

Subject Energy Policy and Finance Bill

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Article 1 and 2: Appropriations

Appropriates money from the general fund and renewable development account.

Article 3: Geothermal Energy

Section Description - Article 3: Geothermal Energy

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| 1-2 | <p>[216B.2427] Natural gas utility innovation plans.</p> <p>Requires innovation plans filed after July 1, 2024, by a utility with more than 800,000 customers to spend at least 15 percent of its total incremental plan costs on thermal energy network projects.</p> |
| 3 | <p>[216C.47] Geothermal planning grants.</p> <p>Establishes a program in the Department of Commerce to award grants to cities, counties, towns, and the Metropolitan Council to defray the cost of analysis to determine the feasibility of and design options for installing a geothermal energy system. A maximum grant award of \$150,000 may be applied to the cost of drilling test wells to analyze the geology of potential sites, determining heating and cooling demand, and conducting a financial analysis.</p> |
| 4 | <p>Thermal energy network deployment group.</p> <p>Directs the Public Utilities Commission to establish a working group to examine how current state regulations affect the ability of natural gas utilities to deploy thermal energy networks. A report to the legislature is due by the end of 2025.</p> |
| 5 | <p>Thermal energy network site suitability study.</p> <p>Directs the Department of Commerce to identify areas throughout the state that are suitable for the deployment of thermal energy networks. A report to the legislature is due by January 15, 2026.</p> |

Article 4: Electric Transmission

Section Description - Article 4: Electric Transmission

- 1 **[216B.2421] Definition of large energy facility.**
Restricts high-voltage transmission lines that are defined as large energy facilities (and hence require a certificate of need) to those with a capacity of 300 kilovolts or greater and a length of more than 30 miles.
- 2 **[216B.2425] State transmission and distribution plan.**
Directs the commission to maintain a list of certified grid enhancing technology projects.
- 3 **[216B.2425] State transmission and distribution plan.**
Defines grid enhancing technologies and other terms.
- 4 **[216B.2425] State transmission and distribution plan.**
Requires utilities and transmission owners to identify grid enhancing technologies that address transmission inadequacies in the biennial state transmission plan.
- 5 **[216B.243] Certificate of need for large energy facility.**
Restricts the commission's analysis of alternative projects with respect to certain high-voltage transmission lines.
- 6 **[216B.243] Certificate of need for large energy facility.**
Exempts from the requirement to obtain a certificate of need: (1) transmission lines necessary to interconnect wind, solar, and energy storage systems with the electric grid; (2) an energy storage system; and (3) the relocation of a transmission line whose voltage is not increased.
- 7 **[216B.243] Certificate of need for large energy facility.**
Specifies that a certificate of need is not required for solar or wind projects used to meet the renewable energy standard or the carbon-free energy standard in section 216B.1691.
- 8 **[216B.246] Federally approved transmission lines; incumbent transmission lineowner rights.**
Shortens from 18 to 12 months the time an incumbent transmission line owner has to file a certificate of need application to construct a new transmission line after the line has been approved by the Midcontinent Independent System Operator.

Section Description - Article 4: Electric Transmission

9 [216E.03] Designating sites and routes.

Subd. 1. Site permit. Specifies that a large wind project (5 MW or greater) that has not received a site permit from a county must obtain one from the commission.

Subd. 2. Route permit. No change.

Subd. 2a. Preapplication coordination. Requires a permit applicant to provide notice to all affected local and Tribal governments and state agencies at least 30 days before filing a permit application with the commission.

Subd. 2b. Preapplication review. Requires an applicant to submit a draft application to the commissioner of commerce for completeness review prior to filing an application with the commission.

Subd. 3. Application. Requires an applicant to propose only a single site or route in its application.

Subd. 3a. Project notice. Stricken.

Subd. 3b. Preapplication consultation meetings. Stricken.

Subd. 4. Application notice. No change.

Subd. 5. Environmental review. Stricken.

Subd. 6. Public hearing. Stricken.

Subd. 5a. Public meeting. Directs the commission to hold at least one public meeting to explain the project and answer public questions.

Subd. 6a. Draft permit. Directs the commission to prepare a draft site or route permit within 30 days after the close of the public comment period, if practicable, and to identify issues that must be evaluated in an environmental review document.

Subd. 7. Consideration in designating sites and routes. No change.

Subd. 8. Recording of survey points. No change.

Subd. 9. Timing. Stricken.

Subd. 10. Final decision. Stricken.

Section Description - Article 4: Electric Transmission

Subd. 11. Department of Commerce to provide technical expertise and other assistance. Technical.

Subd. 12. Prevailing wage. Directs the commission to require as a condition of permit issuance that contractors and subcontractors on permitted projects pay no less than the prevailing wage rate.

10 [216E.031] Applicability determination.

Establishes procedures applicants must follow to determine under which permit process the project will be reviewed.

11 [216E.035] Applications; major review.

Subd. 1. Environmental review. Requires the commissioner of commerce to prepare an environmental impact statement on projects that qualify for major review.

Subd. 2. Public hearing. Requires a public hearing to be held on an application. The hearing is to be conducted by an administrative law judge only if commission staff determines that a disputed matter exists that may require clarification through expert testimony.

Subd. 3. Timing. Directs the commission to make a final decision on a permit no later than one year after a complete application is filed.

Subd. 4. Final decision. Prohibits issuance of a site or route permit the commission finds is not in the public interest or that violates a state statute or rule.

12 [216E.04] Applications; standard review.

Subd. 1. Standard review. Technical.

Subd. 2. Applicable projects. Lists the types of projects eligible to be reviewed under this section.

Subd. 3. Application. No change.

Subd. 4. Notice of application. Technical.

Subd. 5. Environmental review. Directs the applicant to prepare an environmental assessment for the commission according to the procedures in section 216E.041.

Section Description - Article 4: Electric Transmission

Subd. 6. Public hearing. Directs the commission to accept written comments for at least 10 days following the public hearing.

Subd. 7. Timing. Directs the commission to establish timely deadlines for state agencies submitting comments on permits.

Subd. 8. Considerations. Stricken.

Subd. 9. Final decision. Prohibits issuance of a site or permit the commission finds is not in the public interest or that violates a state statute or rule.

13 **[216E.041] Environmental assessment; preparation.**

Specifies the content of and procedural requirements regarding an environmental assessment. Provides that any person, including the commissioner, may request the Department of Commerce to analyze additional environmental issues in an addendum, whose cost must be borne by the applicant.

14 **[216E. 042] Permit amendments.**

Specifies procedures that must be followed in seeking amendments to site or route permits. No amendment may be issued under this section that results in significant environmental impacts, increases the size of the developed area within the permit site, or increases the facility's nameplate capacity.

15 **[216E.051] Exempt projects.**

Lists projects that do not require a site or route permit: a wind project below 5 MW; a power plant or solar facility below 50 MW; an energy storage system below 10 MW; a transmission line below 100 kilovolts; and a transmission line above 100 kilovolts, but less than 1,500 feet in length.

16 **[216E.055] Cost and economic impact review.**

Requires the commission to analyze the cost and economic impact of a project that is not required to obtain a certificate of need. Authorizes the commission to reject a project solely because its costs are found not to be reasonable and prudent.

17 **[216E.10] Application to local regulation and other state permits.**

Requires the State Historic Preservation Office to comply with this section and provides that the commission's consideration of the office's comments satisfies the statutory requirement for consultation.

18 **[216F.02] Exemptions.** Technical.

Section Description - Article 4: Electric Transmission

- 19 **Grid enhancing technologies report; Public Utilities Commission order.**
Requires electric transmission line owners with more than 750 miles operating in Minnesota to include in the State Transmission Report due November 2025 information on (1) the extent and cost of congestion on its transmission lines; (2) the feasibility and cost of installing grid enhancing technologies to address congestion issues; and (3) a plan to implement cost-effective grid enhancing technologies. The commission is to review the plans and issue an order to implement those approved.
- 20 **Revisor instruction.**
Instructs the revisor to transfer certain portions of chapter 216F governing wind siting to chapter 216E.
- 21 **Repealer.**
Repeals statutes and rules superseded by the provisions of sections 9 to 18 regarding the commission's site and route permit process for electric generating facilities and transmission lines.

Article 5: Solar Energy

Section Description - Article 5: Solar Energy

- 1 **[216C.48] Standardized solar plan review software; technical assistance; financial incentive.**
Establishes a program in the Department of Commerce to provide financial incentives to local permitting authorities to deploy federally developed software that automates and streamlines the permit reviewing and issuing process for residential solar projects. Incentives may range from \$5,000 to \$20,000.
- 2 **Interconnection docket; Public Utilities Commission.**
Directs the commission to open a proceeding before September 1, 2024, to develop a process that enables owners of distributed generation facilities (solar and storage) to share the cost of necessary upgrades to public utility distribution lines to allow those facilities to interconnect with utilities, and to issue an order implementing those procedures. Lists issues that such a process must address.
- 3 **Position established; Public Utilities Commission.**
Establishes the position of interconnection ombudsperson at the commission, whose duties are to facilitate the resolution of interconnection disputes and review utility interconnection policies to assess opportunities to reduce the number of disputes. The position is funded by a surcharge on interconnection applications.

Article 6: Miscellaneous

Section Description - Article 6: Miscellaneous

- 1 **[116C.779] Funding for renewable development.**
Strikes language requiring an annual report on fund balances and obligations.

- 2 **[216B.16] Rate change; procedure; hearing.**
 Subd. 6c. Incentive plan for energy conservation and efficient fuel-switching.
 Authorizes the commission to order utilities to develop conservation incentive plans that include fuel-switching.

- 3 **[216B.2402] Definitions.**
 Subd. 3a. Data mining facility. Adds a definition of “data mining facility.”

- 4 **[216B.2402] Definitions.**
 Subd. 4. Efficient fuel-switching improvement. Strikes language to make this subdivision consistent with the requirement of section 216B.241, subdivision 11, that an efficient fuel-switching alternative must reduce greenhouse gas emissions.

- 5 **[216B.2402] Definitions.**
 Subd. 10. Gross annual retail energy sales. Excludes electricity sales to a data mining facility from the definition of gross annual retail energy sales (which is used as a base for calculating a utility’s energy savings goal) under certain conditions.

- 6 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
Reduces the annual energy-savings goal required of a consumer-owned natural gas utility from 1.5 to 1.0 percent. Strikes language limiting, until July 1, 2026, spending by a consumer-owned utility on efficient fuel-switching improvements to 0.55 percent of its gross annual retail energy sales.

- 7 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 3. Consumer-owned utility; energy conservation and optimization plans.
 Authorizes the commissioner of commerce to recommend a consumer-owned utility to implement an efficient fuel-switching program suggested by a political subdivision, nonprofit, or community organization. Allows a consumer-owned utility to allocate up to ten percent of its total conservation spending for research and development on efficient fuel-switching projects.

- 8 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 5. Energy conservation programs for low-income households. Specifies that a consumer-owned electric utility’s conservation spending in a low-income

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household whose primary heat source is not provided by a public utility may be counted towards the consumer-owned utility's annual low-income spending requirement.

- 9 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
Subd. 8. Criteria for efficient fuel-switching improvements. Amends the method used to measure whether a fuel-switching improvement is efficient, and hence, whether its energy savings may be counted towards the consumer-owned utility's annual energy-savings goal. Strikes language requiring efficient fuel-switching improvements to be installed and operated so as to improve the utility's load factor.
- 10 **[216B.241] Public utilities; energy conservation and optimization.**
Subd. 1c. Public utility; energy-saving goals. Strikes language limiting, until July 1, 2026, spending by a public utility on efficient fuel-switching improvements to 0.35 percent of its gross annual retail energy sales.
- 11 **[216B.241] Public utilities; energy conservation and optimization.**
Subd. 2. Public utility; energy conservation and optimization plans. Authorizes the commissioner of commerce to recommend a public utility to implement an efficient fuel-switching program suggested by a political subdivision, nonprofit, or community organization.
- 12 **[216B.241] Public utilities; energy conservation and optimization.**
Subd. 11. Programs for efficient fuel-switching improvements; electric utilities. Authorizes a public utility to include a goal for efficient fuel-switching improvements in its energy conservation and optimization plan. Strikes language requiring the department to consider, in deciding whether to approve fuel-switching improvement projects, whether the project facilitates the integration of variable renewable energy sources into the electric system. Allows net benefits from efficient fuel-switching improvements integrated with an energy efficiency program to be counted towards a public utility's overall net conservation benefits. Amends the method used to measure whether a fuel-switching improvement is efficient, and hence, whether its energy savings may be counted towards the utility's annual energy-savings goal.
- 13 **[216B.241] Public Utilities; energy conservation and optimization.**
Subd. 12. Programs for efficient fuel-switching improvements; natural gas utilities. Strikes language making a public utility ineligible for a financial incentive for efficient fuel-switching in a year in which it does not achieve energy savings of 1.0 percent of its gross annual retail energy sales.

Section Description - Article 6: Miscellaneous

14-16 [216C.08-216C.10]

Extends the commissioner of commerce's jurisdiction over the entirety of chapter 216C.

17-34 [216C.435-216C.436]

Broadens the scope of the commercial Property Assessed Clean Energy (PACE) loan program, which allows energy loans to be repaid over time as a surcharge on a property owner's property tax bill, to allow for loans to projects that improve a property's resilience (resistance to wind, fire, and flooding; improvements to indoor air quality; mitigating stormwater runoff), conserve a property's water use, or improve its water quality.

The bill also extends the maximum loan term from 20 to 30 years; increases the maximum loan amount from 20 to 30 percent of a property's assessed value; removes the requirement that projects be cost-effective; allows the financing of energy projects that include fuel-switching; and no longer requires an energy project to lower net energy consumption, provided that greenhouse gas emissions are reduced.

35 [216C.471] Residential energy rating rebate program.

Establishes a program in the Department of Commerce to award rebates to housing developers for the costs of certification under the United States Department of Energy's Zero Energy Ready Home Program. Limits the rebates to the lesser of: (1) the costs paid for energy ratings services; or (2) for a single-family house, \$5,000, or in a multifamily dwelling, the lesser of \$2,500 per unit or \$15,000.



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