 (5) the number of Minnesotans employed to construct facilities designed to meet the  
 69.24 utility's standard obligations under this section;

69.25 (6) efforts taken to retain and retrain workers employed at electric generating facilities  
 69.26 that the utility has ceased operating or designated to cease operating for new positions  
 69.27 constructing or operating facilities to meet a utility's standard obligation;

69.28 (7) impacts of facilities designed to meet the utility's standard obligations under this  
 69.29 section on areas of concern for environmental justice; and

69.30 (8) efforts to increase the diversity of both its workforce and vendors.

70.1 (b) The commissioner shall compile the information provided to the commission under  
 70.2 paragraph (a), and report to the chairs of the house of representatives and senate committees  
 70.3 with jurisdiction over energy and environment policy issues as to the progress of utilities  
 70.4 in the state, including the progress of each individual electric utility, in increasing the amount  
 70.5 of renewable energy provided to retail customers, with any recommendations for regulatory  
 70.6 or legislative action, by January 15 of each odd-numbered year.

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

70.8 Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

70.9 Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the  
 70.10 commission, by rule or order, shall establish by January 1, 2008, a program for tradable  
 70.11 renewable energy credits for electricity generated by eligible energy technology. The credits  
 70.12 must represent energy produced by an eligible energy technology, as defined in subdivision  
 70.13 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour  
 70.14 of eligible energy technology generated or procured by an electric utility if it is produced  
 70.15 by an eligible energy technology. The program must permit a credit to be used only once.  
 70.16 The program must treat all eligible energy technology equally and shall not give more or  
 70.17 less credit to energy based on the state where the energy was generated or the technology  
 70.18 with which the energy was generated. The commission must determine the period in which  
 70.19 the credits may be used for purposes of the program.

70.20 (b) In lieu of generating or procuring energy directly to satisfy ~~the eligible energy~~  
 70.21 ~~technology objective or a standard of obligation under~~ this section, an electric utility may  
 70.22 utilize renewable energy credits allowed under the program to satisfy the ~~objective or~~  
 70.23 standard.

70.24 (c) The commission shall facilitate the trading of renewable energy credits between  
 70.25 states.

70.26 (d) The commission shall require all electric utilities to participate in a  
 70.27 commission-approved credit-tracking system or systems. Once a credit-tracking system is  
 70.28 in operation, the commission shall issue an order establishing protocols for trading credits.

70.29 ~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable~~  
 70.30 ~~energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

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

71.1 Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

71.2 Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel  
71.3 combustion through fuel blending or co-firing under paragraph (b) may only count toward  
71.4 a utility's ~~objectives or standards~~ standard obligation if the generation facility:

71.5 (1) was constructed in compliance with new source performance standards promulgated  
71.6 under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a  
71.7 generation facility of that type; or

71.8 (2) employs the maximum achievable or best available control technology available for  
71.9 a generation facility of that type.

71.10 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,  
71.11 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage  
71.12 of electricity that is attributable to a fuel listed in that clause can be counted toward an  
71.13 electric utility's ~~renewable energy objectives~~ standard obligation.

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

71.15 Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

71.16 Subd. 7. **Compliance.** The commission must regularly investigate whether an electric  
71.17 utility is in compliance with its ~~good faith objective under subdivision 2~~ and standard  
71.18 obligation under ~~subdivision~~ subdivisions 2a, 2f, and 2g. If the commission finds  
71.19 noncompliance, it may order the electric utility to construct facilities, purchase energy  
71.20 generated by eligible energy technology, purchase renewable energy credits, or engage in  
71.21 other activities to achieve compliance. If an electric utility fails to comply with an order  
71.22 under this subdivision, the commission may impose a financial penalty on the electric utility  
71.23 in an amount not to exceed the estimated cost of the electric utility to achieve compliance.  
71.24 The penalty may not exceed the lesser of the cost of constructing facilities or purchasing  
71.25 credits. The commission must deposit financial penalties imposed under this subdivision  
71.26 in the energy and conservation account established in the special revenue fund under section  
71.27 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other  
71.28 authority of the commission to enforce this section.

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

71.30 Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

71.31 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its  
71.32 statutory authority to ensure this section is implemented to maximize in a manner that

72.1 maximizes net benefits to all Minnesota citizens, balancing throughout the state, including

72.2 but not limited to:

72.3 (1) the creation of high-quality jobs in Minnesota paying wages that support families;

72.4 (2) recognition of the rights of workers to organize and unionize;

72.5 (3) ensuring that workers have the necessary tools, opportunities, and economic assistance

72.6 to adapt successfully during the energy transition, particularly in areas of concern for

72.7 environmental justice;

72.8 (4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and

72.9 the opportunity to participate fully in the clean energy economy;

72.10 (5) ensuring that statewide air emissions are reduced, particularly in areas of concern

72.11 for environmental justice; and

72.12 (6) the provision of affordable electric service to Minnesotans, particularly to low-income

72.13 consumers.

72.14 (b) The commission must also implement this section in a manner that balances factors

72.15 such as local ownership of or participation in energy production, development and ownership

72.16 of eligible energy technology facilities by independent power producers, Minnesota utility

72.17 ownership of eligible energy technology facilities, the costs of energy generation to satisfy

72.18 the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to

72.19 Minnesotans.

72.20 (c) When making investments to meet the requirements under this section, utilities are

72.21 encouraged to locate new energy generating facilities in Minnesota communities where

72.22 fossil-fuel generating plants have been retired or are scheduled for retirement.

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

72.24 Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

72.25 Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process

72.26 established by the commission prior to June 1, 2007, shall not apply to a utility for the

72.27 construction, ownership, and operation of generation facilities used to satisfy the requirements

72.28 of this section unless, upon a finding that it is in the public interest, the commission issues

72.29 an order on or after June 1, 2007, that requires compliance by a utility with a competitive

72.30 resource acquisition process. A utility that owns a nuclear generation facility and intends

72.31 to construct, own, or operate facilities under this section shall file with the commission ~~on~~

72.32 ~~or before March 1, 2008,~~ as part of the utility's filing under section 216B.2422 a renewable



73.1 energy plan setting forth the manner in which the utility proposes to meet the requirements  
73.2 of this section. ~~The utility shall update the plan as necessary in its filing under section~~  
73.3 ~~216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing  
73.4 and comment, that the plan is not in the public interest. As part of its determination of public  
73.5 interest, the commission shall consider the plan's impact on balancing the state's interest in:

73.6 (1) promoting the policy of economic development in rural areas through the development  
73.7 of renewable energy projects, as expressed in subdivision 9;

73.8 (2) maintaining the reliability of the state's electric power grid; and

73.9 (3) minimizing cost impacts on ratepayers.

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

73.11 Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

73.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this  
73.13 subdivision have the meanings given them.

73.14 (b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more  
73.15 of electric power and serving, either directly or indirectly, the needs of 10,000 retail  
73.16 customers in Minnesota. Utility does not include federal power agencies.

73.17 (c) "Renewable energy" means electricity generated through use of any of the following  
73.18 resources:

73.19 (1) wind;

73.20 (2) solar;

73.21 (3) geothermal;

73.22 (4) hydro;

73.23 (5) trees or other vegetation;

73.24 (6) landfill gas; or

73.25 (7) predominantly organic components of wastewater effluent, sludge, or related  
73.26 by-products from publicly owned treatment works, but not including incineration of  
73.27 wastewater sludge.

73.28 (d) "Resource plan" means a set of resource options that a utility could use to meet the  
73.29 service needs of its customers over a forecast period, including an explanation of the supply  
73.30 and demand circumstances under which, and the extent to which, each resource option

74.1 would be used to meet those service needs. These resource options include using,  
 74.2 refurbishing, and constructing utility plant and equipment, buying power generated by other  
 74.3 entities, controlling customer loads, and implementing customer energy conservation.

74.4 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating  
 74.5 resource of 30 megawatts or greater.

74.6 (f) "Energy storage system" means a commercially available technology that:

74.7 (1) uses mechanical, chemical, or thermal processes to:

74.8 (i) store energy, ~~including energy generated from renewable resources and energy that~~  
 74.9 ~~would otherwise be wasted~~, and deliver the stored energy for use at a later time; or

74.10 (ii) store thermal energy for direct use for heating or cooling at a later time in a manner  
 74.11 that reduces the demand for electricity at the later time;

74.12 ~~(2) is composed of stationary equipment;~~

74.13 ~~(3)~~ (2) if being used for electric grid benefits, is (i) operationally visible to the distribution  
 74.14 or transmission entity managing it, and (ii) capable of being controlled by the distribution  
 74.15 or transmission entity managing it, to enable and optimize the safe and reliable operation  
 74.16 of the electric system; and

74.17 ~~(4)~~ (3) achieves any of the following:

74.18 (i) reduces peak or electrical demand;

74.19 (ii) defers the need or substitutes for an investment in electric generation, transmission,  
 74.20 or distribution assets;

74.21 (iii) improves the reliable operation of the electrical transmission or distribution systems;  
 74.22 ~~while ensuring transmission or distribution needs are not created; or and~~

74.23 (iv) ~~lowers customer costs~~ produces a net ratepayer benefit by storing energy when the  
 74.24 cost of generating or purchasing ~~it~~ energy is low and delivering ~~it~~ energy to customers when  
 74.25 the costs are high.

74.26 (g) Clean energy resource means:

74.27 (1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);

74.28 (2) an energy storage system storing energy generated by renewable energy or a  
 74.29 carbon-free resource;

74.30 (3) energy efficiency, as defined in section 216B.241, subdivision 1;

75.1 (4) load management, as defined in section 216B.241, subdivision 1; or

75.2 (5) a carbon-free resource that the commission has determined to be cost competitive  
75.3 under subdivision 4, paragraph (g).

75.4 (h) "Carbon-free resource" means a generation technology that, when operating, does  
75.5 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,  
75.6 subdivision 2.

75.7 (i) "Nonrenewable energy facility" means a generation facility that does not use a  
75.8 renewable energy or other clean energy resource. Nonrenewable facility does not include  
75.9 a nuclear facility.

75.10 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
75.11 initiated at the Public Utilities Commission on or after that date.

75.12 Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

75.13 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with  
75.14 the commission periodically in accordance with rules adopted by the commission. The  
75.15 commission shall approve, reject, or modify the plan of a public utility, as defined in section  
75.16 216B.02, subdivision 4, consistent with the public interest.

75.17 (b) In the resource plan proceedings of all other utilities, the commission's order shall  
75.18 be advisory and the order's findings and conclusions shall constitute prima facie evidence  
75.19 which may be rebutted by substantial evidence in all other proceedings. With respect to  
75.20 utilities other than those defined in section 216B.02, subdivision 4, the commission shall  
75.21 consider the filing requirements and decisions in any comparable proceedings in another  
75.22 jurisdiction.

75.23 (c) As a part of its resource plan filing, a utility shall include the least cost plan for  
75.24 meeting ~~50 and~~ 75, and 100 percent of all energy needs from both new and refurbished  
75.25 generating facilities through a combination of ~~conservation and renewable~~ clean energy and  
75.26 carbon-free resources.

75.27 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
75.28 initiated at the Public Utilities Commission on or after that date.

76.1 Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
76.2 to read:

76.3 Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility  
76.4 required to file a resource plan under subdivision 2 that has scheduled the retirement of an  
76.5 electric generating facility located in Minnesota must include in the filing a narrative  
76.6 describing the utility's efforts, in conjunction with the utility's workers and their designated  
76.7 representatives, to develop a plan to minimize the dislocations employees may suffer as a  
76.8 result of the facility's retirement. The narrative must address, at a minimum, plans to:

76.9 (1) minimize financial losses to workers;

76.10 (2) provide a transition timeline to ensure certainty for workers;

76.11 (3) protect pension benefits;

76.12 (4) extend or replace health insurance, life insurance, and other employment benefits;

76.13 (5) identify and maximize employment opportunities within the utility for dislocated  
76.14 workers, including providing incentives for the utility to retain as many workers as possible;

76.15 (6) provide training and skill development for workers who must or choose to leave the  
76.16 utility;

76.17 (7) create targeted transition plans for workers at all locations impacted by the facility  
76.18 retirement; and

76.19 (8) quantify any additional costs the utility would incur, and specifying what costs, if  
76.20 any, the utility would request be recovered in its rates as a result of efforts made under this  
76.21 subdivision to minimize impacts to workers.

76.22 Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

76.23 Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using  
76.24 the best available scientific and economic information and data, quantify and establish a  
76.25 range of environmental costs associated with each method of electricity generation. The  
76.26 commission shall adopt and apply the interim cost of greenhouse gas emissions valuations  
76.27 presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous  
76.28 Oxide Interim Estimates released by the federal government in February 2021, adopting  
76.29 the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with  
76.30 three percent as the central estimate, and shall update these parameters, as necessary, to  
76.31 conform with updates released by the federal Interagency Working Group on the Social  
76.32 Cost of Greenhouse Gases or its successors above the February 2021 interim valuations.

77.1 (b) When evaluating and selecting resource options in all proceedings before the  
 77.2 commission, including, but not limited to, proceedings regarding power purchase agreements,  
 77.3 resource plans, and certificates of need, a utility shall ~~shall~~ must use the values established by  
 77.4 the commission ~~in conjunction with other external factors, including socioeconomic costs,~~  
 77.5 ~~when evaluating and selecting resource options in all proceedings before the commission,~~  
 77.6 ~~including resource plan and certificate of need proceedings.~~ under this subdivision to quantify  
 77.7 and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for  
 77.8 in-state or imported electricity generation, including extraction, processing, transport, and  
 77.9 combustion.

77.10 (c) When evaluating resource options, the commission must include and consider the  
 77.11 environmental cost values adopted under this subdivision. When considering the costs of a  
 77.12 nonrenewable energy facility under this section, the commission must consider only nonzero  
 77.13 values for the environmental costs analyzed under this subdivision, including both the low  
 77.14 and high values of any cost range adopted by the commission.

77.15 ~~(b) The commission shall establish interim environmental cost values associated with~~  
 77.16 ~~each method of electricity generation by March 1, 1994. These values expire on the date~~  
 77.17 ~~the commission establishes environmental cost values under paragraph (a).~~

77.18 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
 77.19 initiated at the Public Utilities Commission on or after that date.

77.20 Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
 77.21 to read:

77.22 Subd. 3a. **Favored electric resources; state policy.** It is the policy of the state that: (1)  
 77.23 in order to hasten the achievement of the greenhouse gas reduction goals under section  
 77.24 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the  
 77.25 solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant  
 77.26 and continuing reductions in the cost of wind technologies, solar technologies, energy  
 77.27 storage systems, demand-response technologies, and energy efficiency technologies and  
 77.28 strategies, the favored method to meet electricity demand in Minnesota is a combination of  
 77.29 clean energy resources.

77.30 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
 77.31 initiated at the Public Utilities Commission on or after that date.

78.1 Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

78.2 Subd. 4. **Preference for renewable clean energy facility resources.** (a) The commission  
78.3 shall not approve a new or refurbished nonrenewable energy facility in an integrated resource  
78.4 plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve  
78.5 a power purchase agreement or allow rate recovery pursuant to section 216B.16 for such a  
78.6 nonrenewable energy facility, unless the utility has demonstrated by clear and convincing  
78.7 evidence that a renewable energy facility, alone or in combination with other clean energy  
78.8 resources, is not in the public interest. ~~When making the public interest determination, the~~  
78.9 commission must consider:

78.10 ~~(1) whether the resource plan helps the utility achieve the greenhouse gas reduction~~  
78.11 ~~goals under section 216H.02, the renewable energy standard under section 216B.1691, or~~  
78.12 ~~the solar energy standard under section 216B.1691, subdivision 2f;~~

78.13 ~~(2) impacts on local and regional grid reliability;~~

78.14 ~~(3) utility and ratepayer impacts resulting from the intermittent nature of renewable~~  
78.15 ~~energy facilities, including but not limited to the costs of purchasing wholesale electricity~~  
78.16 ~~in the market and the costs of providing ancillary services; and~~

78.17 ~~(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,~~  
78.18 ~~changes in transmission costs, portfolio diversification, and environmental compliance~~  
78.19 ~~costs.~~

78.20 (b) In determining that a renewable energy facility, alone or in combination with other  
78.21 clean energy resources, is not in the public interest, the commission must find by clear and  
78.22 convincing evidence that using renewable or clean energy resources to meet the need for  
78.23 resources is not affordable or reliable, when compared with a nonrenewable energy facility  
78.24 or nonclean energy resource.

78.25 (c) In determining whether a renewable or clean energy resource is not affordable, the  
78.26 commission must consider utility and ratepayer effects resulting from:

78.27 (1) the intermittent nature of renewable energy facilities, including but not limited to  
78.28 the cost to purchase wholesale electricity in the market and the cost to provide ancillary  
78.29 services;

78.30 (2) reduced exposure to fuel price volatility, changes in transmission and distribution  
78.31 costs, portfolio diversification, and environmental compliance costs; and

78.32 (3) other environmental costs resulting from a nonrenewable energy facility, as determined  
78.33 by the commission under subdivision 3.

79.1 (d) In order to determine whether a renewable or clean energy resource is reliable, the  
79.2 commission must consider, to the extent reasonable, the ability of the resources or facilities  
79.3 of the utility and the regional electric grid to provide essential reliability services, including  
79.4 frequency response, balancing services, and voltage control.

79.5 (e) The commission must make a written determination describing its findings and the  
79.6 reasoning behind its conclusions regarding whether a renewable or clean energy resource  
79.7 is affordable and reliable under this subdivision. In making the public interest determination  
79.8 under paragraph (a), the commission must also consider and make a written determination  
79.9 as to whether the energy resources approved by the commission:

79.10 (1) help the state achieve the greenhouse gas reduction goals under section 216H.02;  
79.11 and

79.12 (2) help the utility achieve the renewable energy standard under section 216B.1691,  
79.13 subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

79.14 (f) Nothing in this section impacts a decision to continue operating a nuclear facility  
79.15 that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an  
79.16 existing nuclear electric generating unit, the provisions in paragraphs (a) to (e) shall govern  
79.17 the process to identify replacement resources.

79.18 (g) The commission may, by order, add to the list of resources it determines are clean  
79.19 energy resources for the purposes of this section upon finding that the resource is carbon-free  
79.20 and cost competitive when compared with other carbon-free alternatives.

79.21 (h) If the commission approves a public utility's integrated resource plan that includes  
79.22 the retirement of a facility that contributes to statewide greenhouse gas emissions, the public  
79.23 utility is entitled to own at least a portion of the generation, transmission, and other facilities  
79.24 necessary to replace the accredited capacity and energy of the retiring facility, as determined  
79.25 by the commission, provided that:

79.26 (1) for a public utility with more than 200,000 retail electric customers in Minnesota,  
79.27 the approved resource plan projects that the public utility's contribution to statewide  
79.28 greenhouse gas emissions will be reduced by 80 percent or more, measured from 2005 to  
79.29 2030;

79.30 (2) for a public utility with more than 100,000 but fewer than 200,000 retail electric  
79.31 customers, the approved resource plan projects that the public utility's contribution to  
79.32 statewide greenhouse gas emissions will be reduced by 80 percent or more, measured from  
79.33 2005 to 2035;

80.1 (3) for a public utility with fewer than 100,000 retail electric customers in Minnesota,  
80.2 the approved resource plan projects that the public utility's contribution to statewide  
80.3 greenhouse gas emissions will be reduced by 65 percent or more, measured from 2005 to  
80.4 2030; and

80.5 (4) the commission determines that the public utility's ownership of clean energy and  
80.6 carbon-free resources that replace retired facilities is reasonable and in the public interest.

80.7 (i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from  
80.8 an independent systems operator, an auction, or other market administered by an independent  
80.9 systems operator, and whose term is one year or less, are not subject to this subdivision.

80.10 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
80.11 initiated at the Public Utilities Commission on or after that date.

80.12 Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
80.13 to read:

80.14 Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility  
80.15 must report on associated local job impacts and the steps the utility and the utility's energy  
80.16 suppliers and contractors are taking to maximize the availability of construction employment  
80.17 opportunities for local workers. The commission must consider local job impacts and give  
80.18 preference to proposals that maximize the creation of construction employment opportunities  
80.19 for local workers, consistent with the public interest, when evaluating any utility proposal  
80.20 that involves the selection or construction of facilities used to generate or deliver energy to  
80.21 serve the utility's customers, including but not limited to an integrated resource plan, a  
80.22 certificate of need, a power purchase agreement, or commission approval of a new or  
80.23 refurbished electric generation facility. The commission must, to the maximum extent  
80.24 possible, prioritize the hiring of workers from communities hosting retiring electric generation  
80.25 facilities, including workers previously employed at those facilities.

80.26 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
80.27 initiated at the Public Utilities Commission on or after that date.

80.28 Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

80.29 Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may  
80.30 select resources to meet its projected energy demand through a bidding process approved  
80.31 or established by the commission. A utility shall use the environmental cost estimates



81.1 determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids  
81.2 submitted in a process established under this subdivision.

81.3 (b) Notwithstanding any other provision of this section, if an electric power generating  
81.4 plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding  
81.5 process approved or established by the commission, a certificate of need proceeding under  
81.6 section 216B.243 is not required.

81.7 (c) A certificate of need proceeding is also not required for an electric power generating  
81.8 plant that has been selected in a bidding process approved or established by the commission,  
81.9 or such other selection process approved by the commission, to satisfy, in whole or in part,  
81.10 the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

81.11 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
81.12 initiated at the Public Utilities Commission on or after that date.

81.13 Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
81.14 to read:

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

81.22 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
81.23 initiated at the Public Utilities Commission on or after that date.

81.24 Sec. 32. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

81.25 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428,  
81.26 the following terms have the meanings given.

81.27 (b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of  
81.28 biomass, or other effective conversion processes.

81.29 (c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise  
81.30 be released into the atmosphere.

82.1 (d) "Carbon-free resource" means an electricity generation facility whose operation does  
82.2 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,  
82.3 subdivision 2.

82.4 (e) "District energy" means a heating or cooling system that is solar thermal powered  
82.5 or that uses the constant temperature of the earth or underground aquifers as a thermal  
82.6 exchange medium to heat or cool multiple buildings connected through a piping network.

82.7 (f) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,  
82.8 paragraph (f), but does not include energy conservation investments that the commissioner  
82.9 determines could reasonably be included in a utility's conservation improvement program.

82.10 (g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous  
82.11 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by  
82.12 anthropogenic sources within the state and from the generation of electricity imported from  
82.13 outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into  
82.14 geological formations to prevent its release to the atmosphere in compliance with applicable  
82.15 laws.

82.16 (h) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,  
82.17 power-to-ammonia, carbon capture, strategic electrification, district energy, and energy  
82.18 efficiency.

82.19 (i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions  
82.20 resulting from the production, processing, transmission, and consumption of an energy  
82.21 resource.

82.22 (j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas  
82.23 emissions per unit of energy.

82.24 (k) "Nonexempt customer" means a utility customer that has not been included in a utility's  
82.25 innovation plan under subdivision 3, paragraph (f).

82.26 (l) "Power-to-ammonia" means the production of ammonia from hydrogen produced  
82.27 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity  
82.28 than does natural gas produced from conventional geologic sources.

82.29 (m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource  
82.30 to produce hydrogen.

82.31 (n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

83.1 (o) "Renewable natural gas" means biogas that has been processed to be interchangeable  
83.2 with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced  
83.3 from conventional geologic sources.

83.4 (p) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section  
83.5 216B.2411, subdivision 2, paragraph (d).

83.6 (q) "Strategic electrification" means the installation of electric end-use equipment in an  
83.7 existing building in which natural gas is a primary or back-up fuel source or in a  
83.8 newly-constructed building in which a customer will receive natural gas service for one or  
83.9 more end-uses, provided that the electric end-use equipment:

83.10 (1) will result in a net reduction in statewide greenhouse gas emissions, as defined in  
83.11 section 216H.01, subdivision 2, over the life of the equipment when compared to the most  
83.12 efficient commercially available natural gas alternative; and

83.13 (2) is installed and operated in a manner that improves the load factor of the customer's  
83.14 electric utility.

83.15 Strategic electrification does not include investments that the commissioner determines  
83.16 could reasonably be included in the natural gas utility's conservation improvement program  
83.17 under section 216B.241.

83.18 (r) "Total incremental cost" means the sum of the following components of a utility's  
83.19 innovation plan approved by the commission under subdivision 2:

83.20 (1) return of and on capital investments for the production, processing, pipeline  
83.21 interconnection, storage, and distribution of innovative resources;

83.22 (2) incremental operating costs associated with capital investments in infrastructure for  
83.23 the production, processing, pipeline interconnection, storage, and distribution of innovative  
83.24 resources;

83.25 (3) incremental costs to procure innovative resources from third parties;

83.26 (4) incremental costs to develop and administer programs; and

83.27 (5) incremental costs for research and development related to innovative resources, less  
83.28 the sum of:

83.29 (i) value received by the utility upon the resale of innovative resources or their  
83.30 by-products, including any environmental credits included with the resale of renewable  
83.31 gaseous fuels or value received by the utility when innovative resources are used as vehicle  
83.32 fuel;

84.1 (ii) cost savings achieved through avoidance of purchases of natural gas produced from  
84.2 conventional geologic sources, including but not limited to, avoided commodity purchases  
84.3 or avoided pipeline costs; and

84.4 (iii) other revenues received by the utility that are directly attributable to the utility's  
84.5 implementation of an innovation plan.

84.6 (s) "Utility" means a public utility as defined in section 216B.02, subdivision 4, that  
84.7 provides natural gas sales or natural gas transportation services to customers in Minnesota.

84.8 Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with  
84.9 the commission. The utility's plan must include, as applicable, the following components:

84.10 (1) the innovative resource or resources the utility plans to implement to contribute to  
84.11 meeting the state's greenhouse gas and renewable energy goals, including those established  
84.12 in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within  
84.13 the requirements and limitations set forth in this section;

84.14 (2) research and development investments related to innovative resources the utility  
84.15 plans to undertake;

84.16 (3) total lifecycle greenhouse gas emissions that the utility projects will be reduced or  
84.17 avoided through implementing the plan;

84.18 (4) a comparison of the estimate in clause (3) to total emissions from natural gas use by  
84.19 utility customers in 2020;

84.20 (5) a description of each pilot program included in the plan that is related to the  
84.21 development or provision of innovative resources, and an estimate of the total incremental  
84.22 costs to implement each element;

84.23 (6) the cost-effectiveness of innovative resources calculated from the perspective of the  
84.24 utility, society, the utility's nonparticipating customers, and the utility's participating  
84.25 customers, compared to other innovative resources that could be deployed to reduce or  
84.26 avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed  
84.27 innovative resource;

84.28 (7) for any pilot program not previously approved as part of the utility's most recent  
84.29 innovation plan, a third-party analysis of:

84.30 (i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources;  
84.31 and

85.1 (ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed  
85.2 pilot program is implemented;

85.3 (8) an explanation of the methodology used by the utility to calculate the lifecycle  
85.4 greenhouse gas emissions avoided or reduced by each pilot program included in the plan,  
85.5 including descriptions of how the utility's method deviated, if at all, from the carbon  
85.6 accounting frameworks established by the commission under section 216B.2428;

85.7 (9) a discussion of whether the plan supports the development and use of alternative  
85.8 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and  
85.9 the recovery of energy from wastewater, and, if it does, a description of the geographic  
85.10 areas of the state in which those benefits will be realized;

85.11 (10) a description of third-party systems and processes the utility plans to use to:

85.12 (i) track the innovative resources included in the plan so that environmental benefits  
85.13 produced by the plan are not claimed for any other program; and

85.14 (ii) verify the environmental attributes and greenhouse gas emissions intensity of  
85.15 innovative resources included in the plan;

85.16 (11) projected local job impacts resulting from implementation of the plan and a  
85.17 description of steps the utility and its energy suppliers and contractors are taking to maximize  
85.18 the availability of construction employment opportunities for local workers;

85.19 (12) a description of how the utility proposes to recover annual total incremental costs  
85.20 of the plan;

85.21 (13) steps the utility has taken or proposes to take to reduce the expected cost of the plan  
85.22 on low- and moderate-income residential customers and to ensure that low- and  
85.23 moderate-income residential customers will benefit from innovative resources included in  
85.24 the plan;

85.25 (14) a report on the utility's progress toward implementing its previously approved  
85.26 innovation plan, if applicable;

85.27 (15) a report of the utility's progress toward achieving the cost-effectiveness objectives  
85.28 established by the commission with respect to its previously approved innovation plan, if  
85.29 applicable; and

85.30 (16) collections of pilot programs that the utility estimates would, if implemented, provide  
85.31 approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or  
85.32 avoidance benefits of the utility's proposed plan.

86.1 (b) The commission may approve, modify, or reject a plan. The commission may not  
86.2 approve an innovation plan unless it finds that:

86.3 (1) the size, scope, and scale of the plan will produce net benefits under the cost-benefit  
86.4 framework established by the commission in section 216B.2428;

86.5 (2) the plan will promote the use of renewable energy resources and reduce or avoid  
86.6 greenhouse gas emissions at a cost level consistent with subdivision 3;

86.7 (3) the plan will promote local economic development;

86.8 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas  
86.9 intensity than natural gas produced from conventional geologic sources;

86.10 (5) the systems used to track and verify the environmental attributes of the innovative  
86.11 resources included in the plan are reasonable, considering available third-party tracking and  
86.12 verification systems;

86.13 (6) the costs and revenues projected under the plan are reasonable in comparison to other  
86.14 innovative resources the utility could deploy to reduce greenhouse gas emissions, considering  
86.15 other benefits of the innovative resources included in the plan;

86.16 (7) the total amount of estimated greenhouse gas emissions reduction or avoidance to  
86.17 be achieved under the plan is reasonable considering the state's greenhouse gas and renewable  
86.18 energy goals, including those established in section 216C.05, subdivision 2, clause (3), and  
86.19 section 216H.02, subdivision 1, customer cost, and the total amount of greenhouse gas  
86.20 emissions reduction or avoidance achieved under the utility's previously approved plans, if  
86.21 applicable; and

86.22 (8) any renewable natural gas purchased by a utility under the plan that is produced from  
86.23 the anaerobic digestion of manure is certified as being produced at an agricultural livestock  
86.24 production facility that will not increase the number of animal units at the facility solely or  
86.25 primarily for the purpose of producing renewable natural gas for the plan.

86.26 (c) In seeking to recover costs under a plan approved by the commission under this  
86.27 section, the utility must demonstrate to the satisfaction of the commission that the actual  
86.28 total incremental costs incurred to implement the approved innovation plan are reasonable.  
86.29 Prudently incurred costs under an approved plan, including prudently incurred costs to  
86.30 obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable  
86.31 either:

86.32 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas  
86.33 adjustment;

- 87.1 (2) in the utility's next general rate case; or
- 87.2 (3) via annual adjustments, provided that, after notice and comment, the commission  
87.3 determines that the costs included for recovery through rates are prudently incurred. Annual  
87.4 adjustments must include a rate of return, income taxes on the rate of return, incremental  
87.5 property taxes, incremental depreciation expense, and incremental operation and maintenance  
87.6 expenses. The rate of return must be at the level approved by the commission in the utility's  
87.7 last general rate case, unless the commission determines that a different rate of return is in  
87.8 the public interest.
- 87.9 (d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness  
87.10 objectives for the plan based on the cost-benefit test for innovative resources developed  
87.11 under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate  
87.12 incremental progress from the previously approved plan's cost-effectiveness objective.
- 87.13 (e) A utility operating under an approved plan must file annual reports to the commission  
87.14 on work completed under the plan, including:
- 87.15 (1) costs incurred;
- 87.16 (2) lifecycle greenhouse gas emissions reductions or avoidance achieved;
- 87.17 (3) a description of the processes used to track and verify the innovative resources and  
87.18 to retire the associated environmental attributes;
- 87.19 (4) an assessment of the degree to which the lifecycle greenhouse gas accounting  
87.20 methodology is consistent with current science;
- 87.21 (5) the economic impact of the plan, including job creation;
- 87.22 (6) the utility's progress toward achieving the cost-effectiveness objectives established  
87.23 by the commission; and
- 87.24 (7) modifications to elements of the plan proposed by the utility.
- 87.25 (f) In evaluating a utility's annual report, the commission may:
- 87.26 (1) approve the continuation of a pilot program included in the plan, with or without  
87.27 modifications;
- 87.28 (2) require the utility to file a new or modified pilot program or plan; or
- 87.29 (3) disapprove the continuation of a pilot program or plan.
- 87.30 (g) An innovation plan has a term of five years. A subsequent innovation plan must be  
87.31 filed no later than four years after the previous plan was approved by the commission so

88.1 that, if approved, the new plan takes effect immediately upon expiration of the previous  
88.2 plan.

88.3 (h) For purposes of this section, and the commission's lifecycle carbon accounting  
88.4 framework and cost-benefit test for innovative resources under section 216B.2428, any  
88.5 required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle  
88.6 greenhouse gas intensity:

88.7 (1) must include, but is not limited to, estimates of:

88.8 (i) avoided or reduced greenhouse gas emissions attributable to utility operations;

88.9 (ii) avoided or reduced greenhouse gas emissions from the production, processing, and  
88.10 transmission of fuels prior to their receipt by the utility; and

88.11 (iii) avoided or reduced greenhouse gas emissions at the point of end use;

88.12 (2) may not count any unit of greenhouse gas emissions avoidance or reduction more  
88.13 than once; and

88.14 (3) may, where direct measurement is not technically or economically feasible, rely on  
88.15 emissions factors, default values, or engineering estimates from a publicly accessible source  
88.16 accepted by a federal or state government agency, provided that such emissions factors,  
88.17 default values, or engineering estimates can be demonstrated to the satisfaction of the  
88.18 commission to produce a reasonable estimate of greenhouse gas emissions reductions,  
88.19 avoidance, or intensity.

88.20 (i) Strategic electrification implemented in a plan approved by the commission under  
88.21 this section is not eligible for a financial incentive under section 216B.241, subdivision 2c.  
88.22 Electric end-use equipment installed under a plan approved by the commission under this  
88.23 section is the exclusive property of the building owner.

88.24 Subd. 3. **Limitations on utility customer costs.** (a) Except as provided in paragraph  
88.25 (b), the first innovation plan submitted to the commission by a utility may not propose, and  
88.26 the commission may not approve, annual total incremental costs exceeding the lesser of:

88.27 (1) 1.75 percent of the utility's gross operating revenues from natural gas service provided  
88.28 in the state at the time of plan filing; or

88.29 (2) \$20 per nonexempt customer based on the proposed annual total incremental costs  
88.30 for each year of the plan divided by the total number of nonexempt utility customers.

88.31 (b) The commission may approve additional annual costs up to the lesser of:



89.1 (1) an additional 0.25 percent of the utility's gross operating revenues from service  
89.2 provided in the state at the time of plan filing; or

89.3 (2) \$5 per nonexempt customer, based on the proposed annual total incremental costs  
89.4 for each year of the plan divided by the total number of nonexempt utility customers of  
89.5 incremental costs, provided that the additional costs under this paragraph are associated  
89.6 exclusively with the purchase of renewable natural gas produced from:

89.7 (i) food waste diverted from a landfill;

89.8 (ii) a municipal wastewater treatment system; or

89.9 (iii) an organic mixture including at least 15 percent, by volume, sustainably harvested  
89.10 native prairie grasses or locally appropriate cover crops, as determined by a local soil and  
89.11 water conservation district or the United States Department of Agriculture, Natural Resources  
89.12 Conservation Service.

89.13 (c) If the commission determines that the utility has successfully achieved the  
89.14 cost-effectiveness objectives established in the utility's most recently approved innovation  
89.15 plan, except as provided in paragraph (d), the next subsequent plan filed by the same utility  
89.16 under this section is subject to the provisions of paragraphs (a) and (b), except that:

89.17 (1) the cap on total incremental costs in paragraph (a) with respect to the second plan is  
89.18 the lesser of:

89.19 (i) 2.75 percent of the utility's gross operating revenues from natural gas service in the  
89.20 state at the time of the plan's filing; or

89.21 (ii) \$35 per nonexempt customer; and

89.22 (2) the cap on additional costs in paragraph (b) is the lesser of:

89.23 (i) an additional 0.75 percent of the utility's gross operating revenues from natural gas  
89.24 service in the state at the time of the plan's filing; or

89.25 (ii) \$10 per nonexempt customer.

89.26 (d) If the commission determines that the utility has successfully achieved the  
89.27 cost-effectiveness objectives established in two of the same utility's previously approved  
89.28 innovation plans, all subsequent plans filed by the utility under this section are subject to  
89.29 the provisions of paragraphs (a) and (b), except that:

89.30 (1) the cap on total incremental costs in paragraph (a) with respect to the third or  
89.31 subsequent plan is the lesser of:

90.1 (i) four percent of the utility's gross operating revenues from natural gas service in the  
90.2 state at the time of the plan's filing; or

90.3 (ii) \$50 per nonexempt customer; and

90.4 (2) the cap on additional costs in paragraph (b) is the lesser of:

90.5 (i) an additional 1.5 percent of the utility's gross operating revenues from natural gas  
90.6 service in the state at the time of the plan's filing; or

90.7 (ii) \$20 per nonexempt customer.

90.8 (e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs  
90.9 must be calculated at the time the innovation plan is filed as the average of the utility's  
90.10 forecasted total incremental costs over the five-year term of the plan.

90.11 (f) A large customer facility that has been exempted by the commissioner of commerce  
90.12 from a utility's conservation improvement program under section 216B.241, subdivision  
90.13 1a, paragraph (b), is exempt from the utility's innovation plan offerings and may not be  
90.14 charged any costs incurred to implement an approved innovation plan unless the large  
90.15 customer facility files a request with the commissioner to be included in a utility's innovation  
90.16 plan. The commission may prohibit large customer facilities exempt from innovation plan  
90.17 costs from participating in innovation plans.

90.18 (g) A utility filing an innovation plan may also include annual spending and investments  
90.19 on research and development of up to ten percent of the proposed total incremental costs  
90.20 related to innovative plans, subject to the limitations in paragraphs (a) to (e).

90.21 (h) For purposes of this subdivision, "gross operating revenues" do not include revenues  
90.22 from large customer facilities exempt from innovation plan costs.

90.23 Subd. 4. **Innovative resources procured outside of an innovation plan.** (a) Without  
90.24 filing an innovation plan, a natural gas utility may propose and the commission may approve  
90.25 cost recovery for:

90.26 (1) innovative resources acquired to satisfy a commission-approved green tariff program  
90.27 that allows customers to choose to meet a portion of the customers' energy needs through  
90.28 innovative resources; or

90.29 (2) utility expenditures for innovative resources procured at a cost that is within five  
90.30 percent of the average of Ventura and Demarc index prices for natural gas produced from  
90.31 conventional geologic sources at the time of the transaction per unit of natural gas that the  
90.32 innovative resource will displace.

91.1 (b) An approved green tariff program must include provisions to ensure that reasonable  
91.2 systems are used to track and verify the environmental attributes of innovative resources  
91.3 included in the program, taking into account any available third party tracking or verification  
91.4 systems.

91.5 (c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the  
91.6 daily index price of wholesale natural gas sold at the Northern Natural Gas Company's  
91.7 Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

91.8 Subd. 5. **Power-to-ammonia.** In determining whether to approve a power-to-ammonia  
91.9 pilot program as part of an innovative plan, the commission must consider:

91.10 (1) the risk of exposing any person to unhealthy concentrations of ammonia;

91.11 (2) the risk that any home or business might be affected by ammonia odors;

91.12 (3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia  
91.13 project could be more efficiently addressed using power-to-hydrogen; and

91.14 (4) whether the power-to-ammonia project will achieve lifecycle greenhouse gas  
91.15 emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

91.16 Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by  
91.17 a utility with more than 800,000 customers must include a pilot program to provide thermal  
91.18 energy audits to small- and medium-sized business in order to identify opportunities to  
91.19 reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must  
91.20 provide incentives for businesses to implement recommendations made by the audit. The  
91.21 utility must develop criteria to identify businesses that achieve significant emissions  
91.22 reductions by implementing audit recommendations and must recognize such businesses  
91.23 as thermal energy leaders.

91.24 Subd. 7. **Innovative resources for certain industrial processes.** The first innovation  
91.25 plan filed under this section by a utility with more than 800,000 customers must include a  
91.26 pilot program to provide innovative resources to industrial facilities whose manufacturing  
91.27 processes, for technical reasons, are not amenable to electrification. A large customer facility  
91.28 exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to  
91.29 participate in this pilot program.

91.30 Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan  
91.31 filed under this section by a utility with more than 800,000 customers must include a pilot  
91.32 program that facilitates deep energy retrofits and the installation of cold climate electric  
91.33 air-source heat pumps in existing residential homes that have natural gas heating systems.

92.1 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any  
92.2 measure or combination of measures, including air sealing and addressing thermal bridges,  
92.3 that under normal weather and operating conditions can reasonably be expected to reduce  
92.4 a building's calculated design load to ten or fewer British Thermal Units per hour per square  
92.5 foot of conditioned floor area. Deep energy retrofit does not include the installation of  
92.6 photovoltaic electric generation equipment, but may include the installation of a qualifying  
92.7 solar thermal energy project.

92.8 Subd. 9. **District energy.** The first innovation plan filed under this section by a utility  
92.9 with more than 800,000 customers must include a pilot program to facilitate the development,  
92.10 expansion, or modification of district energy systems in this state. This subdivision does  
92.11 not require the utility to propose, construct, maintain, or own district energy infrastructure.

92.12 Subd. 10. **Throughput goal.** It is the goal of the state of Minnesota that through the  
92.13 Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the  
92.14 overall amount of natural gas produced from conventional geologic sources delivered to  
92.15 customers.

92.16 Subd. 11. **Utility system report and forecasts.** (a) A public utility filing an innovation  
92.17 plan shall concurrently submit a report to the commission containing the following  
92.18 information:

92.19 (1) methane gas emissions attributed to venting or leakage across the utility's system,  
92.20 including emissions information reported to the Environmental Protection Agency and gas  
92.21 leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's  
92.22 expectations regarding the cost and performance of its leakage reduction programs over the  
92.23 next five years;

92.24 (2) total system greenhouse gas emissions and greenhouse gas emissions projected to  
92.25 be reduced or avoided through innovative resource investments and energy conservation  
92.26 investments, and a narrative description of the costs required to achieve them over the next  
92.27 five years through investments in innovative sources and energy conservation;

92.28 (3) the quantity of pipe in service in the utility's natural gas network in this state, by  
92.29 material, size, coating, operating pressure, and decade of installation based on utility  
92.30 information reported to the U.S. Department of Transportation;

92.31 (4) a narrative description of other significant equipment owned and operated by the  
92.32 utility through which gas is transported or stored, including regulator stations and storage  
92.33 facilities, a discussion of the function of that equipment, how it is maintained, and utility  
92.34 efforts to prevent leaks from the equipment;

93.1 (5) a five-year forecast of fuel prices and anticipated purchases including, as available,  
93.2 natural gas produced from conventional geologic sources, renewable natural gas, and  
93.3 alternative fuels;

93.4 (6) a five-year forecast of potential capital investments by the utility in existing  
93.5 infrastructure and new infrastructure for natural gas produced from conventional geologic  
93.6 sources and for innovative resources; and

93.7 (7) an inventory of the utility's current financial incentive programs for natural gas,  
93.8 including rebates and incentives offered for new and existing buildings and a description  
93.9 of the utility's projected changes in incentives it is likely to implement over the next five  
93.10 years.

93.11 (b) Information filed under this subdivision is intended to be used by the commission  
93.12 to evaluate a utility's innovation plan in the context of the utility's other planned investments  
93.13 and activities with respect to natural gas produced from conventional geologic sources.  
93.14 Information filed under this subdivision may not be used by the commission to set or limit  
93.15 utility rate recovery.

93.16 **EFFECTIVE DATE.** This section is effective June 1, 2022.

93.17 Sec. 33. **[216B.2428] PUBLIC UTILITIES COMMISSION; LIFECYCLE**  
93.18 **GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT**  
93.19 **TEST FOR INNOVATIVE RESOURCES.**

93.20 By June 1, 2022, the Public Utilities Commission shall, by order, issue frameworks the  
93.21 commission will use to calculate lifecycle greenhouse gas emissions intensities of each  
93.22 innovative resource, as follows:

93.23 (1) a general framework for the comparison of the lifecycle greenhouse gas emissions  
93.24 intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district  
93.25 energy, energy efficiency, biogas, carbon capture, and power-ammonia; and

93.26 (2) a cost-benefit analytic framework to be applied to innovative resources and innovation  
93.27 plans filed under section 216B.2427 that the commission will use to compare the  
93.28 cost-effectiveness of those resources and plans. This analytic framework must take into  
93.29 account:

93.30 (i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas  
93.31 emissions avoided or reduced by the innovative resource or plan, using the framework  
93.32 developed under clause (1);

94.1 (ii) additional economic costs and benefits, programmatic costs and benefits, additional  
94.2 environmental costs and benefits, and other costs or benefits that may be expected under a  
94.3 plan; and

94.4 (iii) baseline cost-effectiveness criteria against which an innovation plan should be  
94.5 compared. In establishing baseline criteria, the commission must take into account options  
94.6 available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the  
94.7 goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1. To  
94.8 the maximum reasonable extent, the cost-benefit framework must be consistent with  
94.9 environmental cost values established under section 216B.2422, subdivision 3, and other  
94.10 calculations of the social value of greenhouse gas emissions reductions used by the  
94.11 commission. The commission may update frameworks established under this section as  
94.12 necessary.

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

94.14 **Sec. 34. [216B.247] BENEFICIAL BUILDING ELECTRIFICATION.**

94.15 (a) It is the goal of the state of Minnesota to promote energy end uses powered by  
94.16 electricity in the building sector that result in a net reduction in greenhouse gas emissions  
94.17 and improvements to public health, consistent with the goal established under section  
94.18 216H.02, subdivision 1.

94.19 (b) To the maximum reasonable extent, the implementation of beneficial electrification  
94.20 in the building sector should prioritize investment and activity in low-income and  
94.21 under-resourced communities, maintain or improve the quality of electricity service,  
94.22 maximize customer savings, improve the integration of renewable and carbon-free resources,  
94.23 and prioritize job creation.

94.24 **Sec. 35. [216B.248] PUBLIC UTILITY BENEFICIAL BUILDING**  
94.25 **ELECTRIFICATION.**

94.26 (a) A public utility may submit to the commission a plan to promote energy end uses  
94.27 powered by electricity within its service area in residential and commercial buildings. To  
94.28 the maximum reasonable extent, a plan must:

94.29 (1) maximize consumer savings over the lifetime of the investment;

94.30 (2) mitigate cost and avoid duplication with the utility's conservation improvement plan  
94.31 under section 216B.241;

94.32 (3) maintain or enhance the reliability of electricity service;

95.1 (4) quantify the acres of land needed for new generation, transmission, and distribution  
 95.2 facilities to provide the additional electricity required under the plan;

95.3 (5) maintain or enhance public health and safety when temperatures fall below 25 degrees  
 95.4 below zero Fahrenheit;

95.5 (6) support the integration of renewable and carbon-free resources;

95.6 (7) encourage demand response and load shape management opportunities and the use  
 95.7 of energy storage that reduce overall system costs;

95.8 (8) prioritize electrification projects in economically disadvantaged communities;

95.9 (9) consider cost protections for low- and moderate-income customers;

95.10 (10) produce a net reduction in greenhouse gas emissions, based on the electricity  
 95.11 generation portfolio of the public utility proposing the plan, or based on the electricity  
 95.12 -serving the end-use in the event that a public utility providing retail natural gas service  
 95.13 proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner;  
 95.14 and

95.15 (11) consider local job impacts and give preference to proposals that maximize the  
 95.16 creation of construction employment opportunities for local workers.

95.17 (b) The commission must approve, reject, or modify the public utility's plan, consistent  
 95.18 with the public interest. Plans approved by the commission under this subdivision are eligible  
 95.19 for cost recovery under section 216B.1645.

95.20 **Sec. 36. [216B.491] DEFINITIONS.**

95.21 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.4991, the terms  
 95.22 defined in this subdivision have the meanings given them.

95.23 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,  
 95.24 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity  
 95.25 or credit support arrangement, or other financial arrangement entered into in connection  
 95.26 with energy transition bonds that is designed to promote the credit quality and marketability  
 95.27 of energy transition bonds or to mitigate the risk of an increase in interest rates.

95.28 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition  
 95.29 property is sold, assigned, transferred, or conveyed, other than as security, and any successor  
 95.30 to or subsequent assignee of the person.

96.1 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition  
96.2 bonds.

96.3 Subd. 5. **Clean energy resource.** "Clean energy resource" means:

96.4 (1) renewable energy, as defined in section 216B.2422, subdivision 1;

96.5 (2) an energy storage system; or

96.6 (3) energy efficiency and load management, as defined in section 216B.241, subdivision

96.7 1.

96.8 Subd. 6. **Customer.** "Customer" means a person who takes electric service from an  
96.9 electric utility for consumption of electricity in Minnesota.

96.10 Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that  
96.11 generates electricity, is owned in whole or in part by an electric utility, and is used to serve  
96.12 customers in Minnesota. Electric generating facility includes any interconnected infrastructure  
96.13 or facility used to transmit or deliver electricity to Minnesota customers.

96.14 Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity  
96.15 to Minnesota customers, including the electric utility's successors or assignees.

96.16 Subd. 9. **Energy storage system.** "Energy storage system" means a commercially  
96.17 available technology that uses mechanical, chemical, or thermal processes to:

96.18 (1) store energy and deliver the stored energy for use at a later time; or

96.19 (2) store thermal energy for direct use for heating or cooling at a later time in a manner  
96.20 that reduces the demand for electricity at the later time.

96.21 Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate  
96.22 securities, including but not limited to senior secured bonds, debentures, notes, certificates  
96.23 of participation, certificates of beneficial interest, certificates of ownership, or other evidences  
96.24 of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and  
96.25 a final legal maturity date that is not later than 32 years from the issue date, that are rated  
96.26 AA or Aa2 or better by a major independent credit rating agency at the time of issuance,  
96.27 and that are issued by an electric utility or an assignee under a financing order.

96.28 Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

96.29 (1) is imposed on all customer bills by an electric utility that is the subject of a financing  
96.30 order, or the electric utility's successors or assignees;

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



97.1 (3) provides a source of revenue solely to repay, finance, or refinance energy transition  
97.2 costs.

97.3 Subd. 12. **Energy transition costs.** "Energy transition costs" means:

97.4 (1) as approved by the commission in a financing order issued under section 216B.492,  
97.5 the pretax costs that the electric utility has incurred or will incur that are caused by, associated  
97.6 with, or remain as a result of retiring or replacing electric generating facilities serving  
97.7 Minnesota retail customers; and

97.8 (2) pretax costs that an electric utility has previously incurred related to the closure or  
97.9 replacement of electric infrastructure or facilities occurring before the effective date of this  
97.10 act.

97.11 Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed  
97.12 against an electric utility by a government agency or court under a federal or state  
97.13 environmental statute, rule, or regulation.

97.14 Subd. 13. **Energy transition property.** "Energy transition property" means:

97.15 (1) all rights and interests of an electric utility or successor or assignee of an electric  
97.16 utility under a financing order for the right to impose, bill, collect, receive, and obtain  
97.17 periodic adjustments to energy transition charges authorized under a financing order issued  
97.18 by the commission; and

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

97.23 Subd. 14. **Energy transition revenue.** "Energy transition revenue" means revenue,  
97.24 receipts, collections, payments, money, claims, or other proceeds arising from energy  
97.25 transition property.

97.26 Subd. 15. **Financing costs.** "Financing costs" means:

97.27 (1) principal, interest, and redemption premiums that are payable on energy transition  
97.28 bonds;

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

98.1 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and  
98.2 servicing the bonds, including but not limited to servicing fees, accounting and auditing  
98.3 fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees,  
98.4 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange  
98.5 listing and compliance fees, security registration fees, filing fees, information technology  
98.6 programming costs, and any other demonstrable costs necessary to otherwise ensure and  
98.7 guarantee the timely payment of the bonds or other amounts or charges payable in connection  
98.8 with the bonds;

98.9 (4) taxes and license fees imposed on the revenue generated from collecting an energy  
98.10 transition charge;

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

98.14 (6) costs incurred by the commission to hire and compensate additional temporary staff  
98.15 needed to perform its responsibilities under this section and, in accordance with section  
98.16 216B.494, to engage specialized counsel and expert consultants experienced in securitized  
98.17 electric utility ratepayer-backed bond financing similar to energy transition bonds.

98.18 Subd. 16. **Financing order.** "Financing order" means an order issued by the commission  
98.19 under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in  
98.20 one or more series, (2) impose, charge, and collect energy transition charges, and (3) create  
98.21 energy transition property.

98.22 Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds  
98.23 and a trustee, collateral agent, a party under an ancillary agreement, or any other person  
98.24 acting for the benefit of energy transition bondholders.

98.25 Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy  
98.26 transition charge required to repay bonds and related costs may not be avoided by any retail  
98.27 customer located within an electric utility service area.

98.28 Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission,  
98.29 including but not limited to:

98.30 (1) unrecovered capitalized costs of retired or replaced electric generating facilities;

98.31 (2) costs to decommission and restore the site of an electric generating facility;

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

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

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

99.7 Sec. 37. **[216B.492] FINANCING ORDER.**

99.8 Subdivision 1. **Application.** (a) An electric utility that has received approval from the  
99.9 commission to retire an electric generating facility owned by the utility prior to the full  
99.10 depreciation of the electric generating facility's value may file an application with the  
99.11 commission for the issuance of a financing order to enable the utility to recover energy  
99.12 transition costs through the issuance of energy transition bonds under this section.

99.13 (b) The application must include all of the following information:

99.14 (1) a description of the electric generating facility to be retired;

99.15 (2) the undepreciated value remaining in the electric generating facility that is proposed  
99.16 to be financed through the issuance of bonds under this act, and the method used to calculate  
99.17 the amount;

99.18 (3) the estimated savings to electric utility customers if the financing order is issued as  
99.19 requested in the application, calculated by comparing the costs to customers that are expected  
99.20 to result from implementing the financing order and the estimated costs associated with  
99.21 implementing traditional electric utility financing mechanisms with respect to the same  
99.22 undepreciated balance, expressed in net present value terms;

99.23 (4) an estimated schedule for the electric generating facility's retirement;

99.24 (5) a description of the nonbypassable energy transition charge electric utility customers  
99.25 would be required to pay in order to fully recover financing costs, and the method and  
99.26 assumptions used to calculate the amount;

99.27 (6) a proposed methodology for allocating the revenue requirement for the energy  
99.28 transition charge among the utility's customer classes;

99.29 (7) a description of a proposed adjustment mechanism to be implemented when necessary  
99.30 to correct any overcollection or undercollection of energy transition charges, in order to  
99.31 complete payment of scheduled principal and interest on energy transition bonds and other  
99.32 financing costs in a timely fashion;

100.1 (8) a memorandum with supporting exhibits, from a securities firm that is experienced  
100.2 in the marketing of bonds and that is approved by the commissioner of management and  
100.3 budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher  
100.4 rating or equivalent rating criteria of at least one nationally recognized securities rating  
100.5 organization for issuances similar to the proposed energy transition bonds;

100.6 (9) an estimate of the timing of the issuance and the term of the energy transition bonds,  
100.7 or series of bonds, provided that the scheduled final maturity for each bond issuance does  
100.8 not exceed 30 years;

100.9 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,  
100.10 interest in energy transition property, including identification of an assignee, and  
100.11 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,  
100.12 by the electric utility;

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

100.14 (12) one or more alternative financing scenarios in addition to the preferred scenario  
100.15 contained in the application; and

100.16 (13) a workforce transition plan that includes estimates of:

100.17 (i) the number of workers currently employed at the electric generating facility to be  
100.18 retired by the electric utility and, separately reported, by contractors, including workers that  
100.19 directly deliver fuel to the electric generating facility;

100.20 (ii) the number of workers identified in clause (i) who, as a result of the retirement of  
100.21 the electric generating facility:

100.22 (A) are offered employment by the electric utility in the same job classification;

100.23 (B) are offered employment by the electric utility in a different job classification;

100.24 (C) are not offered employment by the electric utility;

100.25 (D) are offered early retirement by the electric utility; and

100.26 (E) retire as planned; and

100.27 (iii) if the electric utility plans to replace the retiring generating facility with a new  
100.28 electric generating facility owned by the electric utility, the number of jobs at the new  
100.29 generating facility outsourced to contractors or subcontractors; and

100.30 (14) a plan to replace the retired electric generating facilities with other electric generating  
100.31 facilities owned by the utility or power purchase agreements that meet the requirements of

101.1 subdivision 3, clause (15), and a schedule reflecting that the replacement resources are  
101.2 operational or available at the time the retiring electric generating facilities cease operation.

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

101.6 (1) the energy transition costs described in the application related to the retirement of  
101.7 electric generation facilities are reasonable;

101.8 (2) the proposed issuance of energy transition bonds and the imposition and collection  
101.9 of energy transition charges:

101.10 (i) are just and reasonable;

101.11 (ii) are consistent with the public interest;

101.12 (iii) constitute a prudent and reasonable mechanism to finance the energy transition costs  
101.13 described in the application; and

101.14 (iv) provide tangible and quantifiable benefits to customers that are substantially greater  
101.15 than the benefits that would have been achieved absent the issuance of energy transition  
101.16 bonds; and

101.17 (3) the proposed structuring, marketing, and pricing of the energy transition bonds:

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

101.20 (ii) achieve the maximum net present value of customer savings, as determined by the  
101.21 commission in a financing order, consistent with market conditions at the time of sale and  
101.22 the terms of the financing order.

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

101.24 (1) determine the maximum amount of energy transition costs that may be financed from  
101.25 proceeds of energy transition bonds issued pursuant to the financing order;

101.26 (2) describe the proposed customer billing mechanism for energy transition charges and  
101.27 include a finding that the mechanism is just and reasonable;

101.28 (3) describe the financing costs that may be recovered through energy transition charges  
101.29 and the period over which the costs may be recovered, which must end no earlier than the  
101.30 date of final legal maturity of the energy transition bonds;

102.1 (4) describe the energy transition property that is created and that may be used to pay,  
102.2 and secure the payment of, the energy transition bonds and financing costs authorized in  
102.3 the financing order;

102.4 (5) authorize the electric utility to finance energy transition costs through the issuance  
102.5 of one or more series of energy transition bonds. An electric utility is not required to secure  
102.6 a separate financing order for each issuance of energy transition bonds or for each scheduled  
102.7 phase of the retirement or replacement of electric generating facilities approved in the  
102.8 financing order;

102.9 (6) include a formula-based mechanism that must be used to make expeditious periodic  
102.10 adjustments to the energy transition charge authorized by the financing order that are  
102.11 necessary to correct for any overcollection or undercollection, or to otherwise guarantee  
102.12 the timely payment of energy transition bonds, financing costs, and other required amounts  
102.13 and charges payable in connection with energy transition bonds;

102.14 (7) specify the degree of flexibility afforded to the electric utility in establishing the  
102.15 terms and conditions of the energy transition bonds, including but not limited to repayment  
102.16 schedules, expected interest rates, and other financing costs;

102.17 (8) specify that the energy transition bonds must be issued as soon as feasible following  
102.18 issuance of the financing order;

102.19 (9) require the electric utility, at the same time as energy transition charges are initially  
102.20 collected and independent of the schedule to close and decommission the electric generating  
102.21 facility, to remove the electric generating facility to be retired from the utility's rate base  
102.22 and commensurately reduce the utility's base rates;

102.23 (10) specify a future ratemaking process to reconcile any difference between the projected  
102.24 pretax costs included in the amount financed by energy transition bonds and the final actual  
102.25 pretax costs incurred by the electric utility to retire or replace the electric generating facility;

102.26 (11) specify information regarding bond issuance and repayments, financing costs,  
102.27 energy transaction charges, energy transition property, and related matters that the electric  
102.28 utility is required to provide to the commission on a schedule determined by the commission;

102.29 (12) allow and may require the creation of an electric utility's energy transition property  
102.30 to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy  
102.31 transition property to an assignee and the pledge of the energy transition property to secure  
102.32 the energy transition bonds;

103.1 (13) ensure that the structuring, marketing, and pricing of energy transition bonds result  
103.2 in the lowest securitization bond charges and maximize net present value customer savings,  
103.3 consistent with market conditions and the terms of the financing order;

103.4 (14) specify that the electric utility is prohibited from, after the electric generating  
103.5 facilities subject to the finance order are removed from the electric utility's base rate:

103.6 (i) operating the electric generating facilities; or

103.7 (ii) selling the electric generating facilities to another entity to be operated as electric  
103.8 generating facilities; and

103.9 (15) specify that the electric utility must send a payment from energy transition bond  
103.10 proceeds equal to 15 percent of the net present value of electric utility cost savings estimated  
103.11 by the commission under subdivision 2, clause (3), item (ii), to the commissioner of  
103.12 employment and economic development for deposit in the energy worker transition account  
103.13 established in section 216B.4991, and that the balance of the proceeds:

103.14 (i) must not be used to acquire, construct, finance, own, operate, or purchase energy  
103.15 from an electric generating facility that is not powered by a clean energy resource; and

103.16 (ii) may be used to construct, finance, operate, own, or purchase energy from, an electric  
103.17 generating facility that complies with item (i), under conditions determined by the  
103.18 commission, including the capacity of generating assets, the estimated date the asset is  
103.19 placed into service, and any other factors deemed relevant by the commission, taking into  
103.20 account the electric utility's resource plan most recently approved by the commission under  
103.21 section 216B.2422.

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

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

103.25 (i) promote the public interest; and

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

103.28 (2) specify the selection of one or more underwriters of the energy transition bonds.

103.29 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains  
103.30 in effect until the energy transition bonds issued under the financing order and all financing  
103.31 costs related to the bonds have been paid in full.

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

104.4 (c) Subject to judicial review as provided for in section 216B.52, a financing order is  
104.5 irrevocable and is not reviewable by future commissions. The commission may not reduce,  
104.6 impair, postpone, or terminate energy transition charges approved in a financing order, or  
104.7 impair energy transition property or the collection or recovery of energy transition revenue.

104.8 (d) Notwithstanding paragraph (c), the commission may, on its own motion or at the  
104.9 request of an electric utility or any other person, commence a proceeding and issue a  
104.10 subsequent financing order that provides for refinancing, retiring, or refunding energy  
104.11 transition bonds issued under the original financing order if:

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

104.14 (2) the modification contained in the subsequent financing order does not in any way  
104.15 impair the covenants and terms of the energy transition bonds to be refinanced, retired, or  
104.16 refunded.

104.17 Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),  
104.18 the commission, in exercising its powers and carrying out its duties under this section, is  
104.19 prohibited from:

104.20 (1) considering energy transition bonds issued under this section to be debt of the electric  
104.21 utility other than for income tax purposes, unless it is necessary to consider the energy  
104.22 transition bonds to be debt in order to achieve consistency with prevailing utility debt rating  
104.23 methodologies;

104.24 (2) considering the energy transition charges paid under the financing order to be revenue  
104.25 of the electric utility;

104.26 (3) considering the energy transition costs or financing costs specified in the financing  
104.27 order to be the regulated costs or assets of the electric utility; or

104.28 (4) determining any prudent action taken by an electric utility that is consistent with the  
104.29 financing order to be unjust or unreasonable.

104.30 (b) Nothing in this subdivision:

104.31 (1) affects the authority of the commission to apply or modify any billing mechanism  
104.32 designed to recover energy transition charges;



105.1 (2) prevents or precludes the commission from investigating an electric utility's  
105.2 compliance with the terms and conditions of a financing order and requiring compliance  
105.3 with the financing order; or

105.4 (3) prevents or precludes the commission from imposing regulatory sanctions against  
105.5 an electric utility for failure to comply with the terms and conditions of a financing order  
105.6 or the requirements of this section.

105.7 (c) The commission is prohibited from refusing to allow the recovery of any costs  
105.8 associated with the retirement or replacement of electric generating facilities by an electric  
105.9 utility solely because the electric utility has elected to finance those activities through a  
105.10 financing mechanism other than energy transition bonds.

105.11 **Sec. 38. [216B.493] POST-ORDER COMMISSION DUTIES.**

105.12 Subdivision 1. **Financing cost review.** Within 120 days after the date energy transition  
105.13 bonds are issued, an electric utility subject to a financing order must file with the commission  
105.14 the actual initial and ongoing financing costs, the final structure and pricing of the energy  
105.15 transition bonds, and the actual energy transition charge. The commission must review the  
105.16 prudence of the electric utility's actions to determine whether the actual financing costs  
105.17 were the lowest that could reasonably be achieved, given the terms of the financing order  
105.18 and market conditions prevailing at the time of the bond's issuance.

105.19 Subd. 2. **Enforcement.** If the commission determines that an electric utility's actions  
105.20 under this section are not prudent or are inconsistent with the financing order, the commission  
105.21 may apply any remedies available, provided that any remedy applied may not directly or  
105.22 indirectly impair the security for the energy transition bonds.

105.23 **Sec. 39. [216B.494] USE OF OUTSIDE EXPERTS.**

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

105.25 (1) contract with outside consultants and counsel experienced in securitized electric  
105.26 utility customer-backed bond financing similar to energy transition bonds; and

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

105.28 Expenses incurred by the commission under this paragraph must be treated as financing  
105.29 costs and included in the energy transition charge. The costs incurred under clause (1) are  
105.30 not an obligation of the state and are assigned solely to the transaction.

106.1 (b) If a utility's application for a financing order is denied or withdrawn for any reason  
106.2 and energy transition bonds are not issued, the commission's costs to retain expert consultants  
106.3 under this subdivision must be paid by the applicant utility and are deemed by the commission  
106.4 to be prudent deferred expense eligible for recovery in the utility's future rates.

106.5 Sec. 40. **[216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.**

106.6 (a) An electric utility that obtains a financing order and causes energy transition bonds  
106.7 to be issued must:

106.8 (1) include on each customer's monthly electricity bill:

106.9 (i) a statement that a portion of the charges represents energy transition charges approved  
106.10 in a financing order;

106.11 (ii) the amount and rate of the energy transition charge as a separate line item titled  
106.12 "energy transition charge"; and

106.13 (iii) if energy transition property has been transferred to an assignee, a statement that  
106.14 the assignee is the owner of the rights to energy transition charges and that the electric utility  
106.15 or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

106.16 (2) file annually with the commission:

106.17 (i) a calculation of the impact of financing the retirement or replacement of electric  
106.18 generating facilities on customer electricity rates, by customer class; and

106.19 (ii) evidence demonstrating that energy transition revenues are applied solely to the  
106.20 repayment of energy transition bonds and other financing costs.

106.21 (b) Energy transition charges are nonbypassable and must be paid by all existing and  
106.22 future customers receiving service from the electric utility or the utility's successors or  
106.23 assignees under commission-approved rate schedules or special contracts.

106.24 (c) An electric utility's failure to comply with this section does not invalidate, impair,  
106.25 or affect any financing order, energy transition property, energy transition charge, or energy  
106.26 transition bonds, but does subject the electric utility to penalties under applicable commission  
106.27 rules.

106.28 Sec. 41. **[216B.496] ENERGY TRANSITION PROPERTY.**

106.29 Subdivision 1. **General.** (a) Energy transition property is an existing present property  
106.30 right or interest in a property right even though the imposition and collection of energy  
106.31 transition charges depends on the electric utility's collecting energy transition charges and

107.1 on future electricity consumption. The property right or interest exists regardless of whether  
107.2 the revenues or proceeds arising from the energy transition property have been billed, have  
107.3 accrued, or have been collected.

107.4 (b) Energy transition property exists until all energy transition bonds issued under a  
107.5 financing order are paid in full and all financing costs and other costs of the energy transition  
107.6 bonds have been recovered in full.

107.7 (c) All or any portion of energy transition property described in a financing order issued  
107.8 to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee  
107.9 that is wholly owned, directly or indirectly, by the electric utility and is created for the  
107.10 limited purpose of acquiring, owning, or administering energy transition property or issuing  
107.11 energy transition bonds as authorized by the financing order. All or any portion of energy  
107.12 transition property may be pledged to secure energy transition bonds issued under a financing  
107.13 order, amounts payable to financing parties and to counterparties under any ancillary  
107.14 agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or  
107.15 pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary  
107.16 course of business.

107.17 (d) If an electric utility defaults on any required payment of charges arising from energy  
107.18 transition property described in a financing order, a court, upon petition by an interested  
107.19 party and without limiting any other remedies available to the petitioner, must order the  
107.20 sequestration and payment of the revenues arising from the energy transition property to  
107.21 the financing parties.

107.22 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy  
107.23 transition property specified in a financing order issued to an electric utility, and in the  
107.24 revenue and collections arising from that property, is not subject to setoff, counterclaim,  
107.25 surcharge, or defense by the electric utility or any other person, or in connection with the  
107.26 reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

107.27 (f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy,  
107.28 or other insolvency proceeding, merger or acquisition, sale, other business combination,  
107.29 transfer by operation of law, electric utility restructuring, or otherwise, must perform and  
107.30 satisfy all obligations of, and has the same duties and rights under, a financing order as the  
107.31 electric utility to which the financing order applies, and must perform the duties and exercise  
107.32 the rights in the same manner and to the same extent as the electric utility, including  
107.33 collecting and paying to any person entitled to receive revenues, collections, payments, or  
107.34 proceeds of energy transition property.

108.1 Subd. 2. Security interests in energy transition property. (a) The creation, perfection,  
108.2 and enforcement of any security interest in energy transition property to secure the repayment  
108.3 of the principal and interest on energy transition bonds, amounts payable under any ancillary  
108.4 agreement, and other financing costs are governed solely by this section.

108.5 (b) A security interest in energy transition property is created, valid, and binding when:

108.6 (1) the financing order that describes the energy transition property is issued;

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

108.8 (3) value is received for the energy transition bonds.

108.9 (c) Once a security interest in energy transition property is created, the security interest  
108.10 attaches without any physical delivery of collateral or any other act. The lien of the security  
108.11 interest is valid, binding, and perfected against all parties having claims of any kind in tort,  
108.12 contract, or otherwise against the person granting the security interest, regardless of whether  
108.13 the parties have notice of the lien, upon the filing of a financing statement with the secretary  
108.14 of state.

108.15 (d) The description or indication of energy transition property in a transfer or security  
108.16 agreement and a financing statement is sufficient only if the description or indication refers  
108.17 to this section and the financing order creating the energy transition property.

108.18 (e) A security interest in energy transition property is a continuously perfected security  
108.19 interest and has priority over any other lien, created by operation of law or otherwise, which  
108.20 may subsequently attach to the energy transition property unless the holder of the security  
108.21 interest has agreed otherwise in writing.

108.22 (f) The priority of a security interest in energy transition property is not affected by the  
108.23 commingling of energy transition property or energy transition revenue with other money.  
108.24 An assignee, bondholder, or financing party has a perfected security interest in the amount  
108.25 of all energy transition property or energy transition revenue that is pledged to pay energy  
108.26 transition bonds, even if the energy transition property or energy transition revenue is  
108.27 deposited in a cash or deposit account of the electric utility in which the energy transition  
108.28 revenue is commingled with other money. Any other security interest that applies to the  
108.29 other money does not apply to the energy transition revenue.

108.30 (g) Neither a subsequent commission order amending a financing order under section  
108.31 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a  
108.32 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or  
108.33 priority of a security interest in or transfer of energy transition property.

109.1 (h) A valid and enforceable security interest in energy transition property is perfected  
109.2 only when it has attached and when a financing order has been filed with the secretary of  
109.3 state in accordance with procedures that the secretary of state may establish. The financing  
109.4 order must name the pledgor of the energy transition property as debtor and identify the  
109.5 property.

109.6 Subd. 3. Sales of energy transition property. (a) A sale, assignment, or transfer of  
109.7 energy transition property is an absolute transfer and true sale of, and not a pledge of or  
109.8 secured transaction relating to, the seller's right, title, and interest in, to, and under the energy  
109.9 transition property if the documents governing the transaction expressly state that the  
109.10 transaction is a sale or other absolute transfer. A transfer of an interest in energy transition  
109.11 property may be created when:

109.12 (1) the financing order creating and describing the energy transition property is effective;

109.13 (2) the documents evidencing the transfer of the energy transition property are executed  
109.14 and delivered to the assignee; and

109.15 (3) value is received.

109.16 (b) A transfer of an interest in energy transition property must be filed with the secretary  
109.17 of state against all third persons and perfected under chapter 336, revised article 9, part 3,  
109.18 including any judicial lien or other lien creditors or any claims of the seller or creditors of  
109.19 the seller, other than creditors holding a prior security interest, ownership interest, or  
109.20 assignment in the energy transition property previously perfected under this subdivision or  
109.21 subdivision 2.

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

109.25 (1) commingling of energy transition revenue with other money;

109.26 (2) the retention by the seller of:

109.27 (i) a partial or residual interest, including an equity interest, in the energy transition  
109.28 property, whether direct or indirect, or whether subordinate or otherwise; or

109.29 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed  
109.30 on the collection of energy transition revenue;

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

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

110.3 (5) an obligation of the seller to collect energy transition revenues on behalf of an  
110.4 assignee;

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

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

110.9 (8) any application of an adjustment mechanism under section 216B.492, subdivision  
110.10 3, paragraph (a), clause (6).

110.11 **Sec. 42. [216B.497] ENERGY TRANSITION BONDS.**

110.12 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,  
110.13 administrators, guardians, trustees, and other fiduciaries may legally invest any money  
110.14 within the individual's or entity's control in energy transition bonds.

110.15 (b) Energy transition bonds issued under a financing order are not debt of or a pledge  
110.16 of the faith and credit or taxing power of the state, any agency of the state, or any political  
110.17 subdivision. Holders of energy transition bonds may not have taxes levied by the state or a  
110.18 political subdivision in order to pay the principal or interest on energy transition bonds. The  
110.19 issuance of energy transition bonds does not directly, indirectly, or contingently obligate  
110.20 the state or a political subdivision to levy any tax or make any appropriation to pay principal  
110.21 or interest on the energy transition bonds.

110.22 (c) The state pledges to and agrees with holders of energy transition bonds, any assignee,  
110.23 and any financing parties that the state will not:

110.24 (1) take or permit any action that impairs the value of energy transition property; or

110.25 (2) reduce, alter, or impair energy transition charges that are imposed, collected, and  
110.26 remitted for the benefit of holders of energy transition bonds, any assignee, and any financing  
110.27 parties, until any principal, interest, and redemption premium payable on energy transition  
110.28 bonds, all financing costs, and all amounts to be paid to an assignee or financing party under  
110.29 an ancillary agreement are paid in full.

110.30 (d) A person who issues energy transition bonds may include the pledge specified in  
110.31 paragraph (c) in the energy transition bonds, ancillary agreements, and documentation  
110.32 related to the issuance and marketing of the energy transition bonds.

111.1 Sec. 43. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO**  
111.2 **COMMISSION REGULATION.**

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

111.6 Sec. 44. **[216B.499] EFFECT ON OTHER LAWS.**

111.7 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law  
111.8 regarding the attachment, assignment, perfection, effect of perfection, or priority of any  
111.9 security interest in or transfer of energy transition property, sections 216B.491 to 216B.499  
111.10 govern.

111.11 (b) Nothing in this subdivision precludes an electric utility for which the commission  
111.12 has initially issued a financing order from applying to the commission for:

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

111.15 (2) approval to issue energy transition bonds to refund all or a portion of an outstanding  
111.16 series of energy transition bonds.

111.17 Sec. 45. **[216B.4991] ENERGY WORKER TRANSITION ACCOUNT.**

111.18 Subdivision 1. **Account established.** The energy worker transition account is established  
111.19 as a separate account in the special revenue fund in the state treasury. The commissioner  
111.20 of employment and economic development must credit to the account appropriations and  
111.21 transfers to the account, and payments of proceeds from the sale of bonds realized by an  
111.22 electric utility operating under a financing order issued by the commission under section  
111.23 216B.492. Earnings, such as interest, dividends, and any other earnings arising from assets  
111.24 of the account, must be credited to the account. Funds remaining in the account at the end  
111.25 of a fiscal year are not canceled to the general fund but remain in the account until expended.  
111.26 The commissioner of employment and economic development must manage the account.

111.27 Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance  
111.28 to workers whose employment was terminated by an electric utility that has ceased operation  
111.29 and issued bonds under a financing order issued by the Public Utilities Commission under  
111.30 section 216B.492. The types of assistance that may be provided from the account are:

111.31 (1) transition, support, and training services listed under section 116L.17, subdivision  
111.32 4, clauses (1) to (5);

112.1 (2) employment and training services, as defined in section 116L.19, subdivision 4;

112.2 (3) income maintenance and support services, as defined in section 116L.19, subdivision  
112.3 5;

112.4 (4) assistance to workers in starting a business, as described in section 116L.17,  
112.5 subdivision 11; and

112.6 (5) extension of unemployment benefits.

112.7 (b) No more than five percent of funds in the account may be used to pay the department's  
112.8 costs to administer the account.

112.9 (c) The commissioner may make grants to a state or local government unit, nonprofit  
112.10 organization, community action agency, business organization or association, or labor  
112.11 organization to provide the services allowed under this subdivision. No more than ten percent  
112.12 of funds allocated to a grantee may be used to pay administrative costs.

112.13 Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

112.14 Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site  
112.15 selection standards and criteria established in this section and in rules adopted by the  
112.16 commission. When the commission designates a site, it shall issue a site permit to the  
112.17 applicant with any appropriate conditions. The commission shall publish a notice of its  
112.18 decision in the State Register within 30 days of issuance of the site permit.

112.19 (b) No route permit shall be issued in violation of the route selection standards and  
112.20 criteria established in this section and in rules adopted by the commission. When the  
112.21 commission designates a route, it shall issue a permit for the construction of a high-voltage  
112.22 transmission line specifying the design, routing, right-of-way preparation, and facility  
112.23 construction it deems necessary, and with any other appropriate conditions. The commission  
112.24 may order the construction of high-voltage transmission line facilities that are capable of  
112.25 expansion in transmission capacity through multiple circuiting or design modifications. The  
112.26 commission shall publish a notice of its decision in the State Register within 30 days of  
112.27 issuance of the permit.

112.28 (c) The commission shall require, as a condition of permit issuance, that the recipient  
112.29 of a site permit to construct a large electric power generating plant and all of the permit  
112.30 recipient's construction contractors and subcontractors on the project pay no less than the  
112.31 prevailing wage rate, as defined in section 177.42. The commission shall also require, as a  
112.32 condition of modifying a site permit for a large electric power generating plant repowering  
112.33 project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of



113.1 the site permit and all of the permit recipient's construction contractors and subcontractors  
113.2 on the repowering project pay no less than the prevailing wage rate, as defined in section  
113.3 177.42.

113.4 (d) The commission may require, as a condition of permit issuance, that the recipient of  
113.5 a site permit to construct a large electric power generating plant and all of the permit  
113.6 recipient's construction contractors and subcontractors on the project participate in  
113.7 apprenticeship programs that are registered with the Minnesota Department of Labor and  
113.8 Industry or the Office of Apprenticeship of the United States Department of Labor for their  
113.9 work on the project. The commission may also require, as a condition of modifying a site  
113.10 permit for a large electric power generating plant repowering project as defined in section  
113.11 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the  
113.12 permit recipient's construction contractors and subcontractors on the repowering project  
113.13 participate in apprenticeship programs that are registered with the Minnesota Department  
113.14 of Labor and Industry or the Office of Apprenticeship of the United States Department of  
113.15 Labor for their work on the project. In deciding whether to require participation in  
113.16 apprenticeship programs that are registered with the Minnesota Department of Labor and  
113.17 Industry or the Office of Apprenticeship of the United States Department of Labor under  
113.18 this paragraph, the commission shall consider relevant factors including the direct and  
113.19 indirect economic impact as well as the quality, efficiency, and safety of construction on  
113.20 the project.

113.21 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
113.22 initiated at the Public Utilities Commission on or after that date.

113.23 Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

113.24 **216F.04 SITE PERMIT.**

113.25 (a) No person may construct an LWECs without a site permit issued by the Public  
113.26 Utilities Commission.

113.27 (b) Any person seeking to construct an LWECs shall submit an application to the  
113.28 commission for a site permit in accordance with this chapter and any rules adopted by the  
113.29 commission. The permitted site need not be contiguous land.

113.30 (c) The commission shall make a final decision on an application for a site permit for  
113.31 an LWECs within 180 days after acceptance of a complete application by the commission.  
113.32 The commission may extend this deadline for cause.

114.1 (d) The commission may place conditions in a permit and may deny, modify, suspend,  
114.2 or revoke a permit.

114.3 (e) The commission shall require, as a condition of permit issuance, that the recipient  
114.4 of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts  
114.5 and all of the permit recipient's construction contractors and subcontractors on the project  
114.6 pay no less than the prevailing wage rate, as defined in section 177.42. The commission  
114.7 shall also require, as a condition of modifying a site permit for an LWECS repowering  
114.8 project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of  
114.9 the site permit and all of the permit recipient's construction contractors and subcontractors  
114.10 on the repowering project pay no less than the prevailing wage rate as defined in section  
114.11 177.42.

114.12 (f) The commission may require, as a condition of permit issuance, that the recipient of  
114.13 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and  
114.14 all of the permit recipient's construction contractors and subcontractors on the project  
114.15 participate in apprenticeship programs that are registered with the Minnesota Department  
114.16 of Labor and Industry or the Office of Apprenticeship of the United States Department of  
114.17 Labor for their work on the project. The commission may also require, as a condition of  
114.18 modifying a site permit for an LWECS repowering project as defined in section 216B.243,  
114.19 subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit  
114.20 recipient's construction contractors and subcontractors on the repowering project participate  
114.21 in apprenticeship programs that are registered with the Minnesota Department of Labor and  
114.22 Industry or the Office of Apprenticeship of the United States Department of Labor for their  
114.23 work on the project. In deciding whether to require participation in apprenticeship programs  
114.24 that are registered with the Minnesota Department of Labor and Industry or the Office of  
114.25 Apprenticeship of the United States Department of Labor under this paragraph, the  
114.26 commission shall consider relevant factors including the direct and indirect economic impact  
114.27 as well as the quality, efficiency, and safety of construction on the project.

114.28 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets  
114.29 initiated at the Public Utilities Commission on or after that date.

114.30 Sec. 48. **PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF**  
114.31 **NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS**  
114.32 **REDUCTION GOALS.**

114.33 By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate  
114.34 changes to natural gas utility regulatory and policy structures needed to support the state's

115.1 greenhouse gas emissions reductions goals, including those established in section 216H.02,  
115.2 subdivision 1, and to achieve net zero greenhouse gas emissions by 2050, as determined by  
115.3 the Intergovernmental Panel on Climate Change.

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

115.5 Sec. 49. **APPROPRIATIONS.**

115.6 Subdivision 1. **Construction materials; environmental impact study.** (a) \$100,000  
115.7 in fiscal year 2022 is appropriated from the general fund to the commissioner of  
115.8 administration for completing the study required under this section. This is a onetime  
115.9 appropriation.

115.10 (b) The commissioner of administration must contract with the Center for Sustainable  
115.11 Building Research at the University of Minnesota to examine the feasibility, economic costs,  
115.12 and environmental benefits of requiring a bid that proposes to use or construct one or more  
115.13 eligible materials in the construction or major renovation of a new state building or  
115.14 state-funded highway, bridge, or related infrastructure to include a supply-chain specific  
115.15 type III environmental product declaration for each of those materials, which information  
115.16 must be taken into consideration in making a contract award. In conducting the study, the  
115.17 Center for Sustainable Building Research must examine and evaluate similar programs  
115.18 adopted in other states.

115.19 (c) By February 1, 2022, the commissioner of administration must submit the findings  
115.20 and recommendations of the study to the chairs and ranking minority members of the senate  
115.21 and house of representatives committees with primary jurisdiction over environmental  
115.22 policy.

115.23 (d) For purposes of this section, the following terms have the meanings given:

115.24 (1) "eligible materials" means any of the following materials that function as part of a  
115.25 structural system or structural assembly:

115.26 (i) concrete, including structural cast in place, shotcrete, and precast;

115.27 (ii) unit masonry;

115.28 (iii) metal of any type; and

115.29 (iv) wood of any type, including but not limited to wood composites and wood-laminated  
115.30 products;

116.1 (2) "engineered wood" means a product manufactured by banding or fixing strands,  
116.2 particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat  
116.3 and pressure, or other methods to form composite material;

116.4 (3) "state building" means a building owned by the state of Minnesota;

116.5 (4) "structural" means a building material or component that supports gravity loads of  
116.6 building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake  
116.7 loads, including but not limited to shear walls, braced or moment frames, foundations,  
116.8 below-grade walls, and floors;

116.9 (5) "supply-chain specific" means an environmental product declaration that includes  
116.10 supply-chain specific data for production processes that contribute to 80 percent or more  
116.11 of a product's lifecycle global warming potential. For engineered wood products,  
116.12 "supply-chain specific" also means an environmental product declaration that reports:

116.13 (i) any chain of custody certification; and

116.14 (ii) the percentage of wood, by volume, used in the product that is sourced:

116.15 (A) by state or province and country;

116.16 (B) by type of owner, whether federal, state, private, or other; and

116.17 (C) with forest management certification; and

116.18 (6) "type III environmental product declaration" means a document verified and registered  
116.19 by a third party that contains a life-cycle assessment of the environmental impacts, including,  
116.20 but not limited to, the use of water, land, and energy resources in the manufacturing process,  
116.21 of a specific product constructed or manufactured by a specific firm and that meets the  
116.22 applicable standards developed and maintained for such assessments by the International  
116.23 Organization for Standardization (ISO).

116.24 Subd. 2. **Natural gas innovation plan; implementation.** (a) \$189,000 in fiscal year  
116.25 2022 and \$189,000 in fiscal year 2023 are appropriated from the general fund to the  
116.26 commissioner of commerce for activities associated with a utility's implementation of a  
116.27 natural gas innovation plan under Minnesota Statutes, section 216B.2427.

116.28 (b) \$112,000 in fiscal year 2022 and \$112,000 in fiscal year 2023 are appropriated from  
116.29 the general fund to the Public Utilities Commission for the activities associated with a  
116.30 utility's implementation of a natural gas innovation plan under Minnesota Statutes, section  
116.31 216B.2427.

117.1 Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section  
117.2 116C.779, subdivision 1, paragraph (j), \$450,000 in fiscal year 2022 and \$450,000 in fiscal  
117.3 year 2023 are appropriated from the renewable development account established in Minnesota  
117.4 Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic  
117.5 development for the operation of the Energy Transition Office established under Minnesota  
117.6 Statutes, section 116J.5491.

117.7 Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota  
117.8 Statutes, section 116C.779, subdivision 1, paragraph (j), \$10,000,000 in fiscal year 2022 is  
117.9 appropriated from the renewable development account established under Minnesota Statutes,  
117.10 section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the task  
117.11 force of the Minnesota Innovation Finance Authority established under Minnesota Statutes,  
117.12 section 216C.441. This is a onetime appropriation. Of this amount, up to \$50,000 must be  
117.13 made available to the task force of the Minnesota Innovation Finance Authority for start-up  
117.14 expenses, including but not limited to expenses incurred prior to incorporation.

117.15 Subd. 5. **Beneficial electrification.** (a) \$30,000 in fiscal year 2022 and \$30,000 in fiscal  
117.16 year 2023 are appropriated from the general fund to the commissioner of commerce for the  
117.17 purpose of participating in Public Utilities Commission proceedings regarding utility  
117.18 beneficial electrification plans, as described in section 35.

117.19 (b) \$56,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from  
117.20 the general fund to the Public Utilities Commission for activities associated with utility  
117.21 beneficial electrification plans, as described in section 35.

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

117.23 Sec. 50. **REPEALER.**

117.24 Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

117.26

### ARTICLE 3

117.27

### CLIMATE CHANGE

117.28 Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL**  
117.29 **ANALYSIS.**

117.30 Subdivision 1. **Title.** This act may be known and cited as the "Buy Clean and Buy Fair  
117.31 Minnesota Act."

118.1 Subd. 2. Definitions. For purposes of this section, the following terms have the meanings  
118.2 given.

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

118.5 (b) "Department" means the Department of Administration.

118.6 (c) "Eligible material category" means:

118.7 (1) carbon steel rebar;

118.8 (2) structural steel;

118.9 (3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

118.10 (4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph

118.11 (f), that is installed as part of an eligible project.

118.12 (d) "Eligible project" means:

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

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

118.17 (e) "Environmental product declaration" means a supply chain specific type III  
118.18 environmental product declaration that:

118.19 (1) contains a lifecycle assessment of the environmental impacts of manufacturing a  
118.20 specific product by a specific firm, including the impacts of extracting and producing the  
118.21 raw materials and components that compose the product;

118.22 (2) is verified and registered by a third-party; and

118.23 (3) meets the applicable standards developed and maintained for such assessments by  
118.24 the International Organization for Standardization (ISO).

118.25 (f) "Global warming potential" has the meaning given in section 216H.10, subdivision  
118.26 5.

118.27 (g) "Greenhouse gas" has the meaning given to "statewide greenhouse gas emissions"  
118.28 in section 216H.01, subdivision 2.

119.1 (h) "Lifecycle" means an analysis that includes the environmental impacts of all stages  
119.2 of a specific product's production, from mining and processing its raw materials to the  
119.3 process of manufacturing the product itself.

119.4 (i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

119.5 (j) "State building" means a building whose construction or renovation is funded wholly  
119.6 or partially from the proceeds of bonds issued by the state of Minnesota.

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

119.9 (l) "Supply chain specific" means an environmental product declaration that includes  
119.10 specific data for the production processes of the materials and components composing a  
119.11 product that contribute at least 80 percent of the product's lifecycle global warming potential,  
119.12 as defined in International Organization for Standardization standard 21930.

119.13 Subd. 3. **Standard; maximum global warming potential.** (a) No later than September  
119.14 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming  
119.15 potential for each eligible material used in an eligible project, in accordance with the  
119.16 following requirements:

119.17 (1) the commissioner shall, after considering nationally or internationally recognized  
119.18 databases of environmental product declarations for an eligible material category, establish  
119.19 the maximum acceptable global warming potential at the industry average global warming  
119.20 potential for that eligible material category; and

119.21 (2) the commissioner may set different maximums for different specific products within  
119.22 each eligible material category.

119.23 The global warming potential shall be provided in a manner that is consistent with criteria  
119.24 in an environmental product declaration.

119.25 (b) No later than September 1, 2025, and every three years thereafter, the commissioner  
119.26 shall review the maximum acceptable global warming potential for each eligible materials  
119.27 category and for specific products within an eligible materials category established under  
119.28 paragraph (a). The commissioner may adjust those values downward for any eligible material  
119.29 category or product to reflect industry improvements if the commissioner, based on the  
119.30 process described in paragraph (a), clause (1), determines that the industry average has  
119.31 declined. The commissioner may not adjust the maximum acceptable global warming  
119.32 potential upward for any eligible material category or product.

120.1 Subd. 4. **Bidding process.** (a) Except as provided in paragraph (c), the department shall  
120.2 require in a specification for bids for an eligible project that the global warming potential  
120.3 reported by a bidder in the environmental product declaration for any eligible material  
120.4 category must not exceed the maximum acceptable global warming potential for that eligible  
120.5 material category or product established under subdivision 2. The department may require  
120.6 in a specification for bids for an eligible project a global warming potential for any eligible  
120.7 material that is lower than the maximum acceptable global warming potential for that  
120.8 material established under subdivision 2.

120.9 (b) Except as provided in paragraph (c), a successful bidder for a contract may not use  
120.10 or install any eligible material on the project until the commissioner has provided notice to  
120.11 the bidder in writing that the commissioner has determined that a supply chain-specific  
120.12 environmental product declaration submitted by the bidder for that material meets the  
120.13 requirements of this subdivision.

120.14 (c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the  
120.15 commissioner determines that complying with the provisions of paragraph (a) would create  
120.16 financial hardship for the bidder. The commissioner shall make a determination of hardship  
120.17 if the commissioner finds that:

120.18 (1) the bidder has made a good faith effort to obtain the data required in an environmental  
120.19 product declaration; and

120.20 (2) the bidder has provided all the data it obtained in pursuit of an environmental product  
120.21 declaration to the commissioner; and

120.22 (3) based on a detailed estimate of the costs of obtaining an environmental product  
120.23 declaration, and taking into consideration the bidder's annual gross revenues, complying  
120.24 with paragraph (a) would cause the bidder financial hardship; or

120.25 (4) complying with paragraph (a) would disrupt the bidder's ability to perform its  
120.26 contractual obligations.

120.27 Subd. 5. **Pilot program.** (a) No later than July 1, 2022, the department must establish  
120.28 a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse  
120.29 gas emissions, including greenhouse gas emissions from mining raw materials, of products  
120.30 selected by the department from among those it procures. The pilot program must encourage,  
120.31 but may not require, a product vendor to submit the following data for each selected product  
120.32 that represents at least 90 percent of the total cost of the materials or components used in  
120.33 the selected product:



- 121.1 (1) the quantity of the product purchased by the department;
- 121.2 (2) a current environmental product declaration for the product;
- 121.3 (3) the name and location of the product's manufacturer;
- 121.4 (4) a copy of the product vendor's Supplier Code of Conduct, if any;
- 121.5 (5) names and locations of product's actual production facilities; and
- 121.6 (6) an assessment of employee working conditions at the product's actual production
- 121.7 facilities.
- 121.8 (b) The department must construct a publicly accessible database posted on its website
- 121.9 containing the data reported under this subdivision. The data must be reported in a manner
- 121.10 that precludes, directly, or in combination with other publicly available data, the identification
- 121.11 of the product manufacturer.
- 121.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 121.13 Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:
- 121.14 Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state
- 121.15 to reduce statewide greenhouse gas emissions across all sectors producing those emissions
- 121.16 to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below
- 121.17 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050. by at
- 121.18 least the following amounts, compared with the level of emissions in 2005:
- 121.19 (1) 15 percent by 2015;
- 121.20 (2) 30 percent by 2025;
- 121.21 (3) 45 percent by 2030; and
- 121.22 (4) to net zero by 2050.
- 121.23 (b) The ~~levels~~ targets shall be reviewed ~~based on the climate change action plan study.~~
- 121.24 annually by the commissioner of the Pollution Control Agency, taking into account the
- 121.25 latest scientific research on the impacts of climate change and strategies to reduce greenhouse
- 121.26 gas emissions published by the Intergovernmental Panel on Climate Change. The
- 121.27 commissioner shall forward any recommended changes to the targets to the chairs and
- 121.28 ranking minority members of the senate and house of representatives committees with
- 121.29 primary jurisdiction over climate change and environmental policy.
- 121.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.1 Sec. 3. [239.7912] FUTURE FUELS ACT.

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

122.4 (b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide  
122.5 emissions that have the same global warming potential as one metric ton of another  
122.6 greenhouse gas.

122.7 (c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions  
122.8 associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide  
122.9 equivalent per megajoule of transportation fuel, as calculated by the most recent version of  
122.10 Argonne National Laboratory's GREET model and adapted to Minnesota by the department  
122.11 through rulemaking or administrative process.

122.12 (d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below  
122.13 the clean fuels carbon intensity standard in a given year.

122.14 (e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent,  
122.15 and that serves as a quantitative measure of the degree to which a fuel provider's  
122.16 transportation fuel volume is lower than the carbon intensity embodied in an applicable  
122.17 clean fuels standard.

122.18 (f) "Credit generator" means an entity involved in supplying a clean fuel.

122.19 (g) "Deficit" means a unit of measure equal to one metric ton of carbon dioxide  
122.20 equivalent, and that serves as a quantitative measure of the degree to which a fuel provider's  
122.21 volume of transportation fuel is greater than the carbon intensity embodied in an applicable  
122.22 future fuels standard.

122.23 (h) "Deficit generator" means a fuel provider who generates deficits and who first  
122.24 produces or imports a transportation fuel for use in Minnesota.

122.25 (i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from  
122.26 all stages of a fuel pathway for a specific transportation fuel.

122.27 (j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's  
122.28 production and use, including extraction, processing, transportation, distribution, and  
122.29 combustion or use by an end-user.

122.30 (k) "Fuel provider" means an entity that supplies a transportation fuel for use in  
122.31 Minnesota.

123.1 (l) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse  
123.2 gas emission's potential to contribute to global warming over a 100-year period, expressed  
123.3 in terms of the equivalent carbon dioxide emission needed to produce the same 100-year  
123.4 warming effect.

123.5 (m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,  
123.6 perfluorocarbons, or sulfur hexafluoride.

123.7 (n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

123.8 (o) "Relevant petroleum-only portion of transportation fuels" means the component of  
123.9 gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

123.10 (p) "Technology provider" means a manufacturer of an end-use consumer technology  
123.11 involved in supplying clean fuels.

123.12 (q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended,  
123.13 sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited  
123.14 to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in  
123.15 Minnesota, and (2) meets applicable standards, specifications, and testing requirements  
123.16 under this chapter. Transportation fuel includes but is not limited to electricity used as fuel  
123.17 in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable  
123.18 propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

123.19 Subd. 2. **Clean fuels standard; establishment by rule; goals.** (a) No later than ..., the  
123.20 commissioner must begin the process to adopt rules under chapter 14 that implement a clean  
123.21 fuels standard and other provisions of this section. The timing requirement to publish a  
123.22 notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to  
123.23 rules adopted under this subdivision.

123.24 (b) The commissioner must consult with the commissioners of transportation, agriculture,  
123.25 and pollution control when developing the rules under this subdivision. The commissioner  
123.26 may gather input from stakeholders through various means, including a task force, working  
123.27 groups, and public workshops. The commissioner, collaborating with the Department of  
123.28 Transportation, may consult with stakeholders, including but not limited to fuel providers,  
123.29 consumers, rural, urban and tribal communities, agriculture, environmental and environmental  
123.30 justice organizations, technology providers, and other businesses.

123.31 (c) In developing the rule, the commissioner must endeavor to make available to  
123.32 Minnesota a fuel-neutral clean fuels portfolio that:

123.33 (1) creates broad rural and urban economic development;

124.1 (2) provides benefits for communities, consumers, clean fuel providers, technology  
124.2 providers, and feedstock suppliers;

124.3 (3) increases energy security from expanded reliance on domestically produced fuels;

124.4 (4) supports equitable transportation electrification that benefits all communities and is  
124.5 powered primarily with low-carbon and carbon-free electricity;

124.6 (5) improves air quality and public health, targeting communities that bear a  
124.7 disproportionate health burden from transportation pollution;

124.8 (6) supports state solid waste recycling goals by facilitating credit generation from  
124.9 renewable natural gas produced from organic waste;

124.10 (7) aims to support, through credit generation or other financial means, voluntary  
124.11 farmer-led efforts to adopt agricultural practices that benefit soil health and water quality  
124.12 while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;  
124.13 and

124.14 (8) maximizes benefits to the environment and natural resources, develops safeguards  
124.15 and incentives to protect natural lands, and enhances environmental integrity, including  
124.16 biodiversity.

124.17 Subd. 3. **Clean fuels standard; establishment.** (a) A clean fuels standard is established  
124.18 that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be  
124.19 reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In  
124.20 consultation with the Pollution Control Agency, Department of Agriculture, and Department  
124.21 of Transportation the commissioner must establish by rule a schedule of annual standards  
124.22 that steadily decreases the carbon intensity of transportation fuels.

124.23 (b) When determining the schedule of annual standards, the commissioner must consider  
124.24 the cost of compliance, the technologies available to a provider to achieve the standard, the  
124.25 need to maintain fuel quality and availability, and the policy goals under subdivision 2,  
124.26 paragraph (c).

124.27 (c) Nothing in this chapter precludes the department from adopting rules that allow the  
124.28 generation of credits associated with electric or alternative transportation fuels or  
124.29 infrastructure that existed prior to the effective date of this section or the start date of program  
124.30 requirements.

124.31 Subd. 4. **Clean fuels standard; baseline calculation.** The department must calculate  
124.32 the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels

125.1 for the 2018 calendar year after reviewing and considering the best available applicable  
125.2 scientific data and calculations.

125.3 Subd. 5. **Clean fuels standard; compliance.** A deficit generator may comply with this  
125.4 section by:

125.5 (1) producing or importing transportation fuels whose carbon intensity is at or below  
125.6 the level of that year's standard; or

125.7 (2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon  
125.8 intensity of the deficit generator's transportation fuels exceeding that year's standard.

125.9 Subd. 6. **Clean fuel credits.** The commissioner must establish by rule a program for  
125.10 tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably  
125.11 operate a credit market, that may include:

125.12 (1) a market mechanism that allows credits to be traded or banked for future use;

125.13 (2) transaction fees associated with the credit market; and

125.14 (3) procedures to verify the validity of credits and deficits generated by a fuel provider  
125.15 under this section.

125.16 Subd. 7. **Fuel pathway and carbon intensity determination.** The commissioner must  
125.17 establish a process to determine the carbon intensity of transportation fuels, including but  
125.18 not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider.  
125.19 Fuel pathways must be calculated using the most recent version of the Argonne National  
125.20 Laboratory's GREET model adapted to Minnesota, as determined by the commissioner.  
125.21 The fuel pathway determination process must (1) be consistent for all fuel types, (2) be  
125.22 science and engineering-based, and (3) reflect differences in vehicle fuel efficiency and  
125.23 drive trains. The commissioner must consult with the Department of Agriculture, Department  
125.24 of Transportation, and Pollution Control Agency to determine fuel pathways, and may  
125.25 coordinate with third-party entities or other states to review and approve pathways to reduce  
125.26 the administrative cost.

125.27 Subd. 8. **Fuel provider reports.** The commissioner must collaborate with the Department  
125.28 of Transportation, Department of Agriculture, Pollution Control Agency, and the Public  
125.29 Utilities Commission to develop a process, including forms developed by the commissioner,  
125.30 for credit and deficit generators to submit required compliance reporting.

125.31 Subd. 9. **Enforcement.** The commissioner of commerce may enforce this section under  
125.32 section 45.027.

126.1 Subd. 10. Report to the legislature. No later than 48 months after the effective date of  
126.2 a rule implementing a clean fuels standard, the commissioner must submit a report detailing  
126.3 program implementation to the chairs and ranking minority members of the senate and  
126.4 house committees with jurisdiction over transportation and climate change. The commissioner  
126.5 must make summary information on the program available to the public.

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

126.7 Sec. 4. INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE  
126.8 ACTIVITIES; PLAN.

126.9 By February 15, 2022, the Climate Change Subcabinet established in Executive Order  
126.10 19-37 must provide to the chairs and ranking minority members of the senate and house of  
126.11 representatives committees with jurisdiction over climate and energy a Climate Transition  
126.12 Plan for incorporating the statewide greenhouse gas emission reduction targets under  
126.13 Minnesota Statutes, section 216H.02, subdivision 1, into all aspects of state agency activities,  
126.14 including, but not limited to, planning, awarding grants, purchasing, regulating, funding,  
126.15 and permitting. The Minnesota Pollution Control Agency must collaborate with the  
126.16 Department of Administration to estimate greenhouse gas emissions from governmental  
126.17 activities. The Climate Transition Plan must identify any statutory changes or additional  
126.18 resources required to implement its recommendations.

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

126.20 Sec. 5. SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.

126.21 (a) The Board of Regents of the University of Minnesota is requested to conduct a study  
126.22 that generates climate model projections for the entire state of Minnesota at a level of detail  
126.23 as small as three square miles in area. At a minimum, the study must:

126.24 (1) use resources at the Minnesota Supercomputing Institute to analyze high-performing  
126.25 climate models under varying greenhouse gas emissions scenarios and develop a series of  
126.26 projections of temperature, precipitation, snow cover, and a variety of other climate  
126.27 parameters through the year 2100;

126.28 (2) downscale the climate impact results under clause (1) to areas as small as three square  
126.29 miles;

126.30 (3) develop a publicly accessible data portal website to:

126.31 (i) allow other universities, nonprofit organizations, businesses, and government agencies  
126.32 to use the model projections; and

127.1 (ii) educate and train users to use the data most effectively; and

127.2 (4) incorporate information on how to use the model results in the University of  
127.3 Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate  
127.4 Adaptation Partnership.

127.5 (b) In conjunction with the study, the university must conduct at least two "train the  
127.6 trainer" workshops for state agencies, municipalities, and other stakeholders to educate  
127.7 them as to how to use and interpret the model data as a basis for their own climate adaptation  
127.8 and resilience efforts.

127.9 (c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of  
127.10 Minnesota must provide a written report to the chairs and ranking minority members of the  
127.11 senate and house of representatives committees with primary jurisdiction over agriculture,  
127.12 energy, and environment. The report must document the progress made on the study and  
127.13 study results and must note any obstacles encountered that could prevent successful  
127.14 completion of the study.

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

127.16 Sec. 6. **APPROPRIATIONS.**

127.17 Subdivision 1. **Clean fuels report.** Notwithstanding Minnesota Statutes, section  
127.18 116C.779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 is appropriated from  
127.19 the renewable development account established in Minnesota Statutes, section 116C.779,  
127.20 subdivision 1, to the commissioner of commerce to pay for costs incurred to create the report  
127.21 under Minnesota Statutes, section 239.7912, subdivision 10. The money from this  
127.22 appropriation does not cancel, but remains available until expended. This is a onetime  
127.23 appropriation.

127.24 Subd. 2. **Small-area climate-model projections.** Notwithstanding Minnesota Statutes,  
127.25 section 116C.779, subdivision 1, paragraph (j), \$583,000 in fiscal year 2022 is appropriated  
127.26 from the renewable development account established under Minnesota Statutes, section  
127.27 116C.779, subdivision 1, to the commissioner of commerce for a grant to The Board of  
127.28 Regents of the University of Minnesota is requested to conduct a study that generates climate  
127.29 model projections for the entire state of Minnesota, at a level of detail as small as three  
127.30 square miles in area. This is a onetime appropriation.

127.31 Subd. 3. **Climate Transition Plan.** (a) Notwithstanding Minnesota Statutes, section  
127.32 116C.779, subdivision 1, paragraph (j):

128.1 (1) \$500,000 in fiscal year 2022 is appropriated from the renewable development account  
128.2 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
128.3 the Pollution Control Agency for the purpose of contracting with an independent consultant  
128.4 to produce a plan, as directed by the Climate Change Subcabinet, to incorporate the state's  
128.5 greenhouse gas emissions reduction targets into all activities of state agencies;

128.6 (2) \$118,000 in fiscal year 2022 is appropriated from the renewable development account  
128.7 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
128.8 administration to develop greenhouse gas emissions reduction targets that apply to all state  
128.9 agency activities; and

128.10 (3) \$128,000 in fiscal year 2022 is appropriated from the renewable development account  
128.11 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
128.12 the Pollution Control Agency for costs associated with managing the contract under clause  
128.13 (1), and to assist the Department of Administration to develop greenhouse gas emissions  
128.14 reduction targets that apply to all state agency activities.

128.15 (b) All the appropriations in this subdivision are onetime appropriations.

#### ARTICLE 4

#### ELECTRIC VEHICLES

128.16  
128.17  
128.18 Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

128.19 Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when  
128.20 purchasing a motor vehicle for the central motor pool or for use by an agency, the  
128.21 commissioner or the agency shall purchase a motor vehicle that is capable of being powered  
128.22 by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity  
128.23 and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of  
128.24 other vehicles and if the vehicle is capable according to the following preferences, in order:

128.25 (1) an electric vehicle;

128.26 (2) a hybrid electric vehicle;

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

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

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

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

128.31 or



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

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

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

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

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

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

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

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

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

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

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

129.23 Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to  
129.24 read:

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

129.30 (1) fundamentals of electric vehicles;

- 130.1 (2) electric vehicle charging options and costs;
- 130.2 (3) publicly available electric vehicle incentives;
- 130.3 (4) projected maintenance and fueling costs for electric vehicles;
- 130.4 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric  
130.5 vehicles;
- 130.6 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and
- 130.7 (7) best practices to sell electric vehicles.
- 130.8 (b) For the purposes of this section, "electric vehicle" has the meaning given in section  
130.9 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).
- 130.10 **EFFECTIVE DATE.** This section is effective January 1, 2022.
- 130.11 Sec. 4. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**
- 130.12 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
130.13 the meanings given.
- 130.14 (b) "Battery exchange station" means a physical location deploying equipment that  
130.15 enables a used electric vehicle battery to be removed and exchanged for a fresh electric  
130.16 vehicle battery.
- 130.17 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.
- 130.18 (d) "Electric vehicle charging station" means a physical location deploying equipment  
130.19 that:
- 130.20 (1) transfers electricity to an electric vehicle battery; or
- 130.21 (2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel  
130.22 cell to convert the hydrogen to electricity.
- 130.23 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery  
130.24 exchange stations, and any associated machinery, equipment, and infrastructure necessary  
130.25 to support the operation of electric vehicles and to make electricity from a public utility's  
130.26 electric distribution system available to electric vehicle charging stations or battery exchange  
130.27 stations.
- 130.28 (f) "Electrolysis" means the process of using electricity to split water into hydrogen and  
130.29 oxygen.

131.1 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into  
131.2 electricity through electrochemical reactions.

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

131.4 Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, beginning in  
131.5 2022 and every three years thereafter, a public utility serving retail electric customers in a  
131.6 city of the first class, as defined in section 410.01, must file a transportation electrification  
131.7 plan with the commission that is designed to maximize the overall benefits of electrified  
131.8 transportation while minimizing overall costs and to promote:

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

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

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

131.13 (1) programs to educate and increase the awareness and benefits of electric vehicles and  
131.14 electric vehicle charging equipment to potential users and deployers, including individuals,  
131.15 electric vehicle dealers, single-family and multifamily housing developers and property  
131.16 management companies, and vehicle fleet managers;

131.17 (2) utility investments and incentives to facilitate the deployment of electric vehicles,  
131.18 customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure,  
131.19 and other electric utility infrastructure;

131.20 (3) research and demonstration projects to publicize and measure the value electric  
131.21 vehicles provide to the electric grid;

131.22 (4) rate structures or programs, including time-varying rates and charging optimization  
131.23 programs, that encourage electric vehicle charging that optimizes electric grid operation;  
131.24 and

131.25 (5) programs to increase access to the benefits of electricity as a transportation fuel by  
131.26 low-income customers and communities, including the installation of electric vehicle  
131.27 infrastructure in neighborhoods with a high proportion of low- or moderate-income  
131.28 households, the deployment of electric vehicle infrastructure in community-based locations  
131.29 or multifamily residences, car share programs, and electrification of public transit vehicles.

131.30 (c) A public utility must give priority under this section to making investments in  
131.31 communities whose governing body has enacted a resolution or goal supporting electric  
131.32 vehicle adoption.

132.1 (d) A public utility must work with local communities to identify suitable high-density  
132.2 locations, consistent with a community's local development plans, where electric vehicle  
132.3 infrastructure may be strategically deployed.

132.4 Subd. 3. **Transportation electrification plan; review and implementation.** The  
132.5 commission must review a transportation electrification plan filed under this section within  
132.6 180 days of receiving it. The commission may approve, modify, or reject a transportation  
132.7 electrification plan. When reviewing a public utility's transportation electrification plan, the  
132.8 commission must consider whether the programs and expenditures:

132.9 (1) improve electric grid operation and the integration of renewable energy sources;

132.10 (2) increase access to the benefits of electricity as a transportation fuel in low-income  
132.11 and rural communities;

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

132.14 (4) stimulate private capital investment and the creation of skilled jobs as a consequence  
132.15 of widespread electric vehicle deployment;

132.16 (5) educate potential customers about the benefits of electric vehicles;

132.17 (6) support increased consumer choice with respect to electrical vehicle charging options  
132.18 and related infrastructure; and

132.19 (7) are transparent and incorporate sufficient and frequent public reporting of program  
132.20 activities to facilitate changes in program design and commission policy with respect to  
132.21 electric vehicles.

132.22 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the  
132.23 commission may approve, with respect to any prudent and reasonable investment made by  
132.24 a public utility to administer and implement a transportation electrification plan approved  
132.25 under subdivision 3:

132.26 (1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

132.27 (2) performance-based incentives; or

132.28 (3) placing the investment, including rebates, in the public utility's rate base and allowing  
132.29 the public utility to earn a rate of return on the investment at (i) the public utility's average  
132.30 weighted cost of capital, including the rate of return on equity, approved by the commission  
132.31 in the public utility's most recent general rate case, or (ii) another rate determined by the  
132.32 commission.

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

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

133.6 Sec. 5. **[216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

133.9 (b) "Battery exchange station" means a physical location where equipment is deployed  
133.10 that enables a used electric vehicle battery to be exchanged for a fully charged battery.

133.11 (c) "Electric school bus" means an electric vehicle that is a school bus.

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

133.13 (e) "Electric vehicle charging station" means a physical location deploying equipment  
133.14 that delivers electricity to a battery in an electric vehicle.

133.15 (f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery  
133.16 exchange stations, and any other infrastructure necessary to make electricity from a public  
133.17 utility's electric distribution system available to electric vehicle charging stations or battery  
133.18 exchange stations.

133.19 (g) "Poor air quality" means:

133.20 (1) ambient air levels that air monitoring data reveals approach or exceed state or federal  
133.21 air quality standards or chronic health inhalation risk benchmarks for any of the following  
133.22 pollutants:

133.23 (i) total suspended particulates;

133.24 (ii) particulate matter less than ten microns wide (PM-10);

133.25 (iii) particulate matter less than 2.5 microns wide (PM-2.5);

133.26 (iv) sulfur dioxide; or

133.27 (v) nitrogen dioxide; or

133.28 (2) levels of asthma among children that significantly exceed the statewide average.

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

134.1 Subd. 2. **Program.** (a) A public utility may file with the commission a program to  
134.2 promote deployment of electric school buses.

134.3 (b) The program may include, but is not limited to, the following elements:

134.4 (1) a school district may purchase one or more electric school buses;

134.5 (2) the public utility may provide a rebate to the school district for the incremental cost  
134.6 the school district incurs to purchase one or more electric school buses compared with  
134.7 fossil-fuel-powered school buses;

134.8 (3) at the request of a school district, the public utility may deploy on the school district's  
134.9 real property electric vehicle infrastructure required for charging electric school buses;

134.10 (4) for any electric school bus purchased by a school district with a rebate provided by  
134.11 the public utility, the school district must enter into a contract with the public utility under  
134.12 which the school district:

134.13 (i) accepts any and all liability for operation of the electric school bus;

134.14 (ii) accepts responsibility for maintenance and repair of the electric school bus; and

134.15 (iii) must allow the public utility the option to own the electric school bus's battery at  
134.16 the time the battery is retired from the electric school bus; and

134.17 (5) in collaboration with a school district, prioritize the deployment of electric school  
134.18 buses in areas of the school district that suffer from poor air quality.

134.19 Subd. 3. **Program review and implementation.** The commission must approve, modify,  
134.20 or reject a proposal for a program filed under this section within 180 days of receipt of the  
134.21 proposal, based on its likelihood to, through prudent and reasonable utility investments:

134.22 (1) accelerate deployment of electric school buses in the public utility's service territory,  
134.23 particularly in areas with poor air quality; and

134.24 (2) reduce emissions of greenhouse gases and particulates compared to those produced  
134.25 by fossil-fuel-powered school buses.

134.26 Subd. 4. **Cost recovery.** (a) The commission may allow any prudent and reasonable  
134.27 investment made by a public utility on electric vehicle infrastructure installed on a school  
134.28 district's real property, or a rebate provided under subdivision 2, to be placed in the public  
134.29 utility's rate base and earn a rate of return as determined by the commission.

134.30 (b) Notwithstanding any other provision of this chapter, the commission may approve  
134.31 a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable

135.1 investments made by a public utility to implement and administer a program approved by  
135.2 the commission under subdivision 3.

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

135.4 Sec. 6. **[216C.401] ELECTRIC VEHICLE REBATES.**

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

135.7 (b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle  
135.8 license under chapter 168 and:

135.9 (1) regularly engages in the business of manufacturing or selling, purchasing, and  
135.10 generally dealing in new and unused motor vehicles;

135.11 (2) has an established place of business to sell, trade, and display new and unused motor  
135.12 vehicles; and

135.13 (3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

135.14 (c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011,  
135.15 subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision  
135.16 26a, paragraph (a). "Electric vehicle" does not include a plug-in hybrid electric vehicle, as  
135.17 defined in section 169.011, subdivision 54a.

135.18 (d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements  
135.19 of subdivision 2, paragraph (a).

135.20 (e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements  
135.21 of subdivision 2, paragraph (b).

135.22 (f) "Lease" means a business transaction under which a dealer furnishes an eligible  
135.23 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences  
135.24 of ownership transferred, other than the right to use the vehicle for a term of at least 24  
135.25 months.

135.26 (g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

135.27 (h) "New eligible electric vehicle" means an eligible electric vehicle that has not been  
135.28 registered in any state.

135.29 Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this  
135.30 section if it meets all of the following conditions, and, if applicable, one of the conditions  
135.31 of paragraph (b):

136.1 (1) has not been previously owned or has been returned to a dealer before the purchaser  
136.2 or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

136.3 (2) has not been modified from the original manufacturer's specifications;

136.4 (3) has a base manufacturer's suggested retail price that does not exceed \$50,000;

136.5 (4) is purchased or leased after the effective date of this act for use by the purchaser and  
136.6 not for resale; and

136.7 (5) is purchased or leased from a dealer or directly from an original equipment  
136.8 manufacturer that does not have licensed franchised dealers in Minnesota.

136.9 (b) A new electric vehicle is eligible for a rebate under this section if, in addition to  
136.10 meeting all of the conditions of paragraph (a), it also meets one or more of the following  
136.11 conditions, if applicable:

136.12 (1) is used by a dealer as a floor model or test drive vehicle and has not been previously  
136.13 registered in Minnesota or any other state; or

136.14 (2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or  
136.15 leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

136.16 (c) A used electric vehicle is eligible for an electric vehicle rebate under this section if  
136.17 the electric vehicle has previously been owned in this state or another state and has not been  
136.18 modified from the original manufacturer's specifications.

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

136.22 (1) is one of the following:

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

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

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

136.27 (iv) a political subdivision of the state;

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

136.30 (3) registers the electric vehicle in Minnesota.



137.1 Subd. 4. **Rebate amounts.** (a) A \$2,000 rebate may be issued under this section to an  
137.2 eligible purchaser to purchase or lease an eligible new electric vehicle.

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

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

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

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

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

137.14 Subd. 6. **Program administration.** (a) Rebate applications under this section must be  
137.15 filed with the commissioner on a form developed by the commissioner.

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

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

137.23 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or  
137.24 restrict program eligibility based on fund availability or other factors.

137.25 Subd. 7. **Expiration.** This section expires June 30, 2025.

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

137.27 Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION**  
137.28 **OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

137.29 Subdivision 1. **Establishment.** A grant program is established in the Department of  
137.30 Commerce to award grants to dealers to offset the costs of obtaining the necessary training

138.1 and equipment that is required by electric vehicle manufacturers in order to certify a dealer  
138.2 to sell electric vehicles produced by the manufacturer.

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

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

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

138.12 (1) a dealer for the reasonable costs of obtaining training and certification for the dealer's  
138.13 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

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

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

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

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

138.21 Sec. 8. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN**  
138.22 **STATE AND REGIONAL PARKS.**

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

138.25 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers  
138.26 direct current electricity directly to an electric vehicle's battery.

138.27 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,  
138.28 subdivision 26a.

138.29 (d) "Electric vehicle charging station" means infrastructure that connects an electric  
138.30 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

139.1 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers  
139.2 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts  
139.3 alternating current to direct current to recharge an electric vehicle battery.

139.4 Subd. 2. **Program.** The commissioner of natural resources, in consultation with the  
139.5 commissioners of the Pollution Control Agency and commerce, must develop and fund the  
139.6 installation of a network of electric vehicle charging stations in Minnesota state parks located  
139.7 within the retail electric service area of a public utility subject to Minnesota Statutes, section  
139.8 116C.779, subdivision 1. The commissioners must issue a request for proposals to entities  
139.9 that have experience installing, owning, operating, and maintaining electric vehicle charging  
139.10 stations. The request for proposal must establish technical specifications that electric vehicle  
139.11 charging stations are required to meet and must request responders to address:

139.12 (1) the optimal number and location of charging stations installed in a given state park;

139.13 (2) alternative arrangements that may be made to allocate responsibility for electric  
139.14 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing  
139.15 procedures; and

139.16 (3) any other issues deemed relevant by the commissioners.

139.17 Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may  
139.18 allocate a portion of the appropriation under this act to install electric vehicle charging  
139.19 stations in regional parks located within the retail electric service area of a public utility  
139.20 that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

139.22 Sec. 9. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT**  
139.23 **COUNTY GOVERNMENT CENTERS.**

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

139.26 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers  
139.27 direct current electricity directly to an electric vehicle's battery.

139.28 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,  
139.29 subdivision 26a.

139.30 (d) "Electric vehicle charging station" means infrastructure that connects an electric  
139.31 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

140.1 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers  
140.2 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts  
140.3 alternating current to direct current to recharge an electric vehicle battery.

140.4 Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation  
140.5 of a network of electric vehicle charging stations in parking facilities at county government  
140.6 centers located in Minnesota. The commissioner must issue a request for proposals to entities  
140.7 that have experience installing, owning, operating, and maintaining electric vehicle charging  
140.8 stations. The request for proposal must establish technical specifications that electric vehicle  
140.9 charging stations are required to meet and must request responders to address:

140.10 (1) the optimal number and location of charging stations installed at each county  
140.11 government center;

140.12 (2) alternative arrangements that may be made to allocate responsibility for electric  
140.13 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing  
140.14 procedures; and

140.15 (3) any other issues deemed relevant by the commissioner.

140.16 Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership  
140.17 of electric vehicle charging stations receiving funding under this section and installed at its  
140.18 county government center.

140.19 (b) A county may enter into agreements to, wholly or partially, own, operate, or maintain  
140.20 an electric vehicle charging system receiving funding under this section and installed at its  
140.21 county government center, or to receive reports on its operations.

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

140.23 Sec. 10. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

140.24 Beginning on the effective date of this act, any bus purchased by the Metropolitan  
140.25 Council for Metro Transit bus service must operate solely on electricity provided by  
140.26 rechargeable on-board batteries. The appropriation in section 2 must be used to pay the  
140.27 incremental cost of buses that operate solely on electricity provided by rechargeable on-board  
140.28 batteries over the cost of diesel-operated buses that are otherwise comparable in size, features,  
140.29 and performance.

140.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
140.31 expires the day after the appropriation under section 2 has been spent or is canceled.

141.1 **Sec. 11. APPROPRIATIONS.**

141.2 **Subdivision 1. Electric vehicle rebates; Xcel service area.** Notwithstanding Minnesota  
141.3 Statutes, section 116C.779, subdivision 1, paragraph (j), \$9,000,000 in fiscal year 2022 and  
141.4 \$8,000,000 in fiscal year 2023 are appropriated from the renewable development account  
141.5 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce  
141.6 to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes,  
141.7 section 216C.401. Rebates may be awarded under this paragraph only to eligible purchasers  
141.8 located within the retail electric service area of the public utility that is subject to Minnesota  
141.9 Statutes, section 116C.779. These are onetime appropriations.

141.10 **Subd. 2. Electric vehicle rebates; non-Xcel service area.** \$2,500,000 in fiscal year  
141.11 2022 is appropriated from the general fund to the commissioner of commerce to award  
141.12 rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section  
141.13 216C.401. Rebates may be awarded under this paragraph only to eligible purchasers located  
141.14 outside the retail electric service area of the public utility that is subject to Minnesota Statutes,  
141.15 section 116C.779. This is a onetime appropriation.

141.16 **Subd. 3. Auto dealer grants; Xcel service area.** Notwithstanding Minnesota Statutes,  
141.17 section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated  
141.18 from the renewable development account under Minnesota Statutes, section 116C.779,  
141.19 subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes,  
141.20 section 216C.402, to automobile dealers seeking certification from an electric vehicle  
141.21 manufacturer to sell electric vehicles. Rebates may only be awarded under this paragraph  
141.22 to eligible dealers located within the retail electric service area of the public utility that is  
141.23 subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

141.24 **Subd. 4. Auto dealer grants; non-Xcel service area.** \$500,000 in fiscal year 2022 is  
141.25 appropriated from the general fund to the commissioner of commerce to award grants under  
141.26 Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell  
141.27 electric vehicles. Rebates may only be awarded under this paragraph to eligible dealers  
141.28 located outside the retail electric service area of the public utility that is subject to Minnesota  
141.29 Statutes, section 116C.779. This is a onetime appropriation.

141.30 **Subd. 5. Electric school buses.** (a) Notwithstanding Minnesota Statutes, section  
141.31 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from  
141.32 the renewable development account established under Minnesota Statutes, section 116C.779,  
141.33 subdivision 1, to the commissioner of commerce for the purpose of purchasing electric  
141.34 school buses under Minnesota Statutes, section 216B.1616. This is a onetime appropriation.

142.1 (b) \$30,000 in fiscal year 2022 and \$30,000 in fiscal year 2023 are appropriated from  
142.2 the general fund to the commissioner of commerce for activities associated with the electric  
142.3 school bus deployment program under Minnesota Statutes, section 216B.161. These are  
142.4 onetime appropriations.

142.5 (c) \$28,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from  
142.6 the general fund to the Public Utilities Commission for activities associated with the electric  
142.7 school bus deployment program under Minnesota Statutes, section 216B.161. These are  
142.8 onetime appropriations.

142.9 Subd. 6. **Charging stations; parks.** Notwithstanding Minnesota Statutes, section  
142.10 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 and \$59,000 in fiscal  
142.11 year 2023 are appropriated from the renewable development account established in Minnesota  
142.12 Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to  
142.13 the commissioner of natural resources to install electric vehicle charging stations in state  
142.14 and regional parks located in the retail electric service area of the public utility subject to  
142.15 Minnesota Statutes, section 116C.779, subdivision 1, as described in section 8.

142.16 Subd. 7. **Charging stations; counties.** Notwithstanding Minnesota Statutes, section  
142.17 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from  
142.18 the renewable development account established in Minnesota Statutes, section 116C.779,  
142.19 subdivision 1, to the commissioner of commerce to install electric vehicle charging stations  
142.20 in parking facilities at county government centers located in the retail electric service area  
142.21 of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as  
142.22 described in section 9. This is a onetime appropriation.

142.23 Subd. 8. **Electric buses; Metropolitan Council.** Notwithstanding Minnesota Statutes,  
142.24 section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2022 is appropriated  
142.25 from the renewable development account under Minnesota Statutes, section 116C.779,  
142.26 subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council  
142.27 to defray the cost of purchasing electric buses, as described in section 10. This appropriation  
142.28 does not cancel and is available until there is insufficient money remaining to completely  
142.29 defray the cost of purchasing one additional electric bus, as described in section 10. Any  
142.30 remaining money cancels back to the renewable development account under Minnesota  
142.31 Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

143.1

**ARTICLE 5**

143.2

**SOLAR ENERGY**

143.3 Section 1. Minnesota Statutes 2020, section 216B.1641, is amended to read:

143.4

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

143.5 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have

143.6 the meanings given.

143.7 (b) "Subscribed energy" means electricity generated by the community solar garden that

143.8 is attributable to a subscriber's subscription.

143.9 (c) "Subscriber" means a retail customer who owns one or more subscriptions of a

143.10 community solar garden interconnected with the retail customer's utility.

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

143.12 Subd. 2. Solar garden; project requirements. (a) The public utility subject to section

143.13 116C.779 shall file by September 30, 2013, a plan with the commission to operate a

143.14 community solar garden program which shall begin operations within 90 days after

143.15 commission approval of the plan. Other public utilities may file an application at their

143.16 election. The community solar garden program must be designed to offset the energy use

143.17 of not less than five subscribers in each community solar garden facility of which no single

143.18 subscriber has more than a 40 percent interest. The owner of the community solar garden

143.19 may be a public utility or any other entity or organization that contracts to sell the output

143.20 from the community solar garden to the utility under section 216B.164. There shall be no

143.21 limitation on the number or cumulative generating capacity of community solar garden

143.22 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or

143.23 other limitations provided in law or regulations.

143.24 (b) A solar garden is a facility that generates electricity by means of a ground-mounted

143.25 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the

143.26 electricity generated in proportion to the size of their subscription. The solar garden must

143.27 have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription

143.28 shall be sized to represent at least 200 watts of the community solar garden's generating

143.29 capacity and to supply, when combined with other distributed generation resources serving

143.30 the premises, no more than 120 percent of the average annual consumption of electricity

143.31 by each subscriber at the premises to which the subscription is attributed.

143.32 (c) The solar generation facility must be located in the service territory of the public

143.33 utility filing the plan. Subscribers must be retail customers of the public utility and, unless

144.1 the facility has a minimum setback of 100 feet from the nearest residential property, must  
 144.2 be located in the same county or a county contiguous to where the facility is located.

144.3 (d) The public utility must purchase from the community solar garden all energy generated  
 144.4 by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the  
 144.5 most recent three-year average of the rate calculated under section 216B.164, subdivision  
 144.6 10, or, until that rate for the public utility has been approved by the commission, the  
 144.7 applicable retail rate. A solar garden is eligible for any incentive programs offered under  
 144.8 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on  
 144.9 the subscriber's bill.

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

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

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

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

144.20 (4) be consistent with the public interest;

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

144.23 (6) include a program implementation schedule;

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

146.17 (3) all renewable energy credits generated by the community access project belong to  
146.18 subscribers unless the operator:

146.19 (i) contracts to:

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

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

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

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

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

147.1 Subd. 6. Community access project; reporting. The owner of a community access  
147.2 project must include the following information in an annual report to the community access  
147.3 project subscribers and the utility:

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

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

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

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

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

147.14 (B) federal Section 8 housing assistance;

147.15 (C) medical assistance;

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

147.17 (E) the federal National School Lunch Program;

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

147.20 (iii) other methods approved by the commission.

147.21 Subd. 7. Commission order. Within 180 days of the effective date of this act, the  
147.22 commission must issue an order addressing the requirements of this act.

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

147.24 Sec. 2. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

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

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

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

148.1 (d) "School" means a school that operates as part of an independent or special school  
148.2 district.

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

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

148.5 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the  
148.6 Department of Commerce. The purpose of the program is to provide grants to stimulate the  
148.7 installation of solar energy systems on or adjacent to school buildings by reducing the cost,  
148.8 and to enable schools to use the solar energy system as a teaching tool that can be integrated  
148.9 into the school's curriculum.

148.10 Subd. 3. **Establishment of account.** (a) A solar for schools program account is  
148.11 established in the special revenue fund. Money received from the general fund must be  
148.12 transferred to the commissioner of commerce and credited to the account. Money deposited  
148.13 in the account remains in the account until expended, and does not cancel to the general  
148.14 fund.

148.15 (b) When a grant is awarded under this section, the commissioner must reserve the grant  
148.16 amount in the account.

148.17 Subd. 4. **Expenditures.** (a) Money in the account may be used only:

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

148.19 (2) to pay the reasonable costs incurred by the department to administer this section.

148.20 (b) Grant awards made with funds in the account must be used only for grants for solar  
148.21 energy systems installed on or adjacent to school buildings receiving retail electric service  
148.22 from a utility that is not subject to section 116C.779, subdivision 1.

148.23 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section  
148.24 only if the solar energy system that is the subject of the grant:

148.25 (1) is installed on or adjacent to the school building that consumes the electricity generated  
148.26 by the solar energy system, on property within the service territory of the utility currently  
148.27 providing electric service to the school building; and

148.28 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the  
148.29 estimated annual electricity consumption of the school building at which the solar energy  
148.30 system is installed.

148.31 (b) A school district that receives a rebate or other financial incentive under section  
148.32 216B.241 for a solar energy system and that demonstrates considerable need for financial

149.1 assistance, as determined by the commissioner, is eligible for a grant under this section for  
149.2 the same solar energy system.

149.3 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals  
149.4 to utilities, schools, and developers who may wish to apply for a grant under this section  
149.5 on behalf of a school.

149.6 (b) A utility or developer must submit an application to the commissioner on behalf of  
149.7 a school on a form prescribed by the commissioner. The form must include, at a minimum,  
149.8 the following information:

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

149.11 (2) the current energy demand of the school building on which the solar energy generating  
149.12 system is to be installed, and information regarding any distributed energy resource, including  
149.13 subscription to a community solar garden, that currently provides electricity to the school  
149.14 building;

149.15 (3) a description of any solar thermal devices proposed as part of the solar energy system;

149.16 (4) the total cost to purchase and install the solar energy system and the solar energy  
149.17 system's life-cycle cost, including removal and disposal at the end of the system's life;

149.18 (5) a copy of the proposed contract agreement between the school and the public utility  
149.19 or developer that includes provisions addressing responsibility for maintenance of the solar  
149.20 energy system;

149.21 (6) the school's plan to make the solar energy system serve as a visible learning tool for  
149.22 students, teachers, and visitors to the school, including how the solar energy system may  
149.23 be integrated into the school's curriculum and provisions for real-time monitoring of the  
149.24 solar energy system performance for display in a prominent location in the school or  
149.25 on-demand in the classroom;

149.26 (7) information that demonstrates the school district's level of need for financial assistance  
149.27 available under this section;

149.28 (8) information that demonstrates the school's readiness to implement the project,  
149.29 including but not limited to the availability of the site on which the solar energy system is  
149.30 to be installed, and the level of the school's engagement with the utility providing electric  
149.31 service to the school building on which the solar energy system is to be installed on issues  
149.32 relevant to the implementation of the project, including metering and other issues;

150.1 (9) with respect to the installation and operation of the solar energy system, the  
150.2 willingness and ability of the developer or the public utility to:

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

150.5 (ii) adhere to the provisions of section 177.43;

150.6 (10) how the developer or public utility plans to reduce the school's initial capital expense  
150.7 to purchase and install the solar energy system, and to provide financial benefits to the  
150.8 school from the utilization of federal and state tax credits, utility incentives, and other  
150.9 financial incentives; and

150.10 (11) any other information deemed relevant by the commissioner.

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

150.13 (d) The commissioner must develop administrative procedures governing the application  
150.14 and grant award process.

150.15 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded  
150.16 a grant under this section shall provide the commissioner information regarding energy  
150.17 conservation measures implemented at the school building at which the solar energy system  
150.18 is installed. The commissioner may make recommendations to the school regarding  
150.19 cost-effective conservation measures it can implement and may provide technical assistance  
150.20 and direct the school to available financial assistance programs.

150.21 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to  
150.22 schools to develop and execute projects under this section.

150.23 Subd. 9. **Grant payments.** The commissioner must award a grant from the account  
150.24 established under subdivision 3 to a school for the necessary costs associated with the  
150.25 purchase and installation of a solar energy system. The amount of the grant must be based  
150.26 on the commissioner's assessment of the school's need for financial assistance.

150.27 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to  
150.28 schools under this section may be awarded to schools where the proportion of students  
150.29 eligible for free and reduced-price lunch under the National School Lunch Program is less  
150.30 than 50 percent.

150.31 (b) No more than ten percent of the total amount of grants awarded under this section  
150.32 may be awarded to schools that are part of the same school district.

151.1 Subd. 11. **Application deadline.** No application may be submitted under this section  
151.2 after December 31, 2025.

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

151.4 Sec. 3. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**  
151.5 **SERVICE TERRITORY.**

151.6 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must  
151.7 operate a program to develop, and to supplement with additional funding, financial  
151.8 arrangements that enable schools to install and operate solar energy systems that can be  
151.9 used as teaching tools and integrated into the school curriculum.

151.10 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for  
151.11 the solar for schools program with the commissioner. The plan must contain, at a minimum  
151.12 the following elements:

151.13 (1) a description of how the public utility proposes to utilize funds appropriated to the  
151.14 program under this section to assist schools to install solar energy systems;

151.15 (2) an estimate of the amount of financial assistance that the public utility proposes to  
151.16 provide to a school on a per kilowatt-hour produced basis, and the length of time the public  
151.17 utility estimates it will provide financial assistance to a school;

151.18 (3) administrative procedures governing the application and financial benefit award  
151.19 process, and the costs the public utility is projected to incur to administer the program;

151.20 (4) the public utility's proposed process for periodic reevaluation and modification of  
151.21 the program; and

151.22 (5) any additional information required by the commissioner.

151.23 (b) The public utility may not implement the program until the commissioner approves  
151.24 the public utility's plan submitted under this subdivision. The commissioner may modify a  
151.25 plan, and no later than December 31, 2021, the commissioner must approve a plan and the  
151.26 financial incentives it provides the public utility if the commissioner determines both to be  
151.27 in the public interest. Any proposed modifications to the plan approved under this subdivision  
151.28 must be approved by the commissioner.

151.29 Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits  
151.30 under this section if it meets all of the following conditions:

151.31 (1) the solar energy system must be located on or adjacent to a school building receiving  
151.32 retail electric service from the public utility and completely located within the public utility's

152.1 electric service territory, provided that any land situated between the school building and  
152.2 the site where the solar energy system is installed is owned by the school district in which  
152.3 the school building operates; and

152.4 (2) the total aggregate nameplate capacity of all distributed generation serving the school  
152.5 building, including any subscriptions to a community solar garden under section 216B.1641,  
152.6 may not exceed the lesser of one megawatt alternating current or 120 percent of the average  
152.7 annual electric energy consumption of the school building.

152.8 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section  
152.9 must submit an application to the public utility, including a plan for how the school uses  
152.10 the solar energy system as a visible learning tool for students, teachers, and visitors to the  
152.11 school, and how the solar energy system may be integrated into the school's curriculum.

152.12 (b) The public utility must award financial assistance under this section on a first-come,  
152.13 first-served basis.

152.14 (c) The public utility must discontinue accepting applications under this section after  
152.15 all funds appropriated to the program are allocated to program participants, including funds  
152.16 from canceled projects.

152.17 Subd. 5. **Benefits information.** Before signing an agreement with the public utility to  
152.18 receive financial assistance under this section, a school must obtain from the developer and  
152.19 provide to the public utility information the developer shared with potential investors in the  
152.20 project regarding future financial benefits to be realized from installation of a solar energy  
152.21 system at the school and potential financial risks.

152.22 Subd. 6. **Cost recovery; renewable energy credits.** (a) Payments by the public utility  
152.23 to a school receiving financial assistance under this section are fully recoverable by the  
152.24 public utility through the public utility's fuel clause adjustment.

152.25 (b) The renewable energy credits associated with the electricity generated by a solar  
152.26 energy system receiving financial assistance under this section are the property of the public  
152.27 utility that is subject to this section.

152.28 Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided  
152.29 by the public utility to schools under this section may be provided to schools where the  
152.30 proportion of students eligible for free and reduced-price lunch under the National School  
152.31 Lunch Program is less than 50 percent.



153.1 (b) No more than ten percent of the total amount of financial assistance provided by the  
153.2 public utility to schools under this section may be provided to schools that are part of the  
153.3 same school district.

153.4 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to  
153.5 schools to develop and execute projects under this section.

153.6 Subd. 9. **Application deadline.** No application may be submitted under this section  
153.7 after December 31, 2025.

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

153.9 Sec. 4. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

153.10 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a  
153.11 set of devices whose primary purpose is to produce electricity by means of any combination  
153.12 of collecting, transferring, or converting solar-generated energy, and may include  
153.13 transmission lines designed for and capable of operating at 100 kilovolts or less that  
153.14 interconnect a solar energy generating system with a high voltage transmission line.

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

153.16 Sec. 5. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

153.17 By October 1, 2021, an investor-owned utility that has not already done so must submit  
153.18 to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all  
153.19 demand metered customers with solar photovoltaic systems greater than 40 kilowatts  
153.20 alternating current for the demand charge overbilling that occurs. The utility may submit  
153.21 to the commission multiple options to calculate reimbursement for demand charge overbilling.  
153.22 At least one submission must use a capacity value stack methodology. The commission is  
153.23 prohibited from approving a photovoltaic demand credit rider unless the rider allows  
153.24 stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The  
153.25 commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

153.27 Sec. 6. **SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME**  
153.28 **FARMLAND.**

153.29 (a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400,  
153.30 subpart 4, to allow the siting of a solar energy generating system on prime farmland that  
153.31 meets any of the following conditions:

154.1 (1) the site has been identified as a sensitive groundwater area by the Department of  
154.2 Natural Resources under Minnesota Statutes, section 103H.101;

154.3 (2) the owner of the solar energy generating system has entered into an agreement with  
154.4 the Board of Soil and Water Resources committing the owner to comply with the provisions  
154.5 of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation  
154.6 and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to  
154.7 the board every three years on progress made toward establishing beneficial habitat; or

154.8 (3) the solar energy generating system is colocated with and does not disrupt the operation  
154.9 of agricultural uses, including, but not limited to grazing and harvesting forage.

154.10 (b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting  
154.11 rules under this section.

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

154.13 Sec. 7. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT**  
154.14 **PROGRAM.**

154.15 The Department of Administration shall not extend the term of its current on-site solar  
154.16 photovoltaic master contract, but shall instead, no later than February 1, 2022, announce  
154.17 an open request for proposals for a new statewide on-site solar photovoltaic master contract  
154.18 to allow additional applicants to submit proposals to enable their participation in the state's  
154.19 solar master contract program.

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

154.21 Sec. 8. **APPROPRIATIONS.**

154.22 Subdivision 1. **Solar on schools; non-Xcel service territory.** \$1,564,000 in fiscal year  
154.23 2022 is appropriated from the general fund to the commissioner of commerce for the purpose  
154.24 of providing financial assistance to schools to purchase and install solar energy generating  
154.25 systems under Minnesota Statutes, section 216C.375. This appropriation remains available  
154.26 until expended, and does not cancel to the general fund. This appropriation must be expended  
154.27 on schools located outside the electric service territory of the public utility that is subject  
154.28 to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

154.29 Subd. 2. **Solar on schools; Xcel service territory.** Notwithstanding Minnesota Statutes,  
154.30 section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2022 and \$5,000,000  
154.31 in fiscal year 2023 are appropriated from the renewable development account established  
154.32 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce

155.1 for the purpose of providing financial assistance to schools to purchase and install solar  
155.2 energy generating systems under Minnesota Statutes, section 216C.376. This appropriation  
155.3 remains available until expended, and does not cancel to the renewable development account.  
155.4 This appropriation must be expended on schools located within the electric service territory  
155.5 of the public utility that is subject to Minnesota Statutes, section 116C.779. These are  
155.6 onetime appropriations.

155.7 Subd. 3. **Solar devices; state parks.** Notwithstanding Minnesota Statutes, section  
155.8 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from  
155.9 the renewable development account established in Minnesota Statutes, section 116C.779,  
155.10 subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural  
155.11 resources to install solar photovoltaic devices in state parks located within the retail electric  
155.12 service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision  
155.13 1. This is a onetime appropriation.

155.14 Subd. 4. **Solar devices; state buildings.** Notwithstanding Minnesota Statutes, section  
155.15 116C.779, subdivision 1, paragraph (j), \$4,000,000 in fiscal year 2022 is appropriated from  
155.16 the renewable development account established in Minnesota Statutes, section 116C.779,  
155.17 subdivision 1, to the commissioner of commerce to install solar photovoltaic devices on  
155.18 state-owned buildings that are located within the retail electric service area of the public  
155.19 utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioner  
155.20 of commerce must consult with the commissioner of administration to both identify the  
155.21 state-owned buildings to install the solar photovoltaic devices on and facilitate the installation  
155.22 process. This is a onetime appropriation.

155.23 Subd. 5. **Participant compensation.** (a) \$30,000 in fiscal year 2022 and \$30,000 in  
155.24 fiscal year 2023 are appropriated from the general fund to the commissioner of commerce  
155.25 for the purpose of addressing participant compensation issues in Public Utilities Commission  
155.26 proceedings, as described in Minnesota Statutes, section 216B.631.

155.27 (b) \$28,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from  
155.28 the general fund to the Public Utilities Commission for the purpose of addressing participant  
155.29 compensation issues under Minnesota Statutes, section 216B.631.

155.30 Subd. 6. **Solar on prime farmland.** (a) Notwithstanding Minnesota Statutes, section  
155.31 116C.779, subdivision 1, paragraph (j), \$14,000 in fiscal year 2022 and \$14,000 in fiscal  
155.32 year 2023 are appropriated from the renewable development account established under  
155.33 Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for  
155.34 transfer to the Board of Water and Soil Resources for the purposes of activities associated

156.1 with the installation of solar energy generating systems on prime farmland, as described in  
156.2 section 6.

156.3 (b) \$46,000 in fiscal year 2022 and \$46,000 in fiscal year 2023 are appropriated from  
156.4 the general fund to the Public Utilities Commission for activities associated with the  
156.5 installation of solar energy systems on prime farmland, as described in section 6. These are  
156.6 onetime appropriations.

156.7 Subd. 7. **Mountain Iron solar plant expansion.** Notwithstanding Minnesota Statutes,  
156.8 section 116C.779, subdivision 1, paragraph (j), \$5,500,000 in fiscal year 2021 is appropriated  
156.9 from the renewable development account established in Minnesota Statutes, section  
156.10 116C.779, subdivision 1, to the commissioner of employment and economic development  
156.11 for a grant to the Mountain Iron Economic Development Authority to expand a city-owned  
156.12 solar module manufacturing plant building in the city's Renewable Energy Industrial Park.  
156.13 This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022,  
156.14 must be returned to the renewable development account under Minnesota Statutes, section  
156.15 116C.779, subdivision 1.

156.16 Subd. 8. **Northfield distribution system upgrades.** Notwithstanding Minnesota Statutes,  
156.17 section 116C. 779, subdivision 1, paragraph (j), \$550,000 in fiscal year 2022 is appropriated  
156.18 from the renewable development account established in Minnesota Statutes, section  
156.19 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility  
156.20 that is subject to Minnesota Statutes, section 116C,779, subdivision 1, for the purpose of  
156.21 upgrading the utility's distribution system in and bordering on the city of Northfield to  
156.22 enable the interconnection of additional customer-sited solar deployment. No later than  
156.23 October 15, 2021, the public utility that is to receive the transferred funds must submit a  
156.24 report to the commissioner of commerce, the Public Utilities Commission, and to the chairs  
156.25 and ranking minority members of the senate and house of representatives committees with  
156.26 jurisdiction over energy policy and finance describing how the utility proposes to utilize  
156.27 the transfer made under this subdivision, including the specific locations at which additional  
156.28 equipment will be installed, the nature of the equipment, and the amount of incremental  
156.29 capacity that will result from the installation of the equipment. The commissioner may not  
156.30 transfer the funds appropriated under this subdivision to the public utility until the  
156.31 commissioner and the Public Utilities Commission have reviewed and approved the report.

157.1

**ARTICLE 6**

157.2

**MISCELLANEOUS**

157.3 Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

157.4 Subdivision 1. **Response to releases.** The commissioner may take any environmental  
157.5 response action, including emergency action, related to a release or threatened release of a  
157.6 hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility  
157.7 that the commissioner deems reasonable and necessary to protect the public health or welfare  
157.8 or the environment under the standards required in sections 115B.01 to 115B.20. The  
157.9 commissioner may undertake studies necessary to determine reasonable and necessary  
157.10 environmental response actions at individual facilities. The commissioner may develop  
157.11 general work plans for environmental studies, presumptive remedies, and generic remedial  
157.12 designs for facilities with similar characteristics, as well as implement reuse and  
157.13 redevelopment strategies. Prior to selecting environmental response actions for a facility,  
157.14 the commissioner shall hold at least one public informational meeting near the facility and  
157.15 provide for receiving and responding to comments related to the selection. The commissioner  
157.16 shall design, implement, and provide oversight consistent with the actions selected under  
157.17 this subdivision.

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

157.19 Sec. 2. Minnesota Statutes 2020, section 115B.412, subdivision 9, is amended to read:

157.20 Subd. 9. **Land management plans.** (a) The commissioner shall develop a land use plan  
157.21 for each qualified facility. All local land use plans must be consistent with a land use plan  
157.22 developed under this subdivision. Plans developed under this subdivision must include  
157.23 provisions to prevent any use that disturbs the integrity of the final cover, liners, any other  
157.24 components of any containment system, or the function of any monitoring systems unless  
157.25 the commissioner finds that the disturbance:

157.26 (1) is necessary to the proposed use of the property, and will not increase the potential  
157.27 hazard to human health or the environment; or

157.28 (2) is necessary to reduce a threat to human health or the environment.

157.29 (b) Before completing any plan under this subdivision, the commissioner shall consult  
157.30 with the commissioner of management and budget regarding any restrictions that the  
157.31 commissioner of management and budget deems necessary on the disposition of property  
157.32 resulting from the use of bond proceeds to pay for response actions on the property, and  
157.33 shall incorporate the restrictions in the plan.

158.1 (c) A land use plan may include any of the following provisions for potential reuse and  
158.2 redevelopment of the qualified facility:

158.3 (1) solar photovoltaic equipment;

158.4 (2) pollinator habitat; or

158.5 (3) another environmentally beneficial reuse as determined by the commissioner through  
158.6 a notice and comment period process.

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

158.8 Sec. 3. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

158.9 Subdivision 1. **Renewable development account.** (a) The renewable development  
158.10 account is established as a separate account in the special revenue fund in the state treasury.  
158.11 Appropriations and transfers to the account shall be credited to the account. Earnings, such  
158.12 as interest, dividends, and any other earnings arising from assets of the account, shall be  
158.13 credited to the account. Funds remaining in the account at the end of a fiscal year are not  
158.14 canceled to the general fund but remain in the account until expended. The account shall  
158.15 be administered by the commissioner of management and budget as provided under this  
158.16 section.

158.17 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating  
158.18 plant must transfer all funds in the renewable development account previously established  
158.19 under this subdivision and managed by the public utility to the renewable development  
158.20 account established in paragraph (a). Funds awarded to grantees in previous grant cycles  
158.21 that have not yet been expended and unencumbered funds required to be paid in calendar  
158.22 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject  
158.23 to transfer under this paragraph.

158.24 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
158.25 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating  
158.26 plant must transfer to the renewable development account \$500,000 each year for each dry  
158.27 cask containing spent fuel that is located at the Prairie Island power plant for each year the  
158.28 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by  
158.29 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste  
158.30 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any  
158.31 part of a year.

158.32 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
158.33 each January 15 thereafter, the public utility that owns the Monticello nuclear generating

159.1 plant must transfer to the renewable development account \$350,000 each year for each dry  
159.2 cask containing spent fuel that is located at the Monticello nuclear power plant for each  
159.3 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered  
159.4 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear  
159.5 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for  
159.6 any part of a year.

159.7 (e) Each year, the public utility shall withhold from the funds transferred to the renewable  
159.8 development account under paragraphs (c) and (d) the amount necessary to pay its obligations  
159.9 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

159.10 (f) If the commission approves a new or amended power purchase agreement, the  
159.11 termination of a power purchase agreement, or the purchase and closure of a facility under  
159.12 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,  
159.13 the public utility subject to this section shall enter into a contract with the city in which the  
159.14 poultry litter plant is located to provide grants to the city for the purposes of economic  
159.15 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each  
159.16 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid  
159.17 by the public utility from funds withheld from the transfer to the renewable development  
159.18 account, as provided in paragraphs (b) and (e).

159.19 (g) If the commission approves a new or amended power purchase agreement, or the  
159.20 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
159.21 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
159.22 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in  
159.23 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a  
159.24 grant contract with such entity to provide \$6,800,000 per year for five years, commencing  
159.25 30 days after the commission approves the new or amended power purchase agreement, or  
159.26 the termination of the power purchase agreement, and on each June 1 thereafter through  
159.27 2021, to assist the transition required by the new, amended, or terminated power purchase  
159.28 agreement. The grant shall be paid by the public utility from funds withheld from the transfer  
159.29 to the renewable development account as provided in paragraphs (b) and (e).

159.30 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)  
159.31 and (g) is limited to the amount deposited into the renewable development account, and its  
159.32 predecessor, the renewable development account, established under this section, that was  
159.33 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section  
159.34 10.

160.1 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello  
160.2 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued  
160.3 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued  
160.4 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year  
160.5 in which the commission finds, by the preponderance of the evidence, that the public utility  
160.6 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a  
160.7 permanent or interim storage site out of the state. This determination shall be made at least  
160.8 every two years.

160.9 (j) Funds in the account may be expended only for any of the following purposes:

160.10 (1) to stimulate research and development of renewable electric energy technologies;

160.11 (2) to encourage grid modernization, including, but not limited to, projects that implement  
160.12 electricity storage, load control, and smart meter technology; and

160.13 (3) to stimulate other innovative energy projects that reduce demand and increase system  
160.14 efficiency and flexibility.

160.15 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service  
160.16 from the utility that owns a nuclear-powered electric generating plant in this state or the  
160.17 Prairie Island Indian community or its members.

160.18 The utility that owns a nuclear generating plant is eligible to apply for grants under this  
160.19 subdivision.

160.20 (k) For the purposes of paragraph (j), the following terms have the meanings given:

160.21 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph  
160.22 (c), clauses (1), (2), (4), and (5); and

160.23 (2) "grid modernization" means:

160.24 (i) enhancing the reliability of the electrical grid;

160.25 (ii) improving the security of the electrical grid against cyberthreats and physical threats;  
160.26 and

160.27 (iii) increasing energy conservation opportunities by facilitating communication between  
160.28 the utility and its customers through the use of two-way meters, control technologies, energy  
160.29 storage and microgrids, technologies to enable demand response, and other innovative  
160.30 technologies.

160.31 (l) A renewable development account advisory group that includes, among others,  
160.32 representatives of the public utility and its ratepayers, and includes at least one representative



161.1 of the Prairie Island Indian community appointed by that community's Tribal council, shall  
161.2 develop recommendations on account expenditures. The advisory group must design a  
161.3 request for proposal and evaluate projects submitted in response to a request for proposals.  
161.4 The advisory group must utilize an independent third-party expert to evaluate proposals  
161.5 submitted in response to a request for proposal, including all proposals made by the public  
161.6 utility. A request for proposal for research and development under paragraph (j), clause (1),  
161.7 may be limited to or include a request to higher education institutions located in Minnesota  
161.8 for multiple projects authorized under paragraph (j), clause (1). The request for multiple  
161.9 projects may include a provision that exempts the projects from the third-party expert review  
161.10 and instead provides for project evaluation and selection by a merit peer review grant system.  
161.11 In the process of determining request for proposal scope and subject and in evaluating  
161.12 responses to request for proposals, the advisory group must strongly consider, where  
161.13 reasonable;

161.14 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;

161.15 and

161.16 (2) the proposer's commitment to increasing the diversity of the proposer's workforce  
161.17 and vendors.

161.18 (m) The advisory group shall submit funding recommendations to the public utility,  
161.19 which has full and sole authority to determine which expenditures shall be submitted by  
161.20 the advisory group to the legislature. The commission may approve proposed expenditures,  
161.21 may disapprove proposed expenditures that it finds not to be in compliance with this  
161.22 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,  
161.23 modify proposed expenditures. The commission shall, by order, submit its funding  
161.24 recommendations to the legislature as provided under paragraph (n).

161.25 (n) The commission shall present its recommended appropriations from the account to  
161.26 the senate and house of representatives committees with jurisdiction over energy policy and  
161.27 finance annually by February 15 following any year in which the commission has acted on  
161.28 recommendations submitted by the advisory group and the public utility. Expenditures from  
161.29 the account must be appropriated by law. In enacting appropriations from the account, the  
161.30 legislature:

161.31 (1) may approve or disapprove, but may not modify, the amount of an appropriation for  
161.32 a project recommended by the commission; and

161.33 (2) may not appropriate money for a project the commission has not recommended  
161.34 funding.

162.1 (o) A request for proposal for renewable energy generation projects must, when feasible  
162.2 and reasonable, give preference to projects that are most cost-effective for a particular energy  
162.3 source.

162.4 (p) The advisory group must annually, by February 15, report to the chairs and ranking  
162.5 minority members of the legislative committees with jurisdiction over energy policy on  
162.6 projects funded by the account for the prior year and all previous years. The report must,  
162.7 to the extent possible and reasonable, itemize the actual and projected financial benefit to  
162.8 the public utility's ratepayers of each project.

162.9 (q) By February 1, 2018, and each February 1 thereafter, the commissioner of  
162.10 management and budget shall submit a written report regarding the availability of funds in  
162.11 and obligations of the account to the chairs and ranking minority members of the senate  
162.12 and house committees with jurisdiction over energy policy and finance, the public utility,  
162.13 and the advisory group.

162.14 (r) A project receiving funds from the account must produce a written final report that  
162.15 includes sufficient detail for technical readers and a clearly written summary for nontechnical  
162.16 readers. The report must include an evaluation of the project's financial, environmental, and  
162.17 other benefits to the state and the public utility's ratepayers. A project receiving funds from  
162.18 the account must submit a report that meets the requirements of section 216C.51, subdivisions  
162.19 3 and 4, each year the project funded by the account is in progress.

162.20 (s) Final reports, any mid-project status reports, and renewable development account  
162.21 financial reports must be posted online on a public website designated by the commissioner  
162.22 of commerce.

162.23 (t) All final reports must acknowledge that the project was made possible in whole or  
162.24 part by the Minnesota renewable development account, noting that the account is financed  
162.25 by the public utility's ratepayers.

162.26 (u) Of the amount in the renewable development account, priority must be given to  
162.27 making the payments required under section 216C.417.

162.28 Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

162.29 Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them  
162.30 in this subdivision.

162.31 (b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of  
162.32 the following year.

163.1 (c) "Customer" means a residential customer of a utility.

163.2 (d) "Disconnection" means the involuntary loss of utility heating service as a result of  
163.3 a physical act by a utility to discontinue service. Disconnection includes installation of a  
163.4 service or load limiter or any device that limits or interrupts utility service in any way.

163.5 (e) "Household income" means the combined income, as defined in section 290A.03,  
163.6 subdivision 3, of all residents of the customer's household, computed on an annual basis.  
163.7 Household income does not include any amount received for energy assistance.

163.8 (f) "Reasonably timely payment" means payment within five working days of agreed-upon  
163.9 due dates.

163.10 (g) "Reconnection" means the restoration of utility heating service after it has been  
163.11 disconnected.

163.12 (h) "Summary of rights and responsibilities" means a commission-approved notice that  
163.13 contains, at a minimum, the following:

163.14 (1) an explanation of the provisions of subdivision 5;

163.15 (2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

163.16 (3) a third-party notice;

163.17 (4) ways to avoid disconnection;

163.18 (5) information regarding payment agreements;

163.19 (6) an explanation of the customer's right to appeal a determination of income by the  
163.20 utility and the right to appeal if the utility and the customer cannot arrive at a mutually  
163.21 acceptable payment agreement; and

163.22 (7) a list of names and telephone numbers for county and local energy assistance and  
163.23 weatherization providers in each county served by the utility.

163.24 (i) "Third-party notice" means a commission-approved notice containing, at a minimum,  
163.25 the following information:

163.26 (1) a statement that the utility will send a copy of any future notice of proposed  
163.27 disconnection of utility heating service to a third party designated by the residential customer;

163.28 (2) instructions on how to request this service; and

163.29 (3) a statement that the residential customer should contact the person the customer  
163.30 intends to designate as the third-party contact before providing the utility with the party's  
163.31 name.

164.1 (j) "Utility" means a public utility as defined in section 216B.02, and a cooperative  
164.2 electric association electing to be a public utility under section 216B.026. Utility also means  
164.3 a municipally owned gas or electric utility for nonresident consumers of the municipally  
164.4 owned utility and a cooperative electric association when a complaint in connection with  
164.5 utility heating service during the cold weather period is filed under section 216B.17,  
164.6 subdivision 6 or 6a.

164.7 (k) "Utility heating service" means natural gas or electricity used as a primary heating  
164.8 source, including electricity service necessary to operate gas heating equipment, for the  
164.9 customer's primary residence.

164.10 (l) "Working days" means Mondays through Fridays, excluding legal holidays. The day  
164.11 of receipt of a personally served notice and the day of mailing of a notice shall not be counted  
164.12 in calculating working days.

164.13 Sec. 5. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

164.14 Subd. 3. **Utility obligations before cold weather period.** Each year, between ~~September~~  
164.15 ~~4~~ August 15 and October ~~4~~ 1, each utility must provide all customers, personally, by first  
164.16 class mail, or electronically for those requesting electronic billing, a summary of rights and  
164.17 responsibilities. The summary must also be provided to all new residential customers when  
164.18 service is initiated.

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

164.20 Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

164.21 Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or  
164.22 a cooperative electric association must not disconnect and must reconnect the utility service  
164.23 of a residential customer during the period between October ~~4~~ 1 and April ~~4~~ 30 if the  
164.24 disconnection affects the primary heat source for the residential unit and all of the following  
164.25 conditions are met:

164.26 (1) The household income of the customer is at or below 50 percent of the state median  
164.27 household income. A municipal utility or cooperative electric association utility may (i)  
164.28 verify income on forms it provides or (ii) obtain verification of income from the local energy  
164.29 assistance provider. A customer is deemed to meet the income requirements of this clause  
164.30 if the customer receives any form of public assistance, including energy assistance, that  
164.31 uses an income eligibility threshold set at or below 50 percent of the state median household  
164.32 income.

165.1 (2) A customer enters into and makes reasonably timely payments under a payment  
165.2 agreement that considers the financial resources of the household.

165.3 (3) A customer receives referrals to energy assistance, weatherization, conservation, or  
165.4 other programs likely to reduce the customer's energy bills.

165.5 (b) A municipal utility or a cooperative electric association must, between August 15  
165.6 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

165.7 Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

165.8 Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting  
165.9 service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30,  
165.10 a municipal utility or cooperative electric association must provide the following information  
165.11 to a customer:

165.12 (1) a notice of proposed disconnection;

165.13 (2) a statement explaining the customer's rights and responsibilities;

165.14 (3) a list of local energy assistance providers;

165.15 (4) forms on which to declare inability to pay; and

165.16 (5) a statement explaining available time payment plans and other opportunities to secure  
165.17 continued utility service.

165.18 Sec. 8. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

165.19 Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be  
165.20 involuntarily disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with  
165.21 subdivision 1, the disconnection must not occur:

165.22 (1) on a Friday, unless the customer declines to enter into a payment agreement offered  
165.23 that day in person or via personal contact by telephone by a municipal utility or cooperative  
165.24 electric association;

165.25 (2) on a weekend, holiday, or the day before a holiday;

165.26 (3) when utility offices are closed; or

165.27 (4) after the close of business on a day when disconnection is permitted, unless a field  
165.28 representative of a municipal utility or cooperative electric association who is authorized  
165.29 to enter into a payment agreement, accept payment, and continue service, offers a payment  
165.30 agreement to the customer.

166.1 Further, the disconnection must not occur until at least 20 days after the notice required  
166.2 in subdivision 2 has been mailed to the customer or 15 days after the notice has been  
166.3 personally delivered to the customer.

166.4 (b) If a customer does not respond to a disconnection notice, the customer must not be  
166.5 disconnected until the utility investigates whether the residential unit is actually occupied.  
166.6 If the unit is found to be occupied, the utility must immediately inform the occupant of the  
166.7 provisions of this section. If the unit is unoccupied, the utility must give seven days' written  
166.8 notice of the proposed disconnection to the local energy assistance provider before making  
166.9 a disconnection.

166.10 (c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection,  
166.11 as provided by the utility's established appeal procedure, the utility must not disconnect  
166.12 until the appeal is resolved.

166.13 Sec. 9. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

166.14 Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph  
166.15 (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or  
166.16 more as well as qualifying facilities as defined in subdivision 3 and net metered facilities  
166.17 under subdivision 3a, if interconnected to a cooperative electric association or municipal  
166.18 utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect  
166.19 to be governed by its provisions.

166.20 (b) The utility to which the qualifying facility is interconnected shall purchase all energy  
166.21 and capacity made available by the qualifying facility. The qualifying facility shall be paid  
166.22 the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the  
166.23 commission, or as determined through competitive bidding approved by the commission.  
166.24 ~~The full avoided capacity and energy costs to be paid a qualifying facility that generates~~  
166.25 ~~electric power by means of a renewable energy source are the utility's least cost renewable~~  
166.26 ~~energy facility or the bid of a competing supplier of a least cost renewable energy facility,~~  
166.27 ~~whichever is lower, unless the commission's resource plan order, under section 216B.2422,~~  
166.28 ~~subdivision 2, provides that the use of a renewable resource to meet the identified capacity~~  
166.29 ~~need is not in the public interest.~~

166.30 (c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at  
166.31 the qualifying facility's or the utility's request, provide wheeling or exchange agreements  
166.32 wherever practicable to sell the qualifying facility's output to any other Minnesota utility  
166.33 having generation expansion anticipated or planned for the ensuing ten years. The  
166.34 commission shall establish the methods and procedures to insure that except for reasonable

167.1 wheeling charges and line losses, the qualifying facility receives the full avoided energy  
167.2 and capacity costs of the utility ultimately receiving the output.

167.3 (d) The commission shall set rates for electricity generated by renewable energy.

167.4 Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision  
167.5 to read:

167.6 Subd. 5b. **Definitions.** (a) For the purposes of subdivision 5c, the following terms have  
167.7 the meanings given.

167.8 (b) "Agreement period" means the period beginning January 1, 2023, and ending  
167.9 December 31, 2024.

167.10 (c) "Ash" means all species of the genus *Fraxinus*.

167.11 (d) "Cogeneration facility" means the St. Paul district heating and cooling system  
167.12 cogeneration facility that uses waste wood as the facility's primary fuel source, provides  
167.13 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase  
167.14 agreement approved by the Public Utilities Commission.

167.15 (e) "Department" means the Department of Agriculture.

167.16 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis*  
167.17 Fairmaire, in any stage of development.

167.18 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"  
167.19 in section 216B.1691, subdivision 1.

167.20 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution  
167.21 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and  
167.22 includes the cogeneration facility.

167.23 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash  
167.24 chips and mulch.

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

167.26 Sec. 11. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision  
167.27 to read:

167.28 Subd. 5c. **New power purchase agreement.** (a) No later than August 1, 2021, a public  
167.29 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the  
167.30 commission to enter into a power purchase agreement that governs the public utility's

168.1 purchase of electricity generated by the cogeneration facility. The power purchase agreement  
168.2 may extend no later than December 21, 2024, and must not be extended beyond that date  
168.3 except as provided in paragraph (f).

168.4 (b) The commission is prohibited from approving a new power purchase agreement filed  
168.5 under this subdivision that does not meet all of the following conditions:

168.6 (1) the cogeneration facility agrees that any waste wood from ash trees removed from  
168.7 Minnesota counties that have been designated as quarantined areas in Section IV of the  
168.8 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of  
168.9 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization  
168.10 as biomass fuel by the cogeneration facility must be accompanied by evidence:

168.11 (i) demonstrating that the transport of biomass fuel from processed waste wood from  
168.12 ash trees to the cogeneration facility complies with the department's regulatory requirements  
168.13 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist  
168.14 of:

168.15 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee  
168.16 of the Animal and Plant Health Inspection Service of the United States Department of  
168.17 Agriculture verifying compliance; or

168.18 (B) shipping documents demonstrating compliance; or

168.19 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less  
168.20 in two dimensions, and was chipped within the county from which the ash trees were  
168.21 originally removed;

168.22 (2) the price per megawatt hour of electricity paid by the public utility demonstrates  
168.23 significant savings compared to the existing power purchase agreement, with a price that  
168.24 does not exceed \$98 per megawatt hour;

168.25 (3) the proposal includes a proposal to the commission for one or more electrification  
168.26 projects that result in the St. Paul district heating and cooling system being powered by  
168.27 electricity generated from renewable energy technologies. The plan must evaluate  
168.28 electrification at three or more levels from ten to 100 percent, including 100 percent of the  
168.29 energy used by the St. Paul district heating and cooling system to be implemented by  
168.30 December 31, 2027. The proposal may also evaluate alternative dates for implementation.  
168.31 For each level of electrification analyzed, the proposal must contain:

168.32 (i) a description of the alternative electrification technologies evaluated and whose  
168.33 implementation is proposed as part of the electrification project;



169.1 (ii) an estimate of the cost of the electrification project to the public utility, the impact  
169.2 on the monthly energy bills of the public utility's Minnesota customers, and the impact on  
169.3 the monthly energy bills of St. Paul district heating and cooling system customers;

169.4 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the  
169.5 electrification project, including greenhouse gas emissions associated with the transportation  
169.6 of waste wood;

169.7 (iv) estimated impacts on the operations of the St. Paul district heating and cooling  
169.8 system; and

169.9 (v) a timeline for the electrification project; and

169.10 (4) the power purchase agreement provides a net benefit to the utility customers or the  
169.11 state.

169.12 (c) The commission may approve, or approve as modified, a proposed electrification  
169.13 project that meets the requirements of this subdivision if it finds the electrification project  
169.14 is in the public interest, or the commission may reject the project if it finds that the project  
169.15 is not in the public interest. When determining whether an electrification project is in the  
169.16 public interest, the commission may consider the effects of the electrification project on air  
169.17 emissions from the St. Paul district heating and cooling system and how the emissions  
169.18 impact the environment and residents of affected neighborhoods.

169.19 (d) During the agreement period, the cogeneration facility must attempt to obtain funding  
169.20 to reduce the cost of generating electricity and enable the facility to continue to operate  
169.21 beyond the agreement period to address the removal of ash trees, as described in paragraph  
169.22 (b), clause (1), without any subsidy or contribution from any power purchase agreement  
169.23 after December 31, 2024. The cogeneration facility must submit periodic reports to the  
169.24 commission regarding the efforts made under this paragraph.

169.25 (e) Upon approval of the new power purchase agreement, the commission must require  
169.26 periodic reporting regarding progress toward development of a proposal for an electrification  
169.27 project.

169.28 (f) The commission is prohibited from approving either an extension of an existing  
169.29 power purchase agreement or a new power purchase agreement that operates after the  
169.30 agreement period unless it approves an electrification project. Nothing in this section shall  
169.31 require any utility to enter into a power purchase agreement with the cogeneration facility  
169.32 after December 31, 2024.

170.1 (g) Upon approval of an electrification project, the commission must require periodic  
170.2 reporting regarding the progress toward implementation of the electrification project.

170.3 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),  
170.4 the commission may allow the public utility to recover prudently incurred costs net of  
170.5 revenues resulting from the electrification project through an automatic cost recovery  
170.6 mechanism that allows for cost recovery outside of a general rate case. The cost recovery  
170.7 mechanism approved by the commission must:

170.8 (1) allow a reasonable return on the capital invested in the electrification project by the  
170.9 public utility, as determined by the commission; and

170.10 (2) recover costs only from the public utility's Minnesota electric service customers.

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

170.12 Sec. 12. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

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

170.14 (1) cogeneration or small power production facilities as defined in the Federal Power  
170.15 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and  
170.16 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less  
170.17 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or  
170.18 any case where the commission has determined after being advised by the attorney general  
170.19 that its application has been preempted by federal law;

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

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

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

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

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

171.1 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision  
171.2 2, or a solar electric energy generation facility system, as defined in section 216E.01,  
171.3 subdivision 9, if the system or facility is owned and operated by an independent power  
171.4 producer and the electric output of the system or facility;

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

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

171.14 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision  
171.15 2, or a solar energy generating large energy facility, as defined in section 216B.2421,  
171.16 subdivision 2, engaging in a repowering project that:

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

171.19 (ii) will result in the facility exceeding the nameplate capacity under its most recent  
171.20 interconnection agreement, provided that the Midcontinent Independent System Operator  
171.21 has provided a signed generator interconnection agreement that reflects the expected net  
171.22 power increase.

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

171.24 (1) modifying a large wind energy conversion system or a solar energy generating large  
171.25 energy facility to increase its efficiency without increasing its nameplate capacity;

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

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

171.29 Sec. 13. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

171.30 Subd. 3b. **Assessment for department regional and national duties.** In addition to  
171.31 other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal  
171.32 year for performing its duties under section 216A.07, subdivision 3a. The amount in this

172.1 subdivision shall be assessed to energy utilities in proportion to their respective gross  
172.2 operating revenues from retail sales of gas or electric service within the state during the last  
172.3 calendar year and shall be deposited into an account in the special revenue fund and is  
172.4 appropriated to the commissioner of commerce for the purposes of section 216A.07,  
172.5 subdivision 3a. An assessment made under this subdivision is not subject to the cap on  
172.6 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,  
172.7 an "energy utility" means public utilities, generation and transmission cooperative electric  
172.8 associations, and municipal power agencies providing natural gas or electric service in the  
172.9 state. ~~This subdivision expires June 30, 2021.~~

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

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

172.12 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
172.13 the meaning given.

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

172.15 (1) files comments or appears in a Public Utilities Commission proceeding, other than  
172.16 public hearings, concerning one or more public utilities; or

172.17 (2) is permitted by the Public Utilities Commissions to intervene in a commission  
172.18 proceeding concerning one or more public utilities; and

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

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

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

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

172.25 (1) a nonprofit organization that is:

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

172.28 (ii) incorporated in Minnesota; and

172.29 (iii) governed under chapter 317A;

172.30 (2) a tribal government of a federally recognized Indian tribe that is located in Minnesota;  
172.31 or

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

173.3 Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to  
173.4 compensate all or part of an eligible participant's reasonable costs of participation in a  
173.5 proceeding that comes before the commission when the commission finds that the participant  
173.6 has materially assisted the commission's deliberation.

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

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

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

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

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

173.16 (5) the participant was active in any stakeholder process made part of the proceeding;  
173.17 and

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

173.20 (c) In reviewing a compensation request, the commission must consider whether the  
173.21 costs presented in the participant's claim are reasonable.

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

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

173.26 (2) in a general rate case proceeding under section 216B.16 or an integrated resource  
173.27 plan proceeding under section 216B.2422, the maximum single participant compensation  
173.28 may not exceed \$75,000.

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

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

174.1 (d) Notwithstanding paragraphs (a) and (b), the commission may not, in any calendar  
174.2 year, require a single public utility to pay aggregate compensation under this section that  
174.3 exceeds the following amounts, based on the public utility's annual gross operating revenue  
174.4 in Minnesota:

174.5 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue  
174.6 in Minnesota;

174.7 (2) \$275,000, for a public utility with more than \$300,000,000 but less than \$900,000,000  
174.8 annual gross operating revenue in Minnesota;

174.9 (3) \$375,000, for a public utility with more than \$900,000,000 but less than  
174.10 \$2,000,000,000 annual gross operating revenue in Minnesota; and

174.11 (4) \$1,250,000, for a public utility with more than \$2,000,000,000 annual gross operating  
174.12 revenue in Minnesota.

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

174.16 Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a  
174.17 request and an affidavit of service with the commission, and serve a copy of the request on  
174.18 each party to the proceeding. The request must be filed no more than 30 days after the later  
174.19 of: (1) the expiration of the period within which a petition for rehearing, amendment,  
174.20 vacation, reconsideration; or reargument must be filed; or (2) the date the commission issues  
174.21 an order following rehearing, amendment, vacation, reconsideration, or reargument.

174.22 (b) A compensation request must include:

174.23 (1) the name and address of the participant or nonprofit organization the participant is  
174.24 representing;

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

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

174.27 (4) a list of actual annual revenue secured and expenses incurred for participation in  
174.28 commission proceedings separately for the preceding and current year, and projected revenue,  
174.29 revenue sources, and expenses for participation in commission proceedings for the current  
174.30 year;

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

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

175.4 (7) a narrative describing the unique contribution made to the proceeding by the  
175.5 participant.

175.6 (c) A participant shall comply with reasonable requests for information by the commission  
175.7 and other participants. A participant shall reply to information requests within ten calendar  
175.8 days of receipt, unless this would place an extreme hardship upon the replying participant.  
175.9 The replying participant must provide a copy of the information to any other participant or  
175.10 interested person upon request. Disputes regarding information requests may be resolved  
175.11 by the commission.

175.12 (d) Within 30 days after service of the request for compensation, a party may file a  
175.13 response, together with an affidavit of service, with the commission. A copy of the response  
175.14 must be served on the requesting participant and all other parties to the proceeding.

175.15 (e) Within 15 days after the response is filed, the participant may file a reply with the  
175.16 commission. A copy of the reply and an affidavit of service must be served on all other  
175.17 parties to the proceeding.

175.18 (f) If additional costs are incurred by a participant as a result of additional proceedings  
175.19 following the commission's initial order, the participant may file an amended request within  
175.20 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an  
175.21 amended request.

175.22 (g) The commission must issue a decision on participant compensation within 60 days  
175.23 of a filing of a request for compensation by a participant.

175.24 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to  
175.25 60 days upon the request of a participant or on its own initiative, if applicable.

175.26 (i) A participant may request reconsideration of the commission's compensation decision  
175.27 within 30 days of the decision.

175.28 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment  
175.29 of participant compensation, the public utility that was the subject of the proceeding must  
175.30 pay the compensation to the participant, and file proof of payment with the commission,  
175.31 within 30 days after the later of: (1) the expiration of the period within which a petition for  
175.32 reconsideration of the commission's compensation decision must be filed; or (2) the date

176.1 the commission issues an order following reconsideration of its order on participant  
176.2 compensation.

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

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

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

176.9 Sec. 15. **[216C.51] UTILITY DIVERSITY REPORTING.**

176.10 Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves  
176.11 Minnesota residents to focus on and improve the diversity of the utility's workforce and  
176.12 suppliers.

176.13 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the  
176.14 meanings given.

176.15 (b) "Certification" means official recognition by a governmental unit that a business is  
176.16 a preferred vendor as a result of the characteristics of the business owner or owners or the  
176.17 location of the business.

176.18 (c) "Utility" has the meaning given in section 216C.06, subdivision 18.

176.19 Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter,  
176.20 each utility authorized to do business in Minnesota must file an annual diversity report to  
176.21 the commissioner on:

176.22 (1) the utility's goals and efforts to increase diversity in the workplace, including current  
176.23 workforce representation numbers and percentages; and

176.24 (2) all procurement goals and actual spending for female-owned, minority-owned,  
176.25 veteran-owned, and small business enterprises during the previous calendar year.

176.26 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the  
176.27 total work performed by the utility submitting the report. The actual spending for  
176.28 female-owned, minority-owned, veteran-owned, and small business enterprises must also  
176.29 be expressed as a percentage of the total work performed by the utility submitting the report.

176.30 Subd. 4. **Report elements.** Each utility required to report under this section must include  
176.31 the following in the annual report to the department:



177.1 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers  
177.2 during the next year;

177.3 (2) an explanation of the plan to increase the goals;

177.4 (3) an explanation of the challenges faced to increase workforce and supplier diversity,  
177.5 including suggestions regarding actions the department could take to help identify potential  
177.6 employees and vendors;

177.7 (4) a list of the certifications the company recognizes;

177.8 (5) a point of contact for a potential employee or vendor that wishes to work for or do  
177.9 business with the utility; and

177.10 (6) a list of successful actions taken to increase workforce and supplier diversity, to  
177.11 encourage other companies to emulate best practices.

177.12 Subd. 5. **State data.** Each annual report must include as much state-specific data as  
177.13 possible. If the submitting utility does not submit state-specific data, the utility must include  
177.14 any relevant national data it possesses and explain why it could not submit state-specific  
177.15 data, and how it intends to include state-specific data in future reports, if possible.

177.16 Subd. 6. **Publication; retention.** The department must publish an annual report on its  
177.17 website and must maintain each annual report for at least five years.

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

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

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

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

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

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

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

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

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

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

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

178.6 Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

178.7 **216F.012 SIZE ELECTION.**

178.8 (a) A wind energy conversion system of less than 25 megawatts of nameplate capacity  
178.9 as determined under section 216F.011 is a small wind energy conversion system if, by July  
178.10 1, 2009, the owner so elects in writing and submits a completed application for zoning  
178.11 approval and the written election to the county or counties in which the project is proposed  
178.12 to be located. The owner must notify the Public Utilities Commission of the election at the  
178.13 time the owner submits the election to the county.

178.14 (b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate  
178.15 capacity exceeding five megawatts that is proposed to be located wholly or partially within  
178.16 a wind access buffer adjacent to state lands that are part of the outdoor recreation system,  
178.17 as enumerated in section 86A.05, is a large wind energy conversion system. The Department  
178.18 of Natural Resources shall negotiate in good faith with a system owner regarding siting and  
178.19 may support the system owner in seeking a variance from the system setback requirements  
178.20 if it determines that a variance is in the public interest.

178.21 ~~(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking~~  
178.22 ~~minority members of the house of representatives and senate committees with primary~~  
178.23 ~~jurisdiction over energy policy and natural resource policy regarding any variances applied~~  
178.24 ~~for and not granted for systems subject to paragraph (b).~~

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

178.26 Sec. 18. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**  
178.27 **COMMERCE SUPPORT.**

178.28 (a) The Department of Commerce must provide technical support and subject matter  
178.29 expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in  
178.30 Minnesota to establish and operate a Tribal advocacy council on energy.

179.1 (b) When requested by a Tribal advocacy council on energy, the Department of Commerce  
179.2 must assist the council to:

179.3 (1) assess and evaluate common Tribal energy issues, including:

179.4 (i) identifying and prioritizing energy issues;

179.5 (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

179.6 (iii) assisting decision making with respect to resolving energy issues;

179.7 (2) develop new statewide energy policies or proposed legislation, including:

179.8 (i) organizing stakeholder meetings;

179.9 (ii) gathering input and other relevant information;

179.10 (iii) assisting with policy proposal development, evaluation, and decision making; and

179.11 (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted,  
179.12 policies or legislation approved by the council;

179.13 (3) make efforts to raise awareness of and provide educational opportunities with respect  
179.14 to Tribal energy issues among Tribal members by:

179.15 (i) identifying information resources;

179.16 (ii) gathering feedback on issues and topics the council identifies as areas of interest;

179.17 and

179.18 (iii) identifying topics for and helping to facilitate educational forums; and

179.19 (4) identify, evaluate, disseminate, and implement successful energy-related practices.

179.20 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized  
179.21 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it  
179.22 require or obligate a federally recognized Indian Tribe in Minnesota to participate in or  
179.23 implement a decision or support an effort made by a Tribal advocacy council on energy.

179.24 (d) Any support provided by the Department of Commerce to a Tribal advocacy council  
179.25 on energy under this section must be provided only upon request of the council and is limited  
179.26 to issues and areas where the Department of Commerce's expertise and assistance is  
179.27 requested.

179.28 **Sec. 19. PILOT PROJECT; REPORTING REQUIREMENTS.**

179.29 Upon completion of the solar energy pilot project described in section 21, subdivision  
179.30 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the

180.1 Pollution Control Agency, in cooperation with the electric cooperative association operating  
180.2 the pilot project, must report to the chairs and ranking minority members of the legislative  
180.3 committees with jurisdiction over capital investment, energy, and environment on the  
180.4 following:

180.5 (1) project accomplishments and milestones including any project growth, developments,  
180.6 or agreements that resulted from the project;

180.7 (2) challenges or barriers faced during development or after completion of the project;

180.8 (3) project financials, including expenses, utility agreements, and project viability; and

180.9 (4) replicability of the pilot project to other future closed landfill projects.

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

180.11 Sec. 20. **APPROPRIATIONS.**

180.12 Subdivision 1. **Microgrid research and application.** (a) Notwithstanding Minnesota  
180.13 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,400,000 in fiscal year 2022 and  
180.14 \$1,200,000 in fiscal year 2023 are appropriated from the renewable development account  
180.15 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
180.16 commerce for transfer to the University of St. Thomas Center for Microgrid Research for  
180.17 the purposes of paragraph (b). The base in fiscal year 2024 is \$1,000,000, and the base in  
180.18 fiscal year 2025 is \$400,000. The base in fiscal year 2026 is \$400,000.

180.19 (b) The appropriations in this section are to be used by the University of St. Thomas  
180.20 Center for Microgrid Research for the purposes of:

180.21 (1) increasing the center's capacity to provide industry partners opportunities to test  
180.22 near-commercial microgrid products on a real-world scale and to multiply opportunities for  
180.23 innovative research;

180.24 (2) procuring advanced equipment and controls to enable the extension of the university's  
180.25 microgrid to additional buildings; and

180.26 (3) expanding hands-on educational opportunities to better understand the operations of  
180.27 microgrids to undergraduate and graduate electrical engineering students and partnerships  
180.28 with community colleges.

180.29 Subd. 2. **Clean energy training; pilot project.** (a) Notwithstanding Minnesota Statutes,  
180.30 section 116C.779, subdivision 1, paragraph (j), \$2,500,000 in fiscal year 2022 is appropriated  
180.31 from the renewable development account to the commissioner of employment and economic  
180.32 development for a grant to Northgate Development, LLC for a pilot project to provide

181.1 training pathways into careers in clean energy for students and young adults in underserved  
181.2 communities. Any unexpended funds remaining at the end of the biennium cancel to the  
181.3 renewable development account. This is a onetime appropriation.

181.4 (b) The pilot project must develop skills among program participants, short of the level  
181.5 required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design,  
181.6 construction, operation, or maintenance of:

181.7 (1) systems producing solar or wind energy;

181.8 (2) improvements in energy efficiency, as defined in Minnesota Statutes, section  
181.9 216B.241, subdivision 1;

181.10 (3) energy storage systems connected to renewable energy facilities, including battery  
181.11 technology;

181.12 (4) infrastructure for charging all-electric or electric hybrid vehicles; or

181.13 (5) grid technologies that manage load and provide services to the distribution grid that  
181.14 reduce energy consumption or shift demand to off-peak periods.

181.15 (c) Training must be designed to create pathways to a postsecondary degree, industry  
181.16 certification or to a registered apprenticeship program under chapter 178 that is related to  
181.17 the fields in paragraph (b) and then to stable career employment at a living wage.

181.18 (d) Training must be provided at a location that is accessible by public transportation  
181.19 and must prioritize the inclusion of communities of color, indigenous people, and low-income  
181.20 individuals.

181.21 (e) Grant funds may be used for all expenses related to the training program, including  
181.22 curriculum, instructors, equipment, materials, and leasing and improving space for use by  
181.23 the program.

181.24 (f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate  
181.25 Development, LLC shall submit an annual report the commissioner of employment and  
181.26 economic development that must include, at a minimum, information on:

181.27 (1) program expenditures, including, but not limited to, amounts spent on curriculum,  
181.28 instructors, equipment, materials, and leasing and improving space for use by the program;

181.29 (2) other public or private funding sources, including in-kind donations, supporting the  
181.30 pilot program;

181.31 (3) the number of program participants;

182.1 (4) demographic information on program participants, including, but not limited to, race,  
182.2 age, gender, and income; and

182.3 (5) the number of program participants placed in a postsecondary program, industry  
182.4 certification program, or registered apprenticeship program under Minnesota Statutes,  
182.5 chapter 178.

182.6 Subd. 3. **Landfill bond prepayment; solar pilot project.** (a) Notwithstanding Minnesota  
182.7 Statutes, section 116C.779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 is  
182.8 appropriated from the renewable development account established under Minnesota Statutes,  
182.9 section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the  
182.10 commissioner of management and budget to prepay and defease any outstanding general  
182.11 obligation bonds used to acquire property, finance improvements and betterments, or pay  
182.12 any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may  
182.13 be deposited, invested, and applied to accomplish the purposes of this section as provided  
182.14 in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment  
182.15 and defeasance of all associated debt on the real property and improvements, all conditions  
182.16 set forth in Minnesota Statutes, section 16A.695, subdivision 3, shall be deemed to have  
182.17 been satisfied and the real property and improvements shall no longer constitute state bond  
182.18 financed property under Minnesota Statutes, section 16A.695. This is a onetime appropriation.  
182.19 Any funds appropriated under this section that remain unexpended after the purposes in this  
182.20 paragraph have been met cancel to the renewable development account.

182.21 (b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution  
182.22 Control Agency may take actions and execute agreements to facilitate the beneficial reuse  
182.23 of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a  
182.24 solar energy generating system, as defined in Minnesota Statutes, section 216E.01,  
182.25 subdivision 9a, as a pilot project at the closed landfill, to be owned and operated by a  
182.26 cooperative electric association that has more than 130,000 customers in Minnesota. The  
182.27 appropriation in paragraph (a) may not be used to finance the pilot project, procure land  
182.28 rights, or to manage the solar energy generating system.

182.29 Subd. 4. **Commerce department; Energy Resources Division.** \$3,493,000 in fiscal  
182.30 year 2022 and \$3,547,000 in fiscal year 2023 are appropriated from the general fund to the  
182.31 commissioner of commerce for general operating activities of the Energy Resources Division.

182.32 Subd. 5. **Weatherization; vermiculite remediation.** \$150,000 in fiscal year 2022 and  
182.33 \$150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner  
182.34 of commerce is to remediate vermiculite insulation from households that are eligible for

183.1 weatherization assistance under Minnesota's weatherization assistance program state plan  
183.2 under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with  
183.3 federal weatherization assistance program services.

183.4 Subd. 6. **Energy regulation and planning.** \$851,000 in fiscal year 2022 and \$870,000  
183.5 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce  
183.6 for activities of the energy regulation and planning unit staff.

183.7 Subd. 7. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes,  
183.8 section 116C. 779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 and \$100,000  
183.9 in fiscal year 2023 are appropriated from the renewable development account established  
183.10 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce  
183.11 to administer the "Made in Minnesota" solar energy production incentive program under  
183.12 Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the  
183.13 renewable development account at the end of the biennium.

183.14 Subd. 8. **Grant cycle; proposal evaluation.** \$500,000 in fiscal year 2022 and \$500,000  
183.15 in fiscal year 2023 are appropriated from the renewable development account established  
183.16 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce  
183.17 for costs associated with any third-party expert evaluation of a proposal submitted in response  
183.18 to a request for proposal to the renewable development advisory group under Minnesota  
183.19 Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation  
183.20 may be expended or retained by the commissioner of commerce. Any funds appropriated  
183.21 under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable  
183.22 development account.

183.23 Subd. 9. **Petroleum Tank Release Compensation Board.** \$1,056,000 in fiscal year  
183.24 2022 and \$1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to  
183.25 the Petroleum Tank Release Compensation Board for its operations.

183.26 Subd. 10. **Public Utilities Commission.** \$7,923,000 in fiscal year 2022 and \$8,052,000  
183.27 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission  
183.28 for its general operations.

183.29 Sec. 21. **REPEALER.**

183.30 (a) Minnesota Statutes 2020, sections 115C.13; and 216B.16, subdivision 10, are repealed.

183.31 (b) Laws 2017, chapter 5, section 1, is repealed.

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

184.1 Amend the title accordingly