

HF28 - 1E - Data Center Energy Generation Redundancy Provided

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance and Policy**
 Date Completed: **2/25/2025 12:55:40 PM**
 Lead Agency: **Public Utilities Commission**
 Other Agencies:
 Administrative Hearings Commerce Dept
 Pollution Control Agency

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|---------------------------------|----------------------|-----------|------------|----------|--------|--------|
| | Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Administrative Hearings | - | - | - | - | - | - |
| Administrative Hearings | - | - | - | - | - | - |
| Pollution Control Agency | | | | | | |
| General Fund | - | 95 | 113 | - | - | - |
| State Total | | | | | | |
| Administrative Hearings | - | - | - | - | - | - |
| General Fund | - | 95 | 113 | - | - | - |
| Total | - | 95 | 113 | - | - | - |
| Biennial Total | | | 208 | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|-----------|-----------|----------|--------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Administrative Hearings | - | - | - | - | - |
| Administrative Hearings | - | - | - | - | - |
| Pollution Control Agency | | | | | |
| General Fund | - | .5 | .5 | - | - |
| Total | - | .5 | .5 | - | - |

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 2/25/2025 12:55:40 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | Biennium | | | Biennium | |
|--|-----------------|-----------|------------|-----------------|----------|
| Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Administrative Hearings | - | - | - | - | - |
| Administrative Hearings | - | - | - | - | - |
| Pollution Control Agency | | | | | |
| General Fund | - | 95 | 113 | - | - |
| Total | - | 95 | 113 | - | - |
| Biennial Total | | | 208 | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | |
| Administrative Hearings | - | - | - | - | - |
| Administrative Hearings | - | - | 18 | - | - |
| Pollution Control Agency | | | | | |
| General Fund | - | 95 | 113 | - | - |
| Total | - | 95 | 131 | - | - |
| Biennial Total | | | 226 | | - |
| 2 - Revenues, Transfers In* | | | | | |
| Administrative Hearings | - | - | - | - | - |
| Administrative Hearings | - | - | 18 | - | - |
| Pollution Control Agency | | | | | |
| General Fund | - | - | - | - | - |
| Total | - | - | 18 | - | - |
| Biennial Total | | | 18 | | - |

HF28 - 1E - Data Center Energy Generation Redundancy Provided

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance and Policy**
 Date Completed: **2/25/2025 12:55:40 PM**
 Agency: **Public Utilities Commission**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Total | - | - | - | - | - | - |
| Biennial Total | | | | - | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | | |
|--------------------------------------|----------|--------|--------|----------|--------|--------|
| | | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Total | - | - | - | - | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 2/16/2025 4:08:44 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--------|----------|--------|--------|----------|---|
| Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

This bill would exempt certain emergency back up electricity generation from the requirement to obtain a Certificate of Need from the Minnesota Public Utilities Commission under MN Stat 216B.243. The back up generation must provide power to a data center which is defined as a free standing structure that primarily contains electronic equipment used to process, store, and transmit digital information. The back up generation must also be eligible for permitting as a single stationary source under Minnesota Rules.

The legislation would allow this back up generation to be permitted by the MN PUC under the Standard Review under MN Stat 216I.07 or by a local unit of government under MN Stat 216I.08.

The legislation provides that if an alternative urban areawide review is adopted by the responsible government unit for the area where the back up generation is to be sited, additional environmental review is not required.

The legislation defines back up generation as follows: "Emergency backup generator" means a stationary compressed ignition or spark ignition engine described under Code of Federal Regulations, title 40, parts 60.4211(f) and 60.4243(d), respectively, that is installed with equipment that prevents the flow of electricity to the electric grid.

Assumptions

We have not anticipated costs associated with issuing Certificates of Need or site permits for emergency back up generation for data centers in the agency's existing budget. Removing the requirement for those proceedings would not impose a fiscal impact on the agency.

Expenditure and/or Revenue Formula

n/a

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

n/a

Agency Contact:

Agency Fiscal Note Coordinator Signature: Michael Bull

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Date: 2/14/2025 11:50:27 AM

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HF28 - 1E - Data Center Energy Generation Redundancy Provided

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance and Policy**
 Date Completed: **2/25/2025 12:55:40 PM**
 Agency: **Administrative Hearings**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | X | |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-------------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Administrative Hearings | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Administrative Hearings | - | - | - | - | - |
| Total | - | - | - | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 2/21/2025 2:18:00 PM
Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--------|----------|-----------|--------|----------|---|
| Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | |
| Administrative Hearings | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Administrative Hearings | - | - | 18 | - | - | - |
| Total | - | - | 18 | - | - | - |
| Biennial Total | | | 18 | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Administrative Hearings | - | - | 18 | - | - | - |
| Total | - | - | 18 | - | - | - |
| Biennial Total | | | 18 | | | - |

Bill Description

HF28-1E modifies MN Statutes, section 216B.243 to add an exemption for emergency backup generators that provide power to a data center. Data center is defined as a free-standing structure that contains electronic equipment for processing, storing and transmitting digital information. Section 1 makes changes to MN Statutes, section 116D.04 with respect to the alternative urban areawide review process.

Assumptions

The Office of Administrative Hearings (OAH) in consultation with Minnesota Management and Budget (MMB) assesses agencies the cost of services rendered to them. All agencies shall include in their budgets provisions for such assessments.

OAH has used Pollution Control Agency’s (PCA) assumption that a medium-major rulemaking will be required by the Environmental Quality Board (EQB) to align MN Rules 4410.3610 with Sec. 1 of HF28-1E. Based on past practices, OAH assumes that a rulemaking of this size under chapter 14 will require an estimated 65 hours of administrative law judge (ALJ) time for activity related to rulemaking procedures. Of the total rulemaking amount estimated by PCA, \$17,550 is for the estimated 65 hours of ALJ time for this rulemaking to implement the requirements of Sec. 1.

OAH assumes, based on PCA’s expectation that the rulemaking will span two years, that ALJ costs will occur in FY2027.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of \$270 per hour (see Minn. Stat. § 16A.126, subd. 1 (2023)).

Expenditure and/or Revenue Formula

Estimated 65 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 1 = 65 hours x \$270/hr = \$17,550 charged to PCA/EQB in FY2027 pursuant to the requirements of Minn. Stat. § 14.53.

Long-Term Fiscal Considerations

Costs associated with the rulemaking activities are a one-time occurrence.

Local Fiscal Impact

References/Sources

Agency Contact: William Moore

Agency Fiscal Note Coordinator Signature: William Moore

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HF28 - 1E - Data Center Energy Generation Redundancy Provided

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance and Policy**
 Date Completed: **2/25/2025 12:55:40 PM**
 Agency: **Commerce Dept**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Total | - | - | - | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 2/24/2025 2:48:01 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--------|----------|--------|--------|----------|---|
| Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

HF28-1E amends several statutory provisions on the environmental review and permit application processes for constructing emergency backup generators for data centers.

Section 1 amends Minn. Stat. Section 116D.04 Subd. 4a. by adding paragraph (b), which allows for satisfaction of Subd 2b (project prerequisites) if an alternative urban areawide review process is followed. This section becomes effective the day following final enactment.

Sections 2 and 3 amend Minn. Stat. Section 216B.02 by adding Subds. 11 and 12, which define “emergency backup generator,” and “data center,” respectively. This section becomes effective the day following final enactment.

Section 4 amends Minn. Stat. Section 216B.243, Subd. 8 by adding emergency backup generators to the list of exemptions for certificates of need (CNs). This section becomes effective the day following final enactment and applies to CN applications pending before the Public Utilities Commission (PUC) on or after that date.

Section 5 amends Minn. Stat. Section 216I.02 by adding Subd. 5a, which defines “emergency backup generator.” This section becomes effective the day following final enactment.

Section 6 amends Minn. Stat. Section 216I.07 Subd. 2 by adding emergency backup generators “designed to serve one person and located on property owned or controlled by the person” to the list of applicable projects for the standard review process for siting and routing. This section becomes effective the day following final enactment and applies to siting and routing applications pending before the PUC on or after that date.

Section 7 amends Minn. Stat. Section 216I.08 Subd. 2 by adding emergency backup generators “designed to serve one person and located on property owned or controlled by the person” to the list of applicable projects for review by the local units of government (LGUs) that have jurisdiction over the site or route permit for the project. This section becomes effective the day following final enactment and applies to siting and routing applications pending before or submitted to a LGU on or after that date.

Assumptions

The Minnesota Department of Commerce (Commerce) assumes the language of this bill has no impact on the work required of Commerce, therefore there is no fiscal impact for Commerce.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

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HF28 - 1E - Data Center Energy Generation Redundancy Provided

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance and Policy**
 Date Completed: **2/25/2025 12:55:40 PM**
 Agency: **Pollution Control Agency**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | X | |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|-----------|------------|----------|--------|--------|
| | Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| General Fund | - | 95 | 113 | - | - | - |
| Total | - | 95 | 113 | - | - | - |
| Biennial Total | | | 208 | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|-----------|-----------|----------|--------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| General Fund | - | .5 | .5 | - | - |
| Total | - | .5 | .5 | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 2/25/2025 10:24:03 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|----------|-----------|------------|----------|----------|----------|
| Dollars in Thousands | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | |
| General Fund | - | 95 | 113 | - | - | - |
| Total | - | 95 | 113 | - | - | - |
| Biennial Total | | | 208 | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| General Fund | - | 95 | 113 | - | - | - |
| Total | - | 95 | 113 | - | - | - |
| Biennial Total | | | 208 | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

Bill Section 1

Section 1 makes changes to the alternative urban areawide review (AUAR) process, an alternative form of environmental review carried out by local governments on certain kinds of development projects (currently residential, commercial, warehousing, and light industrial development).

Lines 1.12 to 1.17 of the bill lift the prohibition on governmental approvals for all activities covered under the AUAR, once the AUAR (environmental analysis and mitigation) is approved by the RGU.

Lines 1.17 to 1.21 of the bill require that the governmental unit completing environmental review for other phased actions, connected actions, components, or projects those that are not initially part of the AUAR must complete the additional environmental review as a supplemental analysis to the alternative urban areawide review.

Assumptions

The AUAR process is established in Minn. R. 4410.3610. It is assumed that EQB will need to amend the AUAR rules in order to fully implement the requirements of the statute. This would include developing and drafting the process for environmental review for additional actions, including who can serve as the responsible governmental unit to complete environmental review and the procedures for a supplemental analysis to the AUAR. This would be expected to be a medium to major rule, depending on controversy.

Expenditure and/or Revenue Formula

For the changes to environmental review to align with section 1 of the bill, it is estimated that this rulemaking would cost \$207,595 totaled over FY26 and FY27. No additional costs expected after FY27.

| | Hours for Medium to Major Rule | Total Cost |
|---------------------------|--------------------------------|------------|
| Program and Rules Staff | 2080 (1 FTE) | \$175,000 |
| Legal Review (\$178/hour) | 55 | \$9,790 |

| | | |
|------------------------------|----|----------|
| OAH Services (\$270/hour) | 65 | \$17,550 |
| OAH Filing Fee | | \$50 |
| State Register (\$135/page) | | \$3,705 |
| Hearing venue location | | \$500 |
| Transcripts (court reporter) | | \$1,000 |

* Based on the Minnesota rulemaking manual's cost appendix

* The annual cost of 1.0 FTE is \$175,000 in FY2024-2028. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (workspace, computer and office supplies, office equipment, local travel, etc.)

Long-Term Fiscal Considerations

No additional costs expected after FY27.

Local Fiscal Impact

The bill may have a fiscal impact on local government to the extent that their staff would provide input and/or monitor the processes. Local responsible governmental units participate in and sometimes lead the environmental review of projects which may be subject to and impacted by this bill.

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jerry Griggs

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