

1.1 moves to amend H.F. No. 1133, the first division engrossment
1.2 (DIVH1133-1), as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 "Section 1. Minnesota Statutes 2018, section 13.685, is amended to read:

1.5 **13.685 MUNICIPAL UTILITY CUSTOMER DATA.**

1.6 Data on customers of municipal electric utilities are private data on individuals or
1.7 nonpublic data, but may be released to:

1.8 (1) a law enforcement agency that requests access to the data in connection with an
1.9 investigation;

1.10 (2) a school for purposes of compiling pupil census data;

1.11 (3) the Metropolitan Council for use in studies or analyses required by law;

1.12 (4) a public child support authority for purposes of establishing or enforcing child support;

1.13 ~~or~~

1.14 (5) a person authorized to receive the data under section 216B.078; or

1.15 ~~(5)~~ (6) a person where use of the data directly advances the general welfare, health, or
1.16 safety of the public; the commissioner of administration may issue advisory opinions
1.17 construing this clause pursuant to section 13.072.

1.18 Sec. 2. Minnesota Statutes 2018, section 116C.7792, is amended to read:

1.19 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

1.20 The utility subject to section 116C.779 shall operate a program to provide solar energy
1.21 production incentives for solar energy systems of no more than a total aggregate nameplate
1.22 capacity of 40 kilowatts ~~direct~~ alternating current per premise. The owner of a solar energy

2.1 system installed before June 1, 2018, is eligible to receive a production incentive under this
2.2 section for any additional solar energy systems constructed at the same customer location,
2.3 provided that the aggregate capacity of all systems at the customer location does not exceed
2.4 40 kilowatts. The program shall be operated for ~~eight~~ nine consecutive calendar years
2.5 commencing in 2014. \$5,000,000 shall be allocated in each of the first four years,
2.6 \$15,000,000 ~~in each of the fifth year, \$10,000,000~~ and sixth years, \$14,000,000 in each of
2.7 the ~~sixth and seventh~~ and eighth years, and \$5,000,000 in the ~~eighth~~ ninth year from funds
2.8 withheld from transfer to the renewable development account under section 116C.779,
2.9 subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of
2.10 the solar production incentive program operated by the utility and not for any other program
2.11 or purpose. Any unspent amount allocated in the fifth year is available until December 31
2.12 of the sixth year. Any unspent amount remaining at the end of any other allocation year
2.13 must be transferred to the renewable development account. The solar system must be sized
2.14 to less than 120 percent of the customer's on-site annual energy consumption when combined
2.15 with other distributed generation resources and subscriptions provided under section
2.16 216B.1641 associated with the premise. The production incentive must be paid for ten years
2.17 commencing with the commissioning of the system. The utility must file a plan to operate
2.18 the program with the commissioner of commerce. The utility may not operate the program
2.19 until it is approved by the commissioner. A change to the program to include projects up
2.20 to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with
2.21 the commissioner. Any plan approved by the commissioner of commerce must not provide
2.22 an increased incentive scale over prior years unless the commissioner demonstrates that
2.23 changes in the market for solar energy facilities require an increase.

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

2.25 **Sec. 3. [216B.078] CUSTOMER ENERGY DATA.**

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

2.28 (b) "Customer" means a person contracting for or purchasing electric or natural gas
2.29 service from a utility.

2.30 (c) "Customer data" means all data a utility collects, creates, receives, or maintains in
2.31 which a customer is identified or can be identified as the subject of the data. Customer data
2.32 includes energy usage data.

2.33 (d) "Energy usage data" means a customer's account information and the data a utility
2.34 collects from the customer's meter that reflects the quantity, quality, or timing of the

3.1 customer's natural gas use, electricity use, or electricity production. Customer energy usage
3.2 data includes but is not limited to data regarding:

3.3 (1) the amount and timing of energy use and production;

3.4 (2) energy outages, frequency, intermittency, or shutoffs;

3.5 (3) pricing and rate data applicable to the customer; and

3.6 (4) any other energy usage data used to calculate the customer's bill.

3.7 (e) "Summary energy usage data" means statistical records and reports derived from
3.8 energy usage data that do not contain a customer's personally identifiable information.

3.9 (f) "Personally identifiable information" means any data in which a customer is identified
3.10 or can be identified as the subject of the data.

3.11 (g) "Third party" means a person, other than a customer, who requests customer energy
3.12 usage data or summary energy data from the utility that maintains the data.

3.13 (h) "Utility" means a public utility, retail municipal utility, or retail cooperative
3.14 association that provides electric or natural gas service to Minnesota customers.

3.15 **Subd. 2. Customer access to energy usage data.** (a) A utility must provide a customer
3.16 with access to the customer's own energy usage data.

3.17 (b) Access must be convenient for the typical customer. A utility's procedure to access
3.18 energy usage data must be user-friendly. The utility must present the energy usage data in
3.19 a format comprehensible to the typical customer.

3.20 (c) A utility must provide access to energy usage data in as close to real-time as
3.21 practicable.

3.22 (d) Access to energy usage data must be provided free of charge to the customer, except
3.23 that a utility may charge a fee if a customer requests access to energy usage data in a format
3.24 or standard that differs from the format or standard the utility generally offers to customers.

3.25 (e) A utility must notify a customer if it substantially modifies the customer's energy
3.26 usage data. The notification must include a detailed explanation of the changes made to the
3.27 customer's energy usage data.

3.28 **Subd. 3. Third-party access to energy usage data.** (a) If a customer provides
3.29 authorization, a utility must provide a third party with access to the customer's energy usage
3.30 data.

4.1 (b) The procedure a utility uses to allow a customer to authorize third-party access to
4.2 energy usage data must be (1) convenient for the typical customer, and (2) available on the
4.3 utility's website and in physical form by mail.

4.4 (c) The scope of the authorization may limit a third party's access to specific elements
4.5 of the customer's energy usage data.

4.6 (d) An authorization to access energy usage data is valid for the period of time specified
4.7 in the written authorization. An authorization may include a period without a specified end
4.8 date.

4.9 (e) A customer may revoke an authorization for third-party access at any time. The
4.10 utility's procedure to revoke authorization must be (1) convenient for the typical customer,
4.11 and (2) available on the utility's website and in physical form by mail.

4.12 (f) Subject to the scope of the authorization, an authorized third party must have the
4.13 same level of access to the customer's energy usage data as the customer.

4.14 (g) To the extent a third party with access to energy usage data under this subdivision
4.15 maintains the data independent of the utility providing access, the third party is subject to
4.16 the data security and privacy requirements under subdivision 6.

4.17 **Subd. 4. Public access to summary energy data.** (a) A utility must prepare and make
4.18 available summary energy usage data upon the written request of any person. The procedure
4.19 a utility uses to allow a person to request summary energy data must be (1) convenient for
4.20 the typical customer, and (2) available on the utility's website. A utility may charge the
4.21 requester a fee to prepare and supply summary energy data.

4.22 (b) Summary energy usage data provided under this subdivision may include aggregated
4.23 sets of customer energy usage data from no less than 15 customers. A single customer's
4.24 energy use must not constitute more than 15 percent of total energy consumption for the
4.25 requested data set. Summary energy usage data may be disaggregated on a per-customer
4.26 basis, provided that the customer's identity is not ascertainable.

4.27 (c) Within ten days of the date a request for summary energy data is received, a utility
4.28 must respond by providing the requester with:

4.29 (1) the summary energy data requested or a reference to responsive summary energy
4.30 data published under paragraph (d);

4.31 (2) a written statement that describes any fee charged and a time schedule for preparing
4.32 the requested summary energy data, including reasons for any time delays; or

5.1 (3) a written statement stating reasons why the utility has determined the requested
5.2 summary energy data cannot be prepared.

5.3 (d) A utility may make summary energy data publicly available on its website.

5.4 Subd. 5. **Fees charged for data.** A utility charging a data access fee authorized by this
5.5 section must:

5.6 (1) base the fee amount on the actual costs incurred by the utility to create and deliver
5.7 the requested data;

5.8 (2) consider the reasonable value of the data prepared to the utility and, if appropriate,
5.9 reduce the fee assessed to the requesting person;

5.10 (3) provide the requesting person with an estimate and explanation of the fee; and

5.11 (4) collect the fee before preparing or supplying the requested data.

5.12 Subd. 6. **Data security and privacy.** (a) A utility must establish appropriate,
5.13 industry-standard safeguards to protect the security of energy usage data it maintains. A
5.14 utility is prohibited from selling, sharing, licensing, or disseminating energy usage data,
5.15 except as authorized under this section or by state or federal law.

5.16 (b) Utilities must implement risk management practices to protect customer data. Risk
5.17 management practices must include but are not limited to practices that:

5.18 (1) identify, analyze, and mitigate cybersecurity risks to customer data;

5.19 (2) reasonably protect against loss and unauthorized use, access, or dissemination of
5.20 customer data;

5.21 (3) implement employee training measures to preserve data integrity; and

5.22 (4) maintain a comprehensive data breach response program to identify, mitigate, and
5.23 resolve an incident that causes or results in the unauthorized use, access, or dissemination
5.24 of customer data. The data breach response program must provide for complete, accurate,
5.25 and timely notice to customers whose customer data may have been compromised.

5.26 (c) If a utility uses a third-party service to maintain or store customer data, the utility
5.27 must ensure that the third-party service implements risk management practices that meet
5.28 the requirements under paragraph (b).

5.29 Subd. 7. **Enforcement.** The commissioner may enforce this section as provided under
5.30 section 45.027.

6.1 Sec. 4. Minnesota Statutes 2018, section 216B.16, is amended by adding a subdivision to
6.2 read:

6.3 Subd. 7e. **Energy storage system pilot projects.** (a) A public utility may petition the
6.4 commission under this section to recover costs associated with implementing an energy
6.5 storage system pilot project. As part of the petition, the public utility must submit a report
6.6 to the commission containing, at a minimum, the following information regarding the
6.7 proposed energy storage system pilot project:

6.8 (1) the storage technology utilized;

6.9 (2) the energy storage capacity and the duration of output at that capacity;

6.10 (3) the proposed location;

6.11 (4) the purchase and installation costs;

6.12 (5) how the project will interact with existing distributed generation resources on the
6.13 utility's grid; and

6.14 (6) the goals the project proposes to achieve, which may include controlling frequency
6.15 or voltage, mitigating transmission congestion, providing emergency power supplies during
6.16 outages, reducing curtailment of existing renewable energy generators, and reducing peak
6.17 power costs.

6.18 (b) A utility may petition the commission to approve a rate schedule that provides for
6.19 the automatic adjustment of charges to recover prudently incurred investments, expenses,
6.20 or costs associated with energy storage system pilot projects approved by the commission
6.21 under this subdivision. A petition filed under this subdivision must include the elements
6.22 listed in section 216B.1645, subdivision 2a, paragraph (b), clauses (1) to (4), and must
6.23 describe the benefits of the pilot project.

6.24 (c) The commission may approve, or approve as modified, a rate schedule filed under
6.25 this subdivision. The rate schedule filed by the public utility may include the elements listed
6.26 in section 216B.1645, subdivision 2a, paragraph (a), clauses (1) to (5).

6.27 (d) For each pilot project that the commission has found to be in the public interest, the
6.28 commission must determine the specific amounts that are eligible for recovery under the
6.29 approved rate schedule within 90 days of the date the specific pilot program receives final
6.30 approval or within 90 days of the date the public utility files for approval of cost recovery
6.31 for the specific pilot program, whichever is later.

7.1 (e) Nothing in this subdivision prohibits or deters the deployment of energy storage
7.2 systems.

7.3 (f) For the purposes of this subdivision:

7.4 (1) "energy storage system" has the meaning given in section 216B.2422, subdivision
7.5 1; and

7.6 (2) "pilot project" means a project that is owned, operated, and controlled by a public
7.7 utility to optimize safe and reliable system operations and is deployed at a limited number
7.8 of locations in order to assess the technical and economic effectiveness of its operations.

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

7.10 Sec. 5. Minnesota Statutes 2018, section 216B.16, subdivision 13, is amended to read:

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

7.15 Sec. 6. Minnesota Statutes 2018, section 216B.1641, is amended to read:

7.16 **216B.1641 COMMUNITY SOLAR GARDEN.**

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

7.19 (b) "Subscriber" means a retail customer of a utility who owns one or more subscriptions
7.20 of a community solar garden interconnected with that utility.

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

7.22 Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section
7.23 116C.779 shall file by September 30, 2013, a plan with the commission to operate a
7.24 community solar garden program which shall begin operations within 90 days after
7.25 commission approval of the plan. Other public utilities may file an application at their
7.26 election. The community solar garden program must be designed to offset the energy use
7.27 of not less than five subscribers in each community solar garden facility of which no single
7.28 subscriber has more than a 40 percent interest. The owner of the community solar garden
7.29 may be a public utility or any other entity or organization that contracts to sell the output
7.30 from the community solar garden to the utility under section 216B.164. There shall be no
7.31 limitation on the number or cumulative generating capacity of community solar garden

8.1 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or
8.2 other limitations provided in law or regulations.

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

8.11 (c) The solar generation facility must be located in the service territory of the public
8.12 utility filing the plan. Subscribers must be retail customers of the public utility. Subscribers
8.13 must be located in the same county as the solar garden or in a contiguous county ~~contiguous~~
8.14 ~~to where the facility is located.~~, unless:

8.15 (1) the solar garden has a minimum setback of 100 feet from the nearest residential
8.16 property; and

8.17 (2) the owner or operator of the solar garden provides written certification to the
8.18 commission that at least ten percent of the solar garden's electric generating capacity will
8.19 be reserved for residential subscribers.

8.20 (d) The public utility must purchase from the community solar garden all energy generated
8.21 by the solar garden. Except as provided under subdivision 7, the purchase shall be at the
8.22 most recent three-year average of the rate calculated annually under section 216B.164,
8.23 subdivision 10, or, until that rate for the public utility has been approved by the commission,
8.24 the applicable retail rate. A solar garden is eligible for any incentive programs offered under
8.25 either section 116C.7792 or section 216C.415. A subscriber's portion of the purchase shall
8.26 be provided by a credit on the subscriber's bill.

8.27 (e) Beginning May 1, 2019, any solar garden application filed with a utility must certify
8.28 that all workers constructing the solar garden will be paid at the prevailing wage rate, as
8.29 defined in section 177.42, subdivision 6.

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

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

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

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

9.8 (4) be consistent with the public interest;

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

9.11 (6) include a program implementation schedule;

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

9.13 (8) identify the means by which the program will be promoted.

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

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

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

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

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

9.25 Subd. 4. **Program administration; enforcement.** (a) The Department of Commerce
9.26 shall administer the solar community garden program and shall be responsible for
9.27 implementing all elements of the program. The department's duties under this section include:

9.28 (1) processing community solar garden applications;

9.29 (2) establishing and accepting program fees from applicants and solar garden managers;

9.30 (3) calculating the rate that subscribers will be paid and submitting the rate to the
9.31 commission for approval;

10.1 (4) ensuring that community solar garden program documents and protocols are available
10.2 to subscribers;

10.3 (5) ensuring that solar garden managers provide adequate notice of changes in solar
10.4 garden operations to subscribers, including, but not limited to, adjustments in subscriber
10.5 bill credit rates;

10.6 (6) ensuring that a utility conducts the interconnection process in a timely fashion;

10.7 (7) ensuring that the actions of solar garden owners, operators, and subscribers conform
10.8 to the provisions of this section and orders of the commission; and

10.9 (8) other administrative tasks as determined by the commissioner.

10.10 (b) The commissioner may use the authority granted under section 45.027 to enforce
10.11 any violations related to the duties and responsibilities entrusted to the commissioner under
10.12 this subdivision.

10.13 Subd. 5. **Account established.** A solar garden administrative account is established in
10.14 the special revenue fund. Fees collected under this section must be deposited in and credited
10.15 to the account. Money in the account, including interest, is appropriated to the commissioner
10.16 for the administration of this section.

10.17 Subd. 6. **Community access project; eligibility.** Any community solar garden established
10.18 under a plan approved by the commission may petition the commission to be designated as
10.19 a community access project. The commission shall designate a solar garden as a community
10.20 access project if the solar garden meets the following conditions:

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

10.23 (2) the contract between an owner of the solar garden and the public utility that purchases
10.24 the garden's electricity, and any agreement between the utility or owner of the solar garden
10.25 and subscribers, states that the owner of the solar garden does not discriminate against or
10.26 screen subscribers based on income or credit score and that any customer of a utility whose
10.27 community solar garden plan has been approved by the commission under subdivision 3 is
10.28 eligible to become a subscriber;

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

11.1 (4) the agreement between the owner of the solar garden and subscribers states that the
11.2 owner will adequately publicize and convene at least one meeting annually to provide an
11.3 opportunity for subscribers to address questions to the manager or owner.

11.4 Subd. 7. **Community access project; financial arrangements.** (a) If a solar garden is
11.5 approved by the commission as a community access project:

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

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

11.12 (3) a subscriber's portion of the energy purchased from a community access project by
11.13 a public utility shall be credited to the subscriber's bill; and

11.14 (4) all renewable energy credits generated by the community access project belong to
11.15 subscribers unless the operator contracts to:

11.16 (i) sell them to a third party; or

11.17 (ii) sell or transfer them to the utility; and

11.18 (iii) discloses such a sale or transfer to subscribers at the time they enter into a
11.19 subscription.

11.20 (b) If at any time a solar garden approved by the commission as a community access
11.21 project fails to meet the conditions under subdivision 4, the solar garden shall no longer be
11.22 subject to the provisions of subdivisions 5 and 6 and shall operate under the program rules
11.23 established by the commission for a solar garden that does not qualify as a community
11.24 access project.

11.25 (c) An owner of a solar garden whose designation as a community access project is
11.26 revoked under this subdivision may reapply to the commission at any time to have its
11.27 designation as a community access project reinstated under the provisions of subdivision
11.28 4.

11.29 Subd. 8. **Community access project; reporting.** (a) The owner of a community access
11.30 project must include the following information in an annual report to the subscribers of the
11.31 community access project and the utility:

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

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

12.6 (3) an analysis of the proportion of subscribers that are low- and moderate-income and
 12.7 a description of one or more of the following methods used to calculate that proportion:

12.8 (i) income verification by subscribers;

12.9 (ii) subscriber evidence that the subscriber or a member of the subscriber's household
 12.10 receives assistance from any of the following sources:

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

12.12 (B) Section 8 housing assistance;

12.13 (C) medical assistance;

12.14 (D) the Supplemental Nutrition Assistance Program; or

12.15 (E) the National School Lunch Program;

12.16 (iii) characterization of the census tract in which the subscriber resides as low- or
 12.17 moderate-income by the Federal Financial Institutions Examination Council; or

12.18 (iv) other methods approved by the commission.

12.19 Subd. 9. **Commission order.** Within 180 days of the effective date of this act, the
 12.20 commission shall issue an order incorporating the provisions of this act.

12.21 **EFFECTIVE DATE.** Subdivisions 4 and 5 are effective January 1, 2020. Subdivisions
 12.22 1 to 3 and 6 to 9 are effective the day following final enactment.

12.23 Sec. 7. **[216B.1643] LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**
 12.24 **COMMUNITY SOLAR GARDEN GRANT PROGRAM.**

12.25 Subdivision 1. **Establishment; purpose.** A Low-Income Home Energy Assistance
 12.26 Program (LIHEAP) community solar garden grant program is established in the Department
 12.27 of Commerce for the purpose of awarding grants to promote the development of community
 12.28 solar gardens in partnership with community action agencies for eligible residential
 12.29 subscribers.

13.1 Subd. 2. **Eligibility.** (a) An owner of a community solar garden that meets all of the
13.2 following conditions is eligible to receive a grant under this section:

13.3 (1) the capacity of the solar garden is no greater than 500 kilowatts;

13.4 (2) all subscribers to the solar garden are residential subscribers who received LIHEAP
13.5 assistance during the previous year; and

13.6 (3) the solar garden is to be operated and managed by: (i) a community action agency,
13.7 as defined in section 256E.31, or by a third-party performing those duties under a contract
13.8 with a community action agency; or (ii) an organization, including, but not limited to, an
13.9 Indian tribe or tribal organization, that is under contract to the department to disburse
13.10 LIHEAP grants to eligible recipients, or a third-party performing those duties under contract
13.11 with such an organization.

13.12 (b) An entity listed under paragraph (a), clause (3), that is responsible for managing a
13.13 solar garden whose owner receives a grant under this section must certify annually to the
13.14 commissioner that the provisions of paragraph (a) continue to be met by the LIHEAP solar
13.15 garden.

13.16 Subd. 3. **Application process.** An eligible applicant must submit an application to the
13.17 commissioner on a form designed by the commissioner. The commissioner shall develop
13.18 administrative procedures governing the application and grant award process.

13.19 Subd. 4. **Application content.** An application for a grant under this section must include
13.20 evidence that the community solar garden meets the eligibility requirements of subdivision
13.21 2, and any other information requested by the commissioner.

13.22 Subd. 5. **Limitations.** No grant awarded under this section may exceed 95 percent of
13.23 the total costs of developing the community solar garden.

13.24 Subd. 6. **Eligible expenditures.** Grants awarded under this section may be expended to
13.25 finance, purchase, and install facilities necessary for the operation of a community solar
13.26 garden.

13.27 Sec. 8. Minnesota Statutes 2018, section 216B.1645, subdivision 1, is amended to read:

13.28 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public
13.29 Utilities Commission shall approve or disapprove power purchase contracts, investments,
13.30 or expenditures entered into or made by the utility to satisfy the wind and biomass mandates
13.31 contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable

14.1 energy objectives and standards set forth in section 216B.1691, including reasonable
14.2 investments and expenditures, net of revenues, made to:

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

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

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

14.14 Sec. 9. Minnesota Statutes 2018, section 216B.1645, subdivision 2, is amended to read:

14.15 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the
14.16 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section
14.17 116C.779 ~~shall be~~, and employment of local workers to construct and maintain generation
14.18 facilities that supply power to the utility's customers are recoverable from the ratepayers of
14.19 the utility, to the extent they are not offset by utility revenues attributable to the contracts,
14.20 investments, or expenditures. Upon petition by a public utility, the commission shall approve
14.21 or approve as modified a rate schedule providing for the automatic adjustment of charges
14.22 to recover the expenses or costs approved by the commission under subdivision 1, which,
14.23 in the case of transmission expenditures, are limited to the portion of actual transmission
14.24 costs that are directly allocable to the need to transmit power from the renewable sources
14.25 of energy. The commission may not approve recovery of the costs for that portion of the
14.26 power generated from sources governed by this section that the utility sells into the wholesale
14.27 market.

14.28 Sec. 10. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

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

14.32 (1) solar;

- 15.1 (2) wind;
- 15.2 (3) hydroelectric with a capacity of less than 100 megawatts;
- 15.3 (4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from
- 15.4 the resources listed in this paragraph; or
- 15.5 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
- 15.6 system; the predominantly organic components of wastewater effluent, sludge, or related
- 15.7 by-products from publicly owned treatment works, but not including incineration of
- 15.8 wastewater sludge to produce electricity; and an energy recovery facility used to capture
- 15.9 the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal
- 15.10 solid waste as a primary fuel.
- 15.11 (b) "Electric utility" means a public utility providing electric service, a generation and
- 15.12 transmission cooperative electric association, a municipal power agency, or a power district.
- 15.13 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
- 15.14 an electric utility to retail customers of the electric utility or to a distribution utility for
- 15.15 distribution to the retail customers of the distribution utility. "Total retail electric sales"
- 15.16 does not include the sale of hydroelectricity supplied by a federal power marketing
- 15.17 administration or other federal agency, regardless of whether the sales are directly to a
- 15.18 distribution utility or are made to a generation and transmission utility and pooled for further
- 15.19 allocation to a distribution utility.
- 15.20 (d) "Carbon-free" means a technology that generates electricity without emitting carbon
- 15.21 dioxide.

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

15.23 Sec. 11. Minnesota Statutes 2018, section 216B.1691, subdivision 2b, is amended to read:

15.24 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay

15.25 the implementation of a standard obligation, in whole or in part, if the commission determines

15.26 it is in the public interest to do so. The commission, when requested to modify or delay

15.27 implementation of a standard, must consider:

15.28 (1) the impact of implementing the standard on its customers' utility costs, including the

15.29 economic and competitive pressure on the utility's customers;

15.30 (2) the environmental costs that would be incurred as a result of a delay or modification,

15.31 based on the environmental cost values established in section 216B.2422, subdivision 3;

15.32 (3) the effects of implementing the standard on the reliability of the electric system;

- 16.1 ~~(3)~~ (4) technical advances or technical concerns;
- 16.2 ~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting
- 16.3 or other permitting approvals;
- 16.4 ~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or
- 16.5 commercial operation of an eligible energy technology facility;
- 16.6 ~~(6)~~ (7) transmission constraints preventing delivery of service; and
- 16.7 ~~(7)~~ (8) other statutory obligations imposed on the commission or a utility.

16.8 (b) The commission may modify or delay implementation of a standard obligation under

16.9 paragraph (a), clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant

16.10 rate impact, requires significant measures to address reliability, would cause significant

16.11 environmental costs, or raises significant technical issues. The commission may modify or

16.12 delay implementation of a standard obligation under paragraph (a), clauses ~~(4)~~ (5) to ~~(6)~~

16.13 (7) only if it finds that the circumstances described in those clauses were due to circumstances

16.14 beyond an electric utility's control and make compliance not feasible.

16.15 (c) When evaluating transmission capacity constraints under paragraph (a), clause (7),

16.16 the commission must consider:

16.17 (1) whether the utility has, in a timely fashion, undertaken reasonable measures under

16.18 its control and consistent with its obligations under local, state, and federal laws and

16.19 regulations, and its obligations as a member of the Midcontinent Independent System

16.20 Operator, to acquire sites, necessary permit approvals, and necessary equipment to develop

16.21 and construct new transmission lines or upgrade existing transmission lines to transmit

16.22 electricity generated by eligible energy technologies; and

16.23 (2) whether the utility has taken all reasonable operational measures to maximize

16.24 cost-effective electricity delivery from eligible energy technologies in advance of

16.25 transmission availability.

16.26 ~~(b)~~ (d) When considering whether to delay or modify implementation of a standard

16.27 obligation, the commission must give due consideration to a preference for electric generation

16.28 through use of eligible energy technology and to the achievement of the standards set by

16.29 this section.

16.30 ~~(e)~~ (e) An electric utility requesting a modification or delay in the implementation of a

16.31 standard must file a plan to comply with its standard obligation in the same proceeding that

16.32 it is requesting the delay.

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

17.2 Sec. 12. Minnesota Statutes 2018, section 216B.1691, is amended by adding a subdivision
17.3 to read:

17.4 Subd. 2g. **Carbon-free standard.** By 2050, 100 percent of the electricity each electric
17.5 utility subject to subdivision 2a, paragraph (a), provides directly to Minnesota retail
17.6 customers, or indirectly through wholesale sales to a distribution utility serving Minnesota
17.7 retail customers, must be generated by a technology that is carbon-free.

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

17.9 Sec. 13. Minnesota Statutes 2018, section 216B.1691, subdivision 9, is amended to read:

17.10 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its
17.11 statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that
17.12 maximizes benefits to all Minnesota citizens, ~~balancing~~ and local workers throughout the
17.13 state. Benefits under this subdivision include but are not limited to:

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

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

17.16 (3) ensuring that workers have the necessary tools, opportunities, and economic assistance
17.17 to adapt successfully during the energy transition, particularly in communities that host
17.18 retiring power plants or that contain historically marginalized and underrepresented
17.19 populations;

17.20 (4) ensuring that all Minnesotans share (i) the benefits of clean and renewable energy,
17.21 and (ii) the opportunity to participate fully in the clean energy economy;

17.22 (5) ensuring that air emissions are reduced in communities historically burdened by
17.23 pollution and the impacts of climate change; and

17.24 (6) the provision of affordable electric service to Minnesotans, particularly to low-income
17.25 consumers.

17.26 (b) The commission must also implement this section in a manner that balances factors
17.27 such as local ownership of or participation in energy production, local job impacts,
17.28 development and ownership of eligible energy technology facilities by independent power
17.29 producers, Minnesota utility ownership of eligible energy technology facilities, the costs
17.30 of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the
17.31 reliability of electric service to Minnesotans.

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

18.2 Sec. 14. **[216B.1697] ENERGY STORAGE SYSTEM; APPLICATION.**

18.3 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system"
18.4 means a commercially available technology that uses mechanical, chemical, or thermal
18.5 processes to:

18.6 (1) store energy and deliver the stored energy for use at a later time; or

18.7 (2) store thermal energy for direct use for heating or cooling at a later time in a manner
18.8 that reduces the demand for electricity at the later time.

18.9 Subd. 2. **Application requirement.** No later than January 1, 2021, each public utility
18.10 providing retail electric service in this state must submit an application to the commission
18.11 for review and approval to install one or more energy storage systems.

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

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

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

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

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

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

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

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

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

18.27 (i) capital costs;

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

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

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

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

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

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

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

19.7 (4) how the addition of an energy storage system complements proposed actions of the
19.8 public utility described in its most recent integrated resource plan submitted under section
19.9 216B.2422, to meet expected demand with the least cost combination of resources; and

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

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

19.15 Subd. 4. **Commission review.** The commission shall review each proposal submitted
19.16 under this section, and may approve, reject, or modify the proposal. The commission shall
19.17 approve a proposal it determines is in the public interest and reasonably balances the value
19.18 derived from the deployment of an energy storage system for ratepayers and the public
19.19 utility's operations with the costs of procuring, constructing, operating, and maintaining the
19.20 energy storage system.

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

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

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

19.28 Sec. 15. **[216B.1697] INNOVATIVE CLEAN TECHNOLOGIES.**

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

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

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

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

20.3 (b) A public utility may petition the commission for authorization to invest in a project
 20.4 or projects to deploy one or more innovative clean technologies to further the development,
 20.5 commercialization, and deployment of those technologies for the benefit of utility customers.

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

20.7 (1) the technologies to be deployed are innovative clean technologies;

20.8 (2) the utility is meeting its energy conservation goals under section 216B.241; and

20.9 (3) the petition would not result in utility spending greater than \$5,000,000 per year on
 20.10 innovative clean technologies under this section.

20.11 (d) The commission may also permit a public utility to file rate schedules containing
 20.12 provisions to automatically adjust charges for public utility service in direct relation to
 20.13 changes in prudent costs incurred by a utility under this section, up to \$5,000,000 each year.
 20.14 To the extent the utility investment under this section is for a capital asset, the utility may
 20.15 request the asset be included in the utility's rate base.

20.16 Sec. 16. Minnesota Statutes 2018, section 216B.2401, is amended to read:

20.17 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

20.18 (a) The legislature finds that energy savings are an energy resource, and that cost-effective
 20.19 energy savings are preferred over all other energy resources. In addition, the legislature
 20.20 finds that optimizing when and how energy consumers manage energy use can provide
 20.21 significant benefits to the consumers and to the utility system as a whole. The legislature
 20.22 further finds that cost-effective energy savings and load management programs should be
 20.23 procured systematically and aggressively in order to reduce utility costs for businesses and
 20.24 residents, improve the competitiveness and profitability of businesses, create more
 20.25 energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and
 20.26 emissions that cause climate change. Therefore, it is the energy policy of the state of
 20.27 Minnesota to achieve annual energy savings equal equivalent to at least 1.5 2.5 percent of
 20.28 annual retail energy sales of electricity and natural gas through cost-effective energy
 20.29 conservation improvement programs and rate design, energy efficiency achieved by energy
 20.30 consumers without direct utility involvement, energy codes and appliance standards, programs
 20.31 designed to transform the market or change consumer behavior, energy savings resulting
 20.32 from efficiency improvements to the utility infrastructure and system, and other efforts to

21.1 ~~promote energy efficiency and energy conservation.~~ multiple means, including but not
21.2 limited to:

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

21.5 (2) rate design;

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

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

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

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

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

21.13 (b) A utility should design and offer to their customers load management programs that
21.14 enable: (1) customers to maximize the economic value gained from the energy purchased
21.15 from their utility service providers; and (2) utilities to optimize the infrastructure and
21.16 generation capacity needed to effectively serve customers and to facilitate the integration
21.17 of renewable energy into the energy system. The commissioner must provide a reasonable
21.18 estimate for progress toward this statewide energy savings goal in the annual report required
21.19 under section 216B.241, subdivision 1c, along with recommendations for administrative or
21.20 legislative initiatives to increase energy savings toward that goal. The commissioner must
21.21 also report annually the energy productivity of the state's economy by providing an estimate
21.22 of the ratio of economic output produced in a previous year to the primary energy inputs
21.23 used in that year.

21.24 **Sec. 17. [216B.2402] DEFINITIONS.**

21.25 (a) For the purposes of section 216B.16, subdivision 6b, and sections 216B.2401 to
21.26 216B.241, the terms defined in this section have the meanings given them.

21.27 (b) "Consumer-owned utility" means a municipal utility or a cooperative electric
21.28 association.

21.29 (c) "Cumulative lifetime savings" means the total electric energy or natural gas savings
21.30 in a given year from energy conservation improvements installed that year or in previous
21.31 years that are still operational and providing savings in that year because the measures have
21.32 not reached the end of the measure's useful life.

22.1 (d) "Efficient fuel-switching improvement" means a project that (1) results in converting
22.2 a customer from use of a fuel to the use of electric energy or natural gas delivered at retail
22.3 by a utility subject to this section, resulting in a net increase in the use of electric energy or
22.4 natural gas and a net decrease in source energy consumption on a fuel-neutral basis, and
22.5 (2) otherwise meets the criteria established in section 216B.2403, subdivision 8. An efficient
22.6 fuel-switching improvement requires the installation of equipment that utilizes electric
22.7 energy or natural gas, resulting in a reduction or elimination of use of the previous fuel.

22.8 (e) "Energy conservation" means an action that results in a net reduction in electric
22.9 energy or natural gas consumption.

22.10 (f) "Energy conservation improvement" means a project that results in energy efficiency
22.11 or energy conservation. Energy conservation improvement may include waste heat that is
22.12 recovered and converted into electricity, but does not include electric utility infrastructure
22.13 projects approved by the commission under section 216B.1636. Energy conservation
22.14 improvement includes waste heat recovered and used as thermal energy.

22.15 (g) "Energy efficiency" means measures or programs, including energy conservation
22.16 measures or programs, that target consumer behavior, equipment, processes, or devices
22.17 designed to produce either an absolute decrease in consumption of electric energy or natural
22.18 gas or a decrease in consumption of electric energy or natural gas on a per unit of production
22.19 basis, without reducing the quality or level of service provided to the energy consumer.

22.20 (h) "Fuel" means energy consumed by a retail utility customer. Fuel includes electricity,
22.21 propane, natural gas, heating oil, gasoline, diesel fuel, or steam.

22.22 (i) "Fuel neutral" means an approach that compares the use of various fuels for a given
22.23 end use, using a common metric.

22.24 (j) "Gross annual retail energy sales" means the annual electric sales to all retail customers
22.25 in a utility's or association's Minnesota service territory or natural gas throughput to all retail
22.26 customers, including natural gas transportation customers, on a utility's distribution system
22.27 in Minnesota. Gross annual retail energy sales does not include:

22.28 (1) gas sales to:

22.29 (i) a large energy facility;

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

23.1 (iii) a commercial gas customer facility whose natural gas utility has been exempted by
23.2 the commissioner under section 216B.241, subdivision 1a, paragraph (c), with respect to
23.3 natural gas sales made to the commercial gas customer facility; or

23.4 (2) electric sales to a large customer facility whose electric utility has been exempted
23.5 by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect
23.6 to electric sales made to the large facility.

23.7 (k) "Investments and expenses of a public utility" means the investments and expenses
23.8 incurred by a public utility in connection with an energy conservation improvement.

23.9 (l) "Large customer facility" means all buildings, structures, equipment, and installations
23.10 at a single site that collectively (1) impose a peak electrical demand on an electric utility's
23.11 system of at least 20,000 kilowatts, measured in the same way as the utility that serves the
23.12 customer facility measures electric demand for billing purpose, or (2) consume at least
23.13 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand,
23.14 a large customer facility may include demand offset by on-site cogeneration facilities and,
23.15 if engaged in mineral extraction, may aggregate peak energy demand from the large customer
23.16 facility's mining processing operations.

23.17 (m) "Large energy facility" has the meaning given it in section 216B.2421, subdivision
23.18 2, clause (1).

23.19 (n) "Lifetime energy savings" means the amount of savings a particular energy
23.20 conservation improvement produces over the improvement's effective useful lifetime.

23.21 (o) "Load management" means an activity, service, or technology to change the timing
23.22 or the efficiency of a customer's use of energy that allows a utility or a customer to respond
23.23 to local and regional energy system conditions, or to reduce peak demand for electric energy
23.24 or natural gas. Load management that reduces the customer's net annual energy consumption
23.25 is also energy conservation.

23.26 (p) "Low-income programs" means energy conservation improvement programs that
23.27 directly serve the needs of low-income persons, including low-income renters. Multifamily
23.28 buildings of five units or more that are rented by low-income persons are eligible to be
23.29 served through low-income programs, which may include the upgrading of appliances,
23.30 heating and air conditioning equipment, and building envelope improvements.

23.31 (q) "Member" has the meaning given to it in section 308B.005, subdivision 15.

23.32 (r) "Qualifying utility" means a utility that supplies energy to a customer that enables
23.33 the customer to qualify as a large customer facility.

24.1 (s) "Source energy" means the total amount of fuel required for a given purpose,
24.2 considering energy losses in the production, transmission, and delivery of the energy.

24.3 (t) "Waste heat recovered and used as thermal energy" means capturing heat energy that
24.4 would be exhausted or dissipated to the environment from machinery, buildings, or industrial
24.5 processes, and productively using the recovered thermal energy where it was captured or
24.6 distributing it as thermal energy to other locations where it is used to reduce demand-side
24.7 consumption of natural gas, electric energy, or both.

24.8 (u) "Waste heat recovery converted into electricity" means an energy recovery process
24.9 that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines
24.10 or manufacturing or industrial processes, or the reduction of high pressure in water or gas
24.11 pipelines.

24.12 **Sec. 18. [216B.2403] CUSTOMER-OWNED UTILITIES; ENERGY**
24.13 **CONSERVATION AND OPTIMIZATION.**

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

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

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

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

24.20 Subd. 2. **Consumer-owned utility; energy savings goal.** (a) Each individual
24.21 consumer-owned utility subject to this section has an annual energy savings goal equivalent
24.22 to 1.5 percent of gross annual retail energy sales. The annual energy savings goal must be
24.23 met with a minimum of energy savings from energy conservation improvements equivalent
24.24 to at least one percent of the consumer-owned utility's gross annual retail energy sales. The
24.25 balance of energy savings toward the annual energy savings goal must be achieved by the
24.26 following utility activities:

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

24.28 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
24.29 1; or

24.30 (3) net energy savings from efficient fuel-switching improvements that meet the criteria
24.31 under subdivision 7.

25.1 (b) Nothing in this section limits a utility's ability to report and recognize savings from
25.2 activities under paragraph (a), clauses (2) and (3), in excess of the utility's annual energy
25.3 savings provided the utility has met the minimum energy savings goal from energy
25.4 conservation improvements.

25.5 (c) The energy savings goals specified in this section must be calculated based on the
25.6 most recent three-year, weather-normalized average. A consumer-owned utility that elects
25.7 to file annual plans may carry forward for up to three years any energy savings in excess
25.8 of its 1.5 percent energy savings goal in a single year.

25.9 (d) A consumer-owned utility subject to this section is not required to make energy
25.10 conservation improvements that are not cost-effective, even if the improvement is necessary
25.11 to attain the energy savings goal. A consumer-owned utility subject to this section must
25.12 make reasonable efforts to implement energy conservation improvements above the minimum
25.13 level set under this subdivision, if cost-effective opportunities and utility funding are
25.14 available, considering other potential investments the utility plans to make for the benefit
25.15 of customers during the term of the plan filed under subdivision 3.

25.16 (e) A consumer-owned utility may request that the commissioner adjust its minimum
25.17 goal for energy savings from energy conservation improvements specified under paragraph
25.18 (a) for the period of the plan filed under subdivision 3. The request must be made by January
25.19 1 of any year when the utility must file a plan under subdivision 4. The request must be
25.20 based on:

25.21 (1) historical energy conservation improvement program achievements;

25.22 (2) customer class makeup;

25.23 (3) projected load growth;

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

25.26 (5) the cost-effectiveness and quality of the energy conservation programs offered by
25.27 the utility; and

25.28 (6) other factors the commissioner and consumer-owned utility determine warrants an
25.29 adjustment.

25.30 The commissioner must adjust the savings goal to a level the commissioner determines is
25.31 supported by the record, but must not approve a minimum energy savings goal from energy
25.32 conservation improvements that is less than one percent of gross annual retail energy sales.

26.1 Subd. 3. Consumer-owned utility; energy savings investments. (a) Each cooperative
26.2 electric association and municipality subject to subdivision 2 must spend and invest in the
26.3 following amounts for energy conservation improvements under this subdivision:

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

26.8 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues
26.9 from service provided in the state, excluding gross operating revenues from service provided
26.10 in the state to large electric customer facilities indirectly through a distribution cooperative
26.11 electric association.

26.12 (b) Each municipality and cooperative electric association subject to this subdivision
26.13 must identify and implement energy conservation improvement spending and investments
26.14 that are appropriate for the municipality or association, except that a municipality or
26.15 association must not spend or invest for energy conservation improvements that directly
26.16 benefit a large energy facility or a large electric customer facility that the commissioner has
26.17 issued an exemption to under section 216B.241, subdivision 1a, paragraph (b).

26.18 Subd. 4. Consumer-owned utility; energy conservation and optimization plans. (a)
26.19 By June 1, 2021, each consumer-owned utility must file with the commissioner an energy
26.20 conservation and optimization plan that describes the programs for energy conservation,
26.21 efficient fuel-switching improvements and load management programs, and other processes
26.22 and programs the utility plans to use to achieve its energy-savings goal. The plan may cover
26.23 a period not to exceed two years. The plan must provide an analysis of the cost-effectiveness
26.24 of the consumer-owned utility's programs offered under the plan, using a list of baseline
26.25 energy and capacity savings assumptions developed in consultation with the department.
26.26 An individual utility program may combine elements of energy conservation, load
26.27 management, or efficient fuel-switching. Plans received by June 1 must be evaluated by the
26.28 commissioner based on how well the plan meets the goals set under subdivision 2 by
26.29 December 1 of the same year, including the commissioner's assessment of whether the plan
26.30 will likely achieve those goals. Beginning June 1, 2022, and each subsequent June 1, each
26.31 consumer-owned utility must file: (1) an annual update identifying the status of its annual
26.32 plan filed under this subdivision, including total expenditures and investments made to date,
26.33 and any intended changes to the plan; and (2) a summary of the annual energy-savings
26.34 achievements under a completed plan, and a new plan that complies with this section.

27.1 (b) In the filings required under paragraph (a), the consumer-owned utility must provide
27.2 a description and evaluation of the programs offered by the utility under the plan, including:

27.3 (1) energy conservation improvements in the previous period, and its progress toward
27.4 the minimum energy savings goal from energy conservation improvements described in
27.5 subdivision 2, including accounting for lifetime savings and cumulative lifetime energy
27.6 savings under the plan. The evaluation must briefly describe each conservation program
27.7 the utility offers or plans to offer, and must specify the energy savings or increased efficiency
27.8 in the use of energy within the service territory of the utility that is the result of the program.
27.9 The commissioner must review each evaluation and make recommendations, where
27.10 appropriate, to the consumer-owned utility to increase the effectiveness of conservation
27.11 improvement activities. The commissioner must consider and may require a consumer-owned
27.12 utility to undertake a cost-effective program suggested by an outside source, including a
27.13 political subdivision, nonprofit corporation, or community organization;

27.14 (2) load management activities, including an analysis of the reduction in peak load that
27.15 is the result of the program, and an assessment of the cost-effectiveness of each program;
27.16 and

27.17 (3) efficient fuel-switching improvement activities, including an analysis regarding how
27.18 each program meets the criteria specified in subdivision 8, and an assessment of the
27.19 cost-effectiveness of each program. For improvements requiring the deployment of electric
27.20 technologies, the plan must also provide an analysis regarding how the fuel-switching
27.21 improvement will be operated in order to facilitate the integration of variable renewable
27.22 energy into the electric system.

27.23 (c) When evaluating the cost-effectiveness of utility programs, the consumer-owned
27.24 utility and the commissioner must consider the costs and benefits to ratepayers, the utility,
27.25 participants, and society. In addition, the commissioner must consider the rate at which the
27.26 consumer-owned utility is increasing its energy savings and expenditures on energy
27.27 conservation, as well as the lifetime energy savings and cumulative energy savings of the
27.28 consumer-owned utility.

27.29 (d) Each consumer-owned utility subject to this subdivision may annually spend and
27.30 invest up to ten percent of the total amount spent and invested on energy conservation
27.31 improvements under this subdivision on research and development projects that meet the
27.32 definition of energy conservation improvement and that are funded directly by the
27.33 consumer-owned utility.

28.1 (e) A generation and transmission cooperative electric association or municipal power
28.2 agency that provides energy services to consumer-owned utilities may invest in energy
28.3 conservation improvements on behalf of consumer-owned utilities it serves and may fulfill
28.4 the conservation, reporting, and energy-savings goals for any of those consumer-owned
28.5 utilities on an aggregate basis. For consumer-owned utilities electing to aggregate services
28.6 under this paragraph, multiyear plans up to three years may be filed with the department
28.7 under subdivision 3 activities with continued annual performance reporting.

28.8 (f) A consumer-owned utility must not spend for or invest in energy conservation
28.9 improvements that directly benefit a large energy facility or a large electric customer facility
28.10 for which the commissioner has issued an exemption under section 216B.241, subdivision
28.11 1a.

28.12 (g) The energy conservation and optimization plan of each consumer-owned utility
28.13 subject to this section must have a component focused on improving the energy efficiency
28.14 in the public schools served by the utility. At a minimum, the efficiency in schools component
28.15 must consist of programs to update lighting in the school, update the heating and cooling
28.16 systems of the school, provide for building recommissioning, provide building operator
28.17 training, and provide opportunities to educate students, teachers, and staff regarding energy
28.18 efficiency measures implemented at that school, including associated benefits for improved
28.19 learning resulting from the measures.

28.20 Subd. 5. **Low-income programs.** (a) Each consumer-owned utility subject to this section
28.21 must provide low income energy conservation programs. For purposes of this subdivision,
28.22 low-income is defined as 60 percent of state median income, notwithstanding the criteria
28.23 established in paragraph (e). The commissioner must provide an evaluation of a utility's
28.24 plans under this section, considering the utility's historic spending and participation levels,
28.25 energy savings for low-income programs, and the number of low-income persons residing
28.26 in the utility's service territory. A municipal utility that furnishes gas service must spend at
28.27 least 0.4 percent of its most recent three-year average gross operating revenue from residential
28.28 customers in Minnesota on low-income programs. A consumer-owned utility that furnishes
28.29 electric service must spend at least 0.4 percent of its gross operating revenue from residential
28.30 customers in Minnesota on low-income programs. This requirement applies to each
28.31 generation and transmission cooperative association's members' aggregate gross operating
28.32 revenue from the sale of electricity to residential customers in Minnesota.

28.33 (b) To meet the requirements of paragraph (a), a consumer-owned utility may contribute
28.34 money to the energy and conservation account in section 216B.241, subdivision 2a. An
28.35 energy conservation improvement plan must state the amount, if any, of low-income energy

29.1 conservation improvement funds the utility plans to contribute to the energy and conservation
29.2 account. Contributions must be remitted to the commissioner by February 1 each year.

29.3 (c) The commissioner must establish low-income programs to use money contributed
29.4 to the energy and conservation account under paragraph (b). When establishing low-income
29.5 programs, the commissioner must consult political subdivisions, utilities, and nonprofit and
29.6 community organizations, including organizations engaged in providing energy and
29.7 weatherization assistance to low-income persons. Money contributed to the energy and
29.8 conservation account under paragraph (b) must provide programs for low-income persons,
29.9 including low-income renters, located in the service territory of the utility or association
29.10 providing the money. The commissioner must record and report expenditures and energy
29.11 savings achieved as a result of low-income programs funded through the energy and
29.12 conservation account in the report required under section 216B.241, subdivision 1c, paragraph
29.13 (g). The commissioner may contract with a political subdivision, nonprofit or community
29.14 organization, public utility, municipality, or cooperative electric association to implement
29.15 low-income programs funded through the energy and conservation account.

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

29.19 (e) For purposes of this subdivision, "multifamily building" is defined as a residential
29.20 building with five or more dwelling units. For purposes of determining eligibility for
29.21 multifamily buildings in low-income programs, a utility or association may use one or more
29.22 of the following:

29.23 (1) information showing that a multifamily building's units are rented to households
29.24 meeting one of the following criteria:

29.25 (i) household income at or below 200 percent of federal poverty level;

29.26 (ii) household income at or below 60 percent of area median income;

29.27 (iii) occupancy within a building that is certified on the Low Income Renter Classification
29.28 (LIRC) Assessor Report compiled annually by Minnesota Housing Finance Agency; or

29.29 (iv) occupancy within a building which has a declaration against the property requiring
29.30 that a portion of the units will be rented to tenants with an annual household income less
29.31 than or equal to 60 percent of area median income;

29.32 (2) a property's participation in an affordable housing program, including low-income
29.33 housing tax credits (LIHTC), United States Department of Housing and Urban Development

30.1 (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing
30.2 finance agency assistance, or local tax abatement for low-income properties; or

30.3 (3) documentation demonstrating that the property is on the waiting list for or currently
30.4 participating in the United States Department of Energy Weatherization Assistance Program.

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

30.9 Subd. 7. **Ownership of energy conservation improvement.** An energy conservation
30.10 improvement to or installed in a building under this section, except systems owned by the
30.11 consumer-owned utility and designed to turn off, limit, or vary the delivery of energy, is
30.12 the exclusive property of the building owner, except to the extent that the improvement is
30.13 subject to a security interest in favor of the utility in case of a loan to the building owner.

30.14 Subd. 8. **Criteria for efficient fuel-switching improvements.** A fuel-switching
30.15 improvement is deemed efficient if the improvement, relative to the fuel that is being
30.16 displaced:

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

30.19 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
30.20 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient electrification
30.21 or conversion improvement installed by an electric utility, the reduction in emissions must
30.22 be measured based on the emissions profile of the utility or the utility's wholesale provider.
30.23 Where applicable, the emissions profile used must be the most recent resource plan accepted
30.24 by the commission under section 216B.2422;

30.25 (3) is cost-effective from a societal perspective, considering the costs associated with
30.26 both the fuel used in the past and the fuel used in the future; and

30.27 (4) is planned to be installed and operated in a manner that does not unduly increase the
30.28 utility's system peak demand or require significant new investment in utility infrastructure.

30.29 Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the
30.30 filings required by this section to the department using the department's electronic filing
30.31 system.

30.32 (b) The submission of a document to the department's electronic filing system constitutes
30.33 service on the department. If a department rule requires service of a notice, order, or other

31.1 document by the department, utility, or interested party upon persons on a service list
 31.2 maintained by the department, service may be made by personal delivery, mail, or electronic
 31.3 service, except that electronic service may only be made to persons on the service list that
 31.4 have previously agreed in writing to accept electronic service at an electronic address
 31.5 provided to the department for electronic service purposes.

31.6 Subd. 10. **Assessment.** The commission or department may assess utilities subject to
 31.7 this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An
 31.8 assessment under this paragraph must be proportionate to the utility's respective gross
 31.9 operating revenue from sales of gas or electric service in Minnesota during the previous
 31.10 calendar year. Assessments under this subdivision are not subject to the cap on assessments
 31.11 under section 216B.62 or any other law.

31.12 Subd. 11. **Waste heat recovery; thermal energy distribution.** Subject to department
 31.13 approval, demand-side natural gas or electric energy displaced by use of waste heat recovered
 31.14 and used as thermal energy, including the recovered thermal energy from a cogeneration
 31.15 or combined heat and power facility, is eligible to be counted toward a consumer-owned
 31.16 utility's natural gas or electric savings goals.

31.17 Sec. 19. Minnesota Statutes 2018, section 216B.241, subdivision 1a, is amended to read:

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

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

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

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

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

32.1 ~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt
32.2 both electric and gas utilities serving the large customer facility from the investment and
32.3 expenditure requirements of ~~paragraph (a)~~ a utility's plan under this section or section
32.4 216B.2403 with respect to retail revenues attributable to the large customer facility. The
32.5 filing must include a discussion of the competitive or economic pressures facing the owner
32.6 of the facility and the efforts taken by the owner to identify, evaluate, and implement energy
32.7 conservation and efficiency improvements. A filing submitted on or before October 1 of
32.8 any year must be approved within 90 days and become effective January 1 of the year
32.9 following the filing, unless the commissioner finds that the owner of the large customer
32.10 facility has failed to take reasonable measures to identify, evaluate, and implement energy
32.11 conservation and efficiency improvements. If a facility qualifies as a large customer facility
32.12 solely due to its peak electrical demand or annual natural gas usage, the exemption may be
32.13 limited to the qualifying utility if the commissioner finds that the owner of the large customer
32.14 facility has failed to take reasonable measures to identify, evaluate, and implement energy
32.15 conservation and efficiency improvements with respect to the nonqualifying utility. Once
32.16 an exemption is approved, the commissioner may request the owner of a large customer
32.17 facility to submit, not more often than once every five years, a report demonstrating the
32.18 large customer facility's ongoing commitment to energy conservation and efficiency
32.19 improvement after the exemption filing. The commissioner may request such reports for
32.20 up to ten years after the effective date of the exemption, unless the majority ownership of
32.21 the large customer facility changes, in which case the commissioner may request additional
32.22 reports for up to ten years after the change in ownership occurs. The commissioner may,
32.23 within 180 days of receiving a report submitted under this paragraph, rescind any exemption
32.24 granted under this paragraph upon a determination that the large customer facility is not
32.25 continuing to make reasonable efforts to identify, evaluate, and implement energy
32.26 conservation improvements. A large customer facility that is, under an order from the
32.27 commissioner, exempt from the investment and expenditure requirements of paragraph (a)
32.28 as of December 31, 2010, is not required to submit a report to retain its exempt status, except
32.29 as otherwise provided in this paragraph with respect to ownership changes. No exempt large
32.30 customer facility may participate in a utility conservation improvement program unless the
32.31 owner of the facility submits a filing with the commissioner to withdraw its exemption.

32.32 ~~(e)~~ (b) A commercial gas customer that is not a large customer facility and that purchases
32.33 or acquires natural gas from a public utility having fewer than 600,000 natural gas customers
32.34 in Minnesota may petition the commissioner to exempt gas utilities serving the commercial
32.35 gas customer from the investment and expenditure requirements of ~~paragraph (a)~~ a utility's
32.36 plan under this section or section 216B.2403 with respect to retail revenues attributable to

33.1 the commercial gas customer. The petition must be supported by evidence demonstrating
 33.2 that the commercial gas customer has acquired or can reasonably acquire the capability to
 33.3 bypass use of the utility's gas distribution system by obtaining natural gas directly from a
 33.4 supplier not regulated by the commission. The commissioner shall grant the exemption if
 33.5 the commissioner finds that the petitioner has made the demonstration required by this
 33.6 paragraph.

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

33.11 ~~(e)~~ (d) A public utility or owner of a large customer facility may appeal a decision of
 33.12 the commissioner under paragraph (a) or (b), ~~(c), or (d)~~ to the commission under subdivision
 33.13 2. In reviewing a decision of the commissioner under paragraph (a) or (b), ~~(c), or (d)~~, the
 33.14 commission shall rescind the decision if it finds ~~that the required investments or spending~~
 33.15 ~~will:~~

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

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

33.18 (e) A public utility is prohibited from spending for or investing in energy conservation
 33.19 improvements that directly benefit a large energy facility or a large electric customer facility
 33.20 for which the commissioner has issued an exemption under this section.

33.21 Sec. 20. Minnesota Statutes 2018, section 216B.241, subdivision 1c, is amended to read:

33.22 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish
 33.23 energy-saving goals for energy conservation improvement expenditures and shall evaluate
 33.24 an energy conservation improvement program on how well it meets the goals set.

33.25 (b) Each individual public utility and association shall have providing electric service
 33.26 has an annual energy-savings goal equivalent to 1.5 1.75 percent of gross annual retail
 33.27 energy sales unless Each individual public utility providing natural gas service has an annual
 33.28 energy savings goal equivalent to one percent of gross annual retail energy sales. The level
 33.29 of the savings goal may be modified by the commissioner under paragraph ~~(d)~~ (c). The
 33.30 savings goals must be calculated based on the most recent three-year weather-normalized
 33.31 average. A public utility or association providing electric service may elect to carry forward
 33.32 energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar
 33.33 years, ~~except that savings from electric utility infrastructure projects allowed under paragraph~~

34.1 ~~(d) may be carried forward for five years.~~ A public utility providing natural gas service may
34.2 elect to carry forward energy savings in excess of one percent for a year to the succeeding
34.3 three calendar years. A particular energy savings can be used only for one year's goal.

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

34.6 ~~(d)~~ (c) In its energy conservation ~~improvement~~ and optimization plan filing, a public
34.7 ~~utility or association~~ may request the commissioner to adjust its annual energy-savings
34.8 percentage goal based on its historical conservation investment experience, customer class
34.9 makeup, load growth, a conservation potential study, or other factors the commissioner
34.10 determines warrants an adjustment. The commissioner may not approve a plan of a public
34.11 utility that provides for an annual energy-savings goal of less than one percent of gross
34.12 annual retail energy sales from energy conservation improvements.

34.13 (d) A public utility or association may include in its energy conservation and optimization
34.14 plan energy savings from electric utility infrastructure projects approved by the commission
34.15 under section 216B.1636 or waste heat recovery converted into electricity projects that may
34.16 count as energy savings in addition to a minimum energy-savings goal of at least one percent
34.17 for energy conservation improvements. ~~Energy savings from electric utility infrastructure~~
34.18 ~~projects, as defined in section 216B.1636, may be included in the energy conservation plan~~
34.19 ~~of a municipal utility or cooperative electric association.~~ Electric utility infrastructure projects
34.20 must result in increased energy efficiency greater than that which would have occurred
34.21 through normal maintenance activity.

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

34.25 ~~(f) An association or~~ (e) A public utility is not required to make energy conservation
34.26 investments to attain the energy-savings goals of this subdivision that are not cost-effective
34.27 even if the investment is necessary to attain the energy-savings goals. For the purpose of
34.28 this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs
34.29 and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner
34.30 shall consider the rate at which ~~an association or~~ municipal utility is increasing its energy
34.31 savings and its expenditures on energy conservation, as well as the lifetime energy savings
34.32 and cumulative energy savings of the public utility.

34.33 ~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available
34.34 a report on the annual energy and capacity savings and estimated carbon dioxide reductions

35.1 achieved by the ~~energy conservation improvement~~ programs under this section and section
35.2 216B.2403 for the two most recent years for which data is available. The report must also
35.3 include information regarding any annual energy sales or generation capacity increases
35.4 resulting from any efficient fuel-switching improvements. The commissioner shall report
35.5 on program performance both in the aggregate and for each entity filing an energy
35.6 conservation improvement plan for approval or review by the commissioner, and must
35.7 provide an estimate for progress toward the statewide energy savings goal under section
35.8 216B.2401.

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

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

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

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

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

35.17 Sec. 21. Minnesota Statutes 2018, section 216B.241, subdivision 1d, is amended to read:

35.18 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation
35.19 improvement programs under this section and section 216B.2403 on the basis of
35.20 cost-effectiveness and the reliability of the technologies employed. The commissioner shall,
35.21 by order, establish, maintain, and update energy-savings assumptions that must be used
35.22 when filing energy conservation improvement programs. The department must track a public
35.23 utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy
35.24 savings provided to the commissioner in plans submitted under this section. The
35.25 commissioner shall establish an inventory of the most effective energy conservation
35.26 programs, techniques, and technologies, and encourage all Minnesota utilities to implement
35.27 them, where appropriate, in their service territories. The commissioner shall describe these
35.28 programs in sufficient detail to provide a utility reasonable guidance concerning
35.29 implementation. The commissioner shall prioritize the opportunities in order of potential
35.30 energy savings and in order of cost-effectiveness. The commissioner may contract with a
35.31 third party to carry out any of the commissioner's duties under this subdivision, and to obtain
35.32 technical assistance to evaluate the effectiveness of any conservation improvement program.
35.33 The commissioner may assess up to \$850,000 annually for the purposes of this subdivision.

36.1 The assessments must be deposited in the state treasury and credited to the energy and
36.2 conservation account created under subdivision 2a. An assessment made under this
36.3 subdivision is not subject to the cap on assessments provided by section 216B.62, or any
36.4 other law.

36.5 ~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend~~
36.6 ~~up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing~~
36.7 ~~technical support for a uniform electronic data reporting and tracking system available to~~
36.8 ~~all utilities subject to this section, in order to enable accurate measurement of the cost and~~
36.9 ~~energy savings of the energy conservation improvements required by this section. This~~
36.10 ~~paragraph expires June 30, 2018. By March 15 of the year following the enactment of this~~
36.11 ~~section, the commissioner must, by order, develop and publish technical information~~
36.12 ~~necessary to evaluate whether deployment of a fuel-switching improvement meets the~~
36.13 ~~criteria established under subdivision 11, paragraph (c), and section 216B.2403, subdivision~~
36.14 ~~8, including the formula to account for the energy saved by a fuel-switching improvement~~
36.15 ~~on a fuel-neutral basis. The commissioner must update the technical information as necessary.~~

36.16 Sec. 22. Minnesota Statutes 2018, section 216B.241, subdivision 1f, is amended to read:

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

36.20 (b) The commissioner of administration and the commissioner of commerce shall maintain
36.21 and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section
36.22 3, so that all public buildings can use the benchmarking tool to maintain energy use
36.23 information for the purposes of establishing energy efficiency benchmarks, tracking building
36.24 performance, and measuring the results of energy efficiency and conservation improvements.

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

36.31 (d) The commissioner may assess up to \$500,000 annually for the purposes of this
36.32 subdivision. The assessments must be deposited in the state treasury and credited to the
36.33 energy and conservation account created under subdivision 2a. An assessment made under

37.1 this subdivision is not subject to the cap on assessments provided by section 216B.62, or
37.2 any other law.

37.3 Sec. 23. Minnesota Statutes 2018, section 216B.241, subdivision 2, is amended to read:

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

37.5 The commissioner may require public utilities to make investments and expenditures in
37.6 energy conservation improvements, explicitly setting forth the interest rates, prices, and
37.7 terms under which the improvements must be offered to the customers. The required
37.8 programs must cover no more than a three-year period. Public utilities shall file energy
37.9 conservation improvement and optimization plans by June 1, on a schedule determined by
37.10 order of the commissioner, but at least every three years. As provided in subdivision 11,
37.11 plans may include programs for efficient fuel-switching improvements and load management.
37.12 An individual utility program may combine elements of energy conservation, load
37.13 management, or efficient fuel-switching. Plans received by a public utility by June 1 must
37.14 be approved or approved as modified by the commissioner by December 1 of that same
37.15 year. The plan must account for the lifetime energy savings and cumulative lifetime savings
37.16 under the plan. The commissioner shall evaluate the program on the basis of
37.17 cost-effectiveness and the reliability of technologies employed. The commissioner's order
37.18 must provide to the extent practicable for a free choice, by consumers participating in the
37.19 program, of the device, method, material, or project constituting the energy conservation
37.20 improvement and for a free choice of the seller, installer, or contractor of the energy
37.21 conservation improvement, provided that the device, method, material, or project seller,
37.22 installer, or contractor is duly licensed, certified, approved, or qualified, including under
37.23 the residential conservation services program, where applicable.

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

37.30 (c) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually up
37.31 to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation
37.32 improvements under this section by the utility on research and development projects that
37.33 meet the definition of energy conservation improvement in subdivision 1 and that are funded
37.34 directly by the public utility.

38.1 ~~(d) A public utility may not spend for or invest in energy conservation improvements~~
38.2 ~~that directly benefit a large energy facility or a large electric customer facility for which the~~
38.3 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~ The
38.4 commissioner shall consider and may require a public utility to undertake a program
38.5 suggested by an outside source, including a political subdivision, a nonprofit corporation,
38.6 or community organization.

38.7 (e) A utility, a political subdivision, or a nonprofit or community organization that has
38.8 suggested a program, the attorney general acting on behalf of consumers and small business
38.9 interests, or a utility customer that has suggested a program and is not represented by the
38.10 attorney general under section 8.33 may petition the commission to modify or revoke a
38.11 department decision under this section, and the commission may do so if it determines that
38.12 the program is not cost-effective, does not adequately address the residential conservation
38.13 improvement needs of low-income persons, has a long-range negative effect on one or more
38.14 classes of customers, or is otherwise not in the public interest. The commission shall reject
38.15 a petition that, on its face, fails to make a reasonable argument that a program is not in the
38.16 public interest.

38.17 (f) The commissioner may order a public utility to include, with the filing of the utility's
38.18 annual status report, the results of an independent audit of the utility's conservation
38.19 improvement programs and expenditures performed by the department or an auditor with
38.20 experience in the provision of energy conservation and energy efficiency services approved
38.21 by the commissioner and chosen by the utility. The audit must specify the energy savings
38.22 or increased efficiency in the use of energy within the service territory of the utility that is
38.23 the result of the spending and investments. The audit must evaluate the cost-effectiveness
38.24 of the utility's conservation programs.

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

38.31 (g) The energy conservation and optimization plan for each public utility subject to this
38.32 section must include a component focused on improving energy efficiency in public schools
38.33 served by the utility. At a minimum, the efficiency in schools component must consist of
38.34 programs to update lighting in schools, update heating and cooling systems in schools,
38.35 provide for building recommissioning, provide building operator training, and provide

39.1 opportunities to educate students, teachers, and staff regarding energy efficiency measures
39.2 implemented at the school, including the associated benefits for improved learning resulting
39.3 from the measures.

39.4 Sec. 24. Minnesota Statutes 2018, section 216B.241, subdivision 2b, is amended to read:

39.5 Subd. 2b. **Recovery of expenses.** The commission shall allow a public utility to recover
39.6 expenses resulting from a an energy conservation improvement program required and
39.7 optimization plan approved by the department under this section and contributions and
39.8 assessments to the energy and conservation account, unless the recovery would be
39.9 inconsistent with a financial incentive proposal approved by the commission. ~~The commission~~
39.10 ~~shall allow a cooperative electric association subject to rate regulation under section~~
39.11 ~~216B.026, to recover expenses resulting from energy conservation improvement programs,~~
39.12 ~~load management programs, and assessments and contributions to the energy and~~
39.13 ~~conservation account unless the recovery would be inconsistent with a financial incentive~~
39.14 ~~proposal approved by the commission.~~ In addition, a public utility may file annually, or the
39.15 Public Utilities Commission may require the utility to file, and the commission may approve,
39.16 rate schedules containing provisions for the automatic adjustment of charges for utility
39.17 service in direct relation to changes in the expenses of the utility for real and personal
39.18 property taxes, fees, and permits, the amounts of which the utility cannot control. A public
39.19 utility is eligible to file for adjustment for real and personal property taxes, fees, and permits
39.20 under this subdivision only if, in the year previous to the year in which it files for adjustment,
39.21 it has spent or invested at least 1.75 percent of its gross revenues from provision of electric
39.22 service, excluding gross operating revenues from electric service provided in the state to
39.23 large electric customer facilities for which the commissioner has issued an exemption under
39.24 subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas
39.25 service, excluding gross operating revenues from gas services provided in the state to large
39.26 electric customer facilities for which the commissioner has issued an exemption under
39.27 subdivision 1a, paragraph (b), for that year for energy conservation improvements under
39.28 this section.

39.29 Sec. 25. Minnesota Statutes 2018, section 216B.241, subdivision 3, is amended to read:

39.30 Subd. 3. **Ownership of energy conservation improvement.** ~~An~~ A pre-weatherization
39.31 measure or energy conservation improvement made to or installed in a building in accordance
39.32 with this section, except systems owned by the utility and designed to turn off, limit, or vary
39.33 the delivery of energy, are the exclusive property of the owner of the building except to the
39.34 extent that the improvement is subjected to a security interest in favor of the utility in case

40.1 of a loan to the building owner. The utility has no liability for loss, damage or injury caused
40.2 directly or indirectly by ~~an~~ a pre-weatherization measure or energy conservation improvement
40.3 except for negligence by the utility in purchase, installation, or modification of the product.

40.4 Sec. 26. Minnesota Statutes 2018, section 216B.241, subdivision 7, is amended to read:

40.5 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public
40.6 ~~utility and association~~ subject to subdivision 1c provides low-income programs. When
40.7 approving spending and energy-savings goals for low-income programs, the commissioner
40.8 shall consider historic spending and participation levels, energy savings for low-income
40.9 programs, and the number of low-income persons residing in the utility's service territory.
40.10 ~~A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public~~
40.11 ~~utility furnishing gas service must spend at least 0.4~~ 0.8 percent, of its most recent three-year
40.12 average gross operating revenue from residential customers in the state on low-income
40.13 programs. A utility or association that furnishes electric service must spend at least ~~0.1~~ 0.4
40.14 percent of its gross operating revenue from residential customers in the state on low-income
40.15 programs. ~~For a generation and transmission cooperative association, this requirement shall~~
40.16 ~~apply to each association's members' aggregate gross operating revenue from sale of~~
40.17 ~~electricity to residential customers in the state. Beginning in 2010, A utility or association~~
40.18 ~~that furnishes electric service must spend 0.2 percent of its gross operating revenue from~~
40.19 ~~residential customers in the state on low-income programs.~~

40.20 (b) To meet the requirements of paragraph (a), a public utility ~~or association~~ may
40.21 contribute money to the energy and conservation account. An energy conservation
40.22 improvement plan must state the amount, if any, of low-income energy conservation
40.23 improvement funds the public utility ~~or association~~ will contribute to the energy and
40.24 conservation account. Contributions must be remitted to the commissioner by February 1
40.25 of each year.

40.26 (c) The commissioner shall establish low-income programs to utilize money contributed
40.27 to the energy and conservation account under paragraph (b). In establishing low-income
40.28 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and
40.29 community organizations, especially organizations engaged in providing energy and
40.30 weatherization assistance to low-income persons. Money contributed to the energy and
40.31 conservation account under paragraph (b) must provide programs for low-income persons,
40.32 including low-income renters, in the service territory of the public utility ~~or association~~
40.33 providing the money. The commissioner shall record and report expenditures and energy
40.34 savings achieved as a result of low-income programs funded through the energy and

41.1 conservation account in the report required under subdivision 1c, paragraph (g). The
41.2 commissioner may contract with a political subdivision, nonprofit or community organization,
41.3 public utility, municipality, or cooperative electric association to implement low-income
41.4 programs funded through the energy and conservation account.

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

41.8 (e) For purposes of this subdivision, "multifamily building" is defined as a residential
41.9 building with five or more dwelling units. For purposes of determining eligibility for
41.10 multifamily buildings in low-income programs, a utility or association may use one or more
41.11 of the following:

41.12 (1) information showing that a multifamily building's units are rented to households
41.13 meeting one of the following criteria:

41.14 (i) household income at or below 200 percent of federal poverty level;

41.15 (ii) household income at or below 60 percent of area median income;

41.16 (iii) occupancy within a building that is certified on the Low Income Renter Classification
41.17 (LIRC) Assessor Report compiled annually by Minnesota Housing Finance Agency; or

41.18 (iv) occupancy within a building which has a declaration against the property requiring
41.19 that a portion of the units will be rented to tenants with an annual household income less
41.20 than or equal to 60 percent of area median income;

41.21 (2) a property's participation in an affordable housing program, including low-income
41.22 housing tax credits (LIHTC), United States Department of Housing and Urban Development
41.23 (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing
41.24 finance agency assistance, or local tax abatement for low-income properties; or

41.25 (3) documentation demonstrating that the property is on the waiting list for or currently
41.26 participating in the United States Department of Energy Weatherization Assistance Program.

41.27 (f) Up to 15 percent of a public utility's spending on low-income programs may be spent
41.28 on pre-weatherization measures. For purposes of this section, "pre-weatherization measures"
41.29 are improvements necessary to allow energy conservation improvements to be installed in
41.30 a home.

42.1 (1) The commissioner shall, by order, establish a list of qualifying pre-weatherization
 42.2 measures eligible for inclusion in low-income programs no later than March 15 of the year
 42.3 following enactment of this section.

42.4 (2) A public utility may elect to contribute money to the Healthy Asbestos Insulation
 42.5 Removal (AIR) program administered by the department. Money contributed to the fund
 42.6 will count toward the minimum low-income spending requirement in paragraph (a) and
 42.7 toward the cap on pre-weatherization measures.

42.8 ~~(e)~~ (g) The costs and benefits associated with any approved low-income gas or electric
 42.9 conservation improvement program that is not cost-effective when considering the costs
 42.10 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation
 42.11 of net economic benefits for purposes of calculating the financial incentive to the utility.
 42.12 The energy and demand savings may, at the discretion of the utility, be applied toward the
 42.13 calculation of overall portfolio energy and demand savings for purposes of determining
 42.14 progress toward annual goals and in the financial incentive mechanism.

42.15 Sec. 27. Minnesota Statutes 2018, section 216B.241, subdivision 9, is amended to read:

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

42.22 (b) The commissioner shall contract with the Center for Sustainable Building Research
 42.23 at the University of Minnesota to coordinate development and implementation of
 42.24 energy-efficiency performance standards, strategic planning, research, data analysis,
 42.25 technology transfer, training, and other activities related to the purpose of Sustainable
 42.26 Building 2030. The commissioner and the Center for Sustainable Building Research shall,
 42.27 in consultation with utilities, builders, developers, building operators, and experts in building
 42.28 design and technology, develop a Sustainable Building 2030 implementation plan that must
 42.29 address, at a minimum, the following issues:

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

42.31 (2) incorporating the performance standards in utility conservation improvement
 42.32 programs; and

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

43.3 The plan must be submitted to the chairs and ranking minority members of the senate and
43.4 house of representatives committees with primary jurisdiction over energy policy by July
43.5 1, 2009.

43.6 (c) Sustainable Building 2030 energy-efficiency performance standards must be firm,
43.7 quantitative measures of total building energy use and associated carbon dioxide emissions
43.8 per square foot for different building types and uses, that allow for accurate determinations
43.9 of a building's conformance with a performance standard. Performance standards must
43.10 address energy use by electric vehicle charging infrastructure in or adjacent to buildings as
43.11 that infrastructure begins to be made widely available. The energy-efficiency performance
43.12 standards must be updated every three or five years to incorporate all cost-effective measures.
43.13 The performance standards must reflect the reductions in carbon dioxide emissions per
43.14 square foot resulting from actions taken by utilities to comply with the renewable energy
43.15 standards in section 216B.1691. The performance standards should be designed to achieve
43.16 reductions equivalent to the following reduction schedule, measured against energy
43.17 consumption by an average building in each applicable building sector in 2003: (1) 60
43.18 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025.
43.19 A performance standard must not be established or increased absent a conclusive engineering
43.20 analysis that it is cost-effective based upon established practices used in evaluating utility
43.21 conservation improvement programs.

43.22 (d) The annual amount of the contract with the Center for Sustainable Building Research
43.23 is up to \$500,000. The Center for Sustainable Building Research shall expend no more than
43.24 \$150,000 of this amount each year on administration, coordination, and oversight activities
43.25 related to Sustainable Building 2030. Up to an additional \$150,000 of this amount may be
43.26 used by the Center for Sustainable Building Research to provide technical assistance to
43.27 local jurisdictions which adopt a voluntary stretch code, under section 326B.106, subdivision
43.28 16, that conforms to Sustainable Building 2030. The balance of contract funds must be spent
43.29 on substantive programmatic activities allowed under this subdivision that may be conducted
43.30 by the Center for Sustainable Building Research and others, and for subcontracts with
43.31 not-for-profit energy organizations, architecture and engineering firms, and other qualified
43.32 entities to undertake technical projects and activities in support of Sustainable Building
43.33 2030. The primary work to be accomplished each year by qualified technical experts under
43.34 subcontracts is the development and thorough justification of recommendations for specific
43.35 energy-efficiency performance standards. Additional work may include:

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

44.3 (2) analysis and evaluation of practices in building design, construction, commissioning
44.4 and operations, and analysis and evaluation of energy use in the commercial, industrial, and
44.5 institutional sectors;

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

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

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

44.13 (e) The commissioner shall require utilities to develop and implement conservation
44.14 improvement programs that are expressly designed to achieve energy efficiency goals
44.15 consistent with the Sustainable Building 2030 performance standards. These programs must
44.16 include offerings of design assistance and modeling, financial incentives, and the verification
44.17 of the proper installation of energy-efficient design components in new and substantially
44.18 reconstructed buildings. These programs shall be available to customers in local jurisdictions
44.19 that adopt a voluntary stretch code under section 326B.106, subdivision 16. A utility's design
44.20 assistance program must consider the strategic planting of trees and shrubs around buildings
44.21 as an energy conservation strategy for the designed project. A utility making an expenditure
44.22 under its conservation improvement program that results in a building meeting the Sustainable
44.23 Building 2030 performance standards may claim the energy savings toward its energy-savings
44.24 goal established in subdivision 1c.

44.25 (f) The commissioner shall report to the legislature every three years, beginning January
44.26 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building
44.27 2030 performance standards and shall make recommendations on the need to continue the
44.28 program as described in this section.

44.29 Sec. 28. Minnesota Statutes 2018, section 216B.241, is amended by adding a subdivision
44.30 to read:

44.31 Subd. 11. **Programs for efficient fuel-switching improvements and load**
44.32 **management.** (a) A public utility subject to this section may include in its plan required
44.33 under subdivision 2 programs for efficient fuel-switching improvements and load

45.1 management, or combinations of energy conservation improvements, fuel-switching
45.2 improvements, and load management. For each program, the utility must provide proposed
45.3 budgets, cost-effectiveness analyses, and estimated net energy and demand savings.

45.4 (b) The department may approve proposed programs for efficient fuel-switching
45.5 improvements if it finds the improvements meet the requirements of paragraph (c). For
45.6 improvements requiring the deployment of electric technologies, the department must also
45.7 consider whether the fuel-switching improvement can be operated in a manner that facilitates
45.8 the integration of variable renewable energy into the electric system. The net benefits from
45.9 an efficient fuel-switching improvement that is integrated with an energy efficiency program
45.10 approved under this section may be counted toward the net benefits of the energy efficiency
45.11 program, provided the department finds the primary purpose and effect of the program is
45.12 energy efficiency.

45.13 (c) The department may approve a proposed program in load management if it finds the
45.14 program investment is cost-effective after considering the costs and benefits of the proposed
45.15 investment to ratepayers, the utility, participants, and society. The net benefits from a load
45.16 management activity that is integrated with an energy efficiency program approved under
45.17 this section may be counted toward the net benefits of the energy efficiency program,
45.18 provided the department finds the primary purpose and effect of the program is energy
45.19 efficiency.

45.20 (d) The commission may permit a public utility to file rate schedules that provide for
45.21 annual cost recovery for efficient fuel-switching improvements and cost-effective load
45.22 management programs approved by the department, including reasonable and prudent costs
45.23 of implementing and promoting programs approved under this subdivision. The commission
45.24 may approve, modify, or reject a proposal made by the department or a utility for an incentive
45.25 plan to encourage investments in load management programs, applying the considerations
45.26 established under section 216B.16, subdivision 6c, paragraphs (b) and (c). An incentive
45.27 plan to encourage cost-effective load management programs may be structured as a regulatory
45.28 asset on which a public utility could earn a rate of return. A utility is not eligible for a
45.29 financial incentive under this subdivision in any year the utility or association did not achieve
45.30 its minimum energy savings goal.

45.31 (e) A fuel-switching improvement is deemed efficient if the commissioner finds the
45.32 improvement, relative to the fuel that is being displaced, meets the following criteria:

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

46.1 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
46.2 216H.01, subdivision 2. For an efficient fuel-switching improvement affecting a customer's
46.3 use of electricity, the change in emissions must be measured based on the hourly emission
46.4 profile of the electric utility that controls the system where the electric technology is installed,
46.5 using the most recent resource plan approved by the commission under section 216B.2422;

46.6 (3) is cost-effective from a societal perspective, considering the costs associated with
46.7 both the fuel that was used and the fuel that will be used; and

46.8 (4) is installed and operated in a manner that does not unduly increase the utility's system
46.9 peak demand or require significant new investment in utility infrastructure.

46.10 Sec. 29. Minnesota Statutes 2018, section 216B.2422, subdivision 1, is amended to read:

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

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

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

46.18 (1) wind;

46.19 (2) solar;

46.20 (3) geothermal;

46.21 (4) hydro;

46.22 (5) trees or other vegetation;

46.23 (6) landfill gas; or

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

46.27 (d) "Resource plan" means a set of resource options that a utility could use to meet the
46.28 service needs of its customers over a forecast period, including an explanation of the supply
46.29 and demand circumstances under which, and the extent to which, each resource option
46.30 would be used to meet those service needs. These resource options include using,

47.1 refurbishing, and constructing utility plant and equipment, buying power generated by other
47.2 entities, controlling customer loads, and implementing customer energy conservation.

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

47.5 (f) "Clean energy resource" means renewable energy, an energy storage system, or
47.6 energy conservation as defined in section 216B.241, subdivision 1.

47.7 (g) "Carbon-free resource" means a generation technology that, when operating, does
47.8 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
47.9 subdivision 2. Carbon-free resource does not include a nuclear-powered electric generation
47.10 facility operating in Minnesota on the effective date of this act.

47.11 (h) "Energy storage system" means a commercially available technology that:

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

47.13 (i) store energy and deliver the stored energy for use at a later time; or

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

47.16 (2) if being used for electric grid benefits, is (i) operationally visible to the distribution
47.17 or transmission entity managing it, and (ii) capable of being controlled by the distribution
47.18 or transmission entity to enable and optimize the safe and reliable operation of the electric
47.19 system; and

47.20 (3) achieves any of the following:

47.21 (i) reduces peak electrical demand;

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

47.24 (iii) improves the reliable operation of the electrical transmission or distribution systems;
47.25 or

47.26 (iv) lowers customer costs by storing energy when the cost of generating or purchasing
47.27 energy is low and delivering energy to customers when costs are high.

47.28 (i) "Nonrenewable energy facility" means a generation facility, other than a nuclear
47.29 facility, that does not use a renewable energy or other clean energy resource.

47.30 (j) "Local job impacts" means the impacts of an integrated resource plan, a certificate
47.31 of need, a power purchase agreement, or commission approval of a new or refurbished

48.1 electric generation facility on the availability of high-quality construction employment
 48.2 opportunities for local workers.

48.3 (k) "Local workers" means workers employed to construct and maintain energy
 48.4 infrastructure that are Minnesota residents, residents of the utility's service territory, or who
 48.5 permanently reside within 150 miles of a proposed new or refurbished energy facility.

48.6 Sec. 30. Minnesota Statutes 2018, section 216B.2422, subdivision 2, is amended to read:

48.7 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with
 48.8 the commission periodically in accordance with rules adopted by the commission. The
 48.9 commission shall approve, reject, or modify the plan of a public utility, as defined in section
 48.10 216B.02, subdivision 4, consistent with the public interest.

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

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

48.21 Sec. 31. Minnesota Statutes 2018, section 216B.2422, subdivision 3, is amended to read:

48.22 Subd. 3. **Environmental costs.** ~~(a)~~ The commission shall, to the extent practicable,
 48.23 quantify and establish a range of environmental costs associated with each method of
 48.24 electricity generation. A utility shall use the values established by the commission in
 48.25 conjunction with other external factors, including socioeconomic costs, when evaluating
 48.26 and selecting resource options in all proceedings before the commission, including power
 48.27 purchase agreement, resource plan, and certificate of need proceedings. In evaluating resource
 48.28 options, the commission must include and consider the environmental cost values adopted
 48.29 under this subdivision.

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

49.1 Sec. 32. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision
49.2 to read:

49.3 Subd. 3a. **Favored energy resources; state policy.** It is the policy of the state that, in
49.4 order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02,
49.5 the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy
49.6 standard under section 216B.1691, subdivision 2f, and recognizing the significant and
49.7 continuing reductions in the cost of wind, solar, and energy storage systems, and
49.8 demand-response technologies, the favored method for meeting energy demand in this state
49.9 is a combination of clean energy resources.

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

49.11 Sec. 33. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision
49.12 to read:

49.13 Subd. 3b. **Nonrenewable energy facility; required analysis.** (a) In its application
49.14 requesting commission approval of the construction, refurbishing, or purchase of energy or
49.15 capacity from a nonrenewable energy facility in an integrated resource plan, a power purchase
49.16 agreement, or any other proceeding, a utility must include, at a minimum, the information
49.17 required under this subdivision.

49.18 (b) A utility must include plans for meeting 50, 75, and 100 percent of the energy or
49.19 capacity to be provided by the proposed nonrenewable energy facility by means of the least
49.20 cost combination of clean energy resources.

49.21 (c) In analyzing costs under this subdivision, a utility must include the environmental
49.22 costs most recently adopted by the commission for carbon dioxide emissions and criteria
49.23 air pollutants, and socioeconomic costs, as required under subdivision 3, using both the low
49.24 and high ends of any cost range adopted by the commission.

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

49.26 Sec. 34. Minnesota Statutes 2018, section 216B.2422, subdivision 4, is amended to read:

49.27 Subd. 4. **Preference for ~~renewable energy facility~~ clean energy resources.** (a) In order
49.28 to achieve the greenhouse gas reduction goals under section 216H.02, and the carbon-free
49.29 standard under section 216B.1691, the commission shall not approve a new or refurbished
49.30 nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant
49.31 to under section 216B.243, or in any proceeding in which a utility seeks to construct an
49.32 electric generating facility or procure electricity or capacity, nor shall the commission

50.1 approve a power purchase agreement for power with a nonrenewable energy facility, or
 50.2 allow rate recovery pursuant to under section 216B.16 for such a nonrenewable energy
 50.3 facility, unless the utility has demonstrated by clear and convincing evidence that a renewable
 50.4 energy facility alone or in combination with other clean energy resources, is not in the public
 50.5 interest. When making the public interest determination, the commission must consider:

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

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

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

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

50.16 (b) In order to find that a renewable energy facility, alone or in combination with other
 50.17 clean energy resources, is not in the public interest, the commission must find, on the basis
 50.18 of clear and convincing evidence, that utilizing renewable or clean energy resources to meet
 50.19 the need for resources cannot be done affordably or reliably.

50.20 (c) To determine affordability, the commission shall consider utility and ratepayer effects
 50.21 resulting from:

50.22 (1) the intermittent nature of renewable energy facilities, including but not limited to
 50.23 the costs of purchasing wholesale electricity in the market and the costs of providing ancillary
 50.24 services;

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

50.27 (3) other environmental costs of a nonrenewable energy facility, as determined by the
 50.28 commission under subdivision 3.

50.29 (d) To determine reliability, the commission shall consider:

50.30 (1) effects on regional grid reliability; and

50.31 (2) the ability of the proposed energy resources or facilities to provide:

51.1 (i) essential reliability services, including frequency response, balancing services, and
51.2 voltage control; and

51.3 (ii) energy and capacity.

51.4 (e) When considering the costs of a nonrenewable energy facility under this section, the
51.5 commission must take into account only non-zero values for the environmental costs required
51.6 to be analyzed under subdivision 3, including both the low and high values of any cost range
51.7 adopted by the commission.

51.8 (f) The commission must make a written determination of its findings and conclusions
51.9 regarding affordability and reliability under this subdivision. The commission must also
51.10 make a written determination as to whether the energy resources approved by the commission
51.11 help the state achieve the greenhouse gas reduction goals under section 216H.02, and the
51.12 utility to achieve the renewable energy standard under section 216B.1691, or the solar
51.13 energy standard under section 216B.1691, subdivision 2f.

51.14 (g) If the commission approves a resource plan that includes the retirement of a
51.15 nonrenewable energy facility owned by a public utility, the public utility shall own at least
51.16 an amount of the accredited capacity of clean energy resources equal to the percentage of
51.17 the retiring nonrenewable energy facility that remains undepreciated multiplied by the
51.18 accredited capacity of the retiring facility, and shall own the transmission and other facilities
51.19 necessary to replace the accredited capacity of the retiring facility, provided:

51.20 (1) the utility demonstrates its ownership of replacement resources is in the public
51.21 interest, considering customer impacts and benefits; and

51.22 (2) the resource plan results in the utility meeting the standards described below:

51.23 (i) for an electric utility that owned a nuclear generating facility as of January 1, 2007,
51.24 at least 85 percent of its electric supply by the year 2030 and thereafter, and 100 percent of
51.25 its electric supply by the year 2045, from resources that do not contribute to statewide
51.26 greenhouse gas emissions, as defined in section 216H.01, subdivision 2; and

51.27 (ii) for an electric utility that did not own a nuclear generating facility as of January 1,
51.28 2007, at least 80 percent of its electric supply by the year 2030 and thereafter, and 100
51.29 percent of its electric supply by the year 2050, from resources that do not contribute to
51.30 statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

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

52.1 Sec. 35. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision
52.2 to read:

52.3 Subd. 4a. **Preference for local job creation.** As a part of its resource plan filing, a utility
52.4 must report on associated local job impacts and the steps the utility and its energy suppliers
52.5 and contractors are taking to maximize the availability of construction employment
52.6 opportunities for local workers. The commission must consider local job impacts and give
52.7 preference to proposals that maximize the creation of construction employment opportunities
52.8 for local workers, consistent with the public interest, when evaluating any utility proposal
52.9 that involves the selection or construction of facilities used to generate or deliver energy to
52.10 serve the utility's customers, including but not limited to a certificate of need, a power
52.11 purchase agreement, or commission approval of a new or refurbished electric generation
52.12 facility.

52.13 Sec. 36. Minnesota Statutes 2018, section 216B.2422, subdivision 5, is amended to read:

52.14 Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may
52.15 select resources to meet its projected energy demand through a bidding process approved
52.16 or established by the commission. A utility shall use the environmental cost estimates
52.17 determined under subdivision 3 and consider local job impacts in evaluating bids submitted
52.18 in a process established under this subdivision.

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

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

52.27 Sec. 37. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision
52.28 to read:

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

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

53.1 (2) evaluating ancillary services.

53.2 (b) The assessment must employ appropriate modeling methods to enable the analysis
53.3 required in paragraph (a).

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

53.5 Sec. 38. [216B.2427] ELECTRIC UTILITIES; ANCILLARY SERVICES COST
53.6 REPORT.

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

53.9 (b) "Ancillary services" means services that help maintain the reliability of the electrical
53.10 grid by maintaining the proper flow and direction of electricity, addressing temporary
53.11 imbalances of supply and demand, and helping the electrical grid to recover after a power
53.12 failure. "Ancillary services" include but are not limited to spinning reserves, nonspinning
53.13 reserves, voltage regulation, load following, and black start capability.

53.14 (c) "Black start capability" means the provision of the initial energy needed to start up
53.15 and begin operation of an electricity generator.

53.16 (d) "Load following" means the matching, within five minutes or less, of electricity
53.17 supply to demand as demand fluctuates.

53.18 (e) "Nonspinning reserves" means electric generation capacity that is not connected to
53.19 the electric grid, but is capable of:

53.20 (1) being connected, ramped to capacity, and synchronized to the electric grid within
53.21 ten minutes; and

53.22 (2) maintaining a specified output level for at least two hours.

53.23 (f) "Spinning reserves" means reserve electric generation capacity that is connected and
53.24 synchronized to the electric grid and can meet electric demand within ten minutes.

53.25 (g) "Voltage regulation" means the maintenance of voltage levels on the electric grid.

53.26 Subd. 2. **Report.** By October 1, 2019, and each April 1 thereafter, each electric utility
53.27 must report to the commission, on a form developed by the commission, the total cost to
53.28 purchase or self-provide ancillary services throughout the previous calendar year. For each
53.29 type of ancillary service, the utility must report:

53.30 (1) the entity providing the ancillary service;

53.31 (2) the amount, duration, and frequency of the ancillary service provided; and

54.1 (3) the cost of purchasing or providing the ancillary service.

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

54.3 Sec. 39. Minnesota Statutes 2018, section 216B.243, subdivision 3, is amended to read:

54.4 Subd. 3. **Showing required for construction.** (a) No proposed large energy facility
54.5 shall be certified for construction unless the applicant can show that demand for electricity
54.6 cannot be met more cost effectively through energy conservation, energy storage, and
54.7 load-management measures and unless the applicant has otherwise justified its need. In
54.8 assessing need, the commission shall evaluate:

54.9 (1) the accuracy of the long-range energy demand forecasts on which the necessity for
54.10 the facility is based;

54.11 (2) the effect of existing or possible energy conservation programs under sections 216C.05
54.12 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

54.13 (3) the relationship of the proposed facility to overall state energy needs, as described
54.14 in the most recent state energy policy and conservation report prepared under section
54.15 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed
54.16 line to regional energy needs, as presented in the transmission plan submitted under section
54.17 216B.2425;

54.18 (4) promotional activities that may have given rise to the demand for this facility;

54.19 (5) benefits of this facility, including its uses to protect or enhance environmental quality,
54.20 and to increase reliability of energy supply in Minnesota and the region;

54.21 (6) possible alternatives for satisfying the energy demand or transmission needs including
54.22 but not limited to potential for increased efficiency and upgrading of existing energy
54.23 generation and transmission facilities, energy storage systems, load-management programs,
54.24 and distributed generation;

54.25 (7) the policies, rules, and regulations of other state and federal agencies and local
54.26 governments;

54.27 (8) any feasible combination of energy conservation improvements, required under
54.28 section 216B.241, or energy storage systems that can (i) replace part or all of the energy to
54.29 be provided by the proposed facility, and (ii) compete with it economically;

54.30 (9) with respect to a high-voltage transmission line, the benefits of enhanced regional
54.31 reliability, access, or deliverability to the extent these factors improve the robustness of the
54.32 transmission system or lower costs for electric consumers in Minnesota;

55.1 (10) whether the applicant or applicants are in compliance with applicable provisions
 55.2 of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date
 55.3 certain an application for certificate of need under this section or for certification as a priority
 55.4 electric transmission project under section 216B.2425 for any transmission facilities or
 55.5 upgrades identified under section 216B.2425, subdivision 7;

55.6 (11) whether the applicant has made the demonstrations required under subdivision 3a;
 55.7 and

55.8 (12) if the applicant is proposing a nonrenewable generating plant, the applicant's
 55.9 assessment of the risk of environmental costs and regulation on that proposed facility over
 55.10 the expected useful life of the plant, including a proposed means of allocating costs associated
 55.11 with that risk.

55.12 (b) "Energy storage system" means a commercially available technology that uses
 55.13 mechanical, chemical, or thermal processes to:

55.14 (1) store energy and deliver the stored energy for use at a later time; or

55.15 (2) store thermal energy for direct use for heating or cooling at a later time in a manner
 55.16 that reduces the demand for electricity at the later time.

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

55.18 Sec. 40. Minnesota Statutes 2018, section 216B.243, subdivision 3a, is amended to read:

55.19 Subd. 3a. **Use of ~~renewable~~ nonrenewable resource.** The commission may not issue
 55.20 a certificate of need under this section for a large energy facility that generates electric
 55.21 power by means of a nonrenewable energy source, or that transmits electric power generated
 55.22 by means of a nonrenewable energy source, unless the applicant for the certificate has
 55.23 demonstrated by clear and convincing evidence to the commission's satisfaction under
 55.24 section 216B.2422, subdivision 4, that it has ~~explored the possibility of~~ conducted the
 55.25 analysis required under section 216B.2422, subdivision 3b, regarding generating power by
 55.26 means of ~~renewable~~ clean energy sources ~~resources,~~ as defined in section 216B.2422,
 55.27 subdivision 1, and ~~has demonstrated that the alternative selected is less expensive (including~~
 55.28 ~~environmental costs) than power generated by a renewable energy source~~ nonrenewable
 55.29 energy source is in the public interest. ~~For purposes of this subdivision, "renewable energy~~
 55.30 ~~source" includes hydro, wind, solar, and geothermal energy and the use of trees or other~~
 55.31 ~~vegetation as fuel.~~

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

56.1 Sec. 41. **[216B.247] BENEFICIAL ELECTRIFICATION.**

56.2 (a) It is the goal of the state to promote energy end uses powered by electricity that result
56.3 in a net reduction in greenhouse gas emissions and improvements to public health, consistent
56.4 with the goal established under section 216H.02, subdivision 1.

56.5 (b) To the maximum reasonable extent, the implementation of beneficial electrification
56.6 should prioritize investment and activity in low-income and underresourced communities,
56.7 maintain or improve the quality of electricity service, maximize customer savings, improve
56.8 the integration of renewable and carbon-free resources, and prioritize job creation.

56.9 Sec. 42. **[216B.248] PUBLIC UTILITY BENEFICIAL ELECTRIFICATION.**

56.10 (a) A public utility may submit to the commission a plan to promote energy end uses
56.11 powered by electricity within its service area. To the maximum reasonable extent, the plans
56.12 must:

56.13 (1) maximize consumer savings over the lifetime of the investment;

56.14 (2) maintain or enhance the reliability of electricity service;

56.15 (3) quantify the acres of land that will be needed for new generation, transmission, and
56.16 distribution facilities to provide the additional electricity required under the plan;

56.17 (4) maintain or enhance public health and safety when temperatures fall below minus
56.18 25 degrees Fahrenheit;

56.19 (5) support the integration of renewable and carbon-free resources;

56.20 (6) encourage load shape management and energy storage that reduce overall system
56.21 costs;

56.22 (7) prioritize electrification projects in economically disadvantaged communities; and

56.23 (8) produce a net reduction in greenhouse gas emissions, based on the electricity
56.24 generation portfolio of the public utility proposing the plan either over the lifetime of the
56.25 conversion or by 2050, whichever is sooner.

56.26 (b) the commission must approve, reject, or modify the plan of a public utility, consistent
56.27 with the public interest. Plans approved by the commission under this subdivision are eligible
56.28 for cost recovery consistent with section 216B.1645.

57.1 Sec. 43. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

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

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

57.6 (c) "Energy storage system" means a commercially available technology capable of:

57.7 (1) absorbing and storing electrical energy; and

57.8 (2) dispatching stored electrical energy at a later time.

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

57.10 (e) "School" means a school that operates as part of an independent or special school
57.11 district.

57.12 (f) "School district" means an independent or special school district.

57.13 (g) "Solar energy system" means photovoltaic or solar thermal devices installed alone
57.14 or in combination with an energy storage system.

57.15 Subd. 2. Establishment; purpose. A solar for schools program is established in the
57.16 Department of Commerce. The purpose of the program is to provide grants to stimulate the
57.17 installation of solar energy systems on or adjacent to school buildings by reducing their
57.18 cost, and to enable schools to use the solar energy system as a teaching tool that can be
57.19 integrated into the school's curriculum.

57.20 Subd. 3. Establishment of account. (a) A solar for schools program account is
57.21 established in the special revenue fund. Money received from the general fund must be
57.22 transferred to the commissioner of commerce and credited to the account. Money deposited
57.23 in the account remains in the account until expended, and does not cancel to the general
57.24 fund.

57.25 (b) When a grant is awarded under this section, the commissioner shall reserve the grant
57.26 amount in the account.

57.27 Subd. 4. Expenditures. (a) Money in the account may be used only:

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

57.29 (2) to pay the reasonable costs incurred by the department to administer this section.

58.1 (b) Grant awards made with funds in the account are to be used only for grants for solar
58.2 energy systems installed on or adjacent to school buildings receiving retail electric service
58.3 from a utility that is not subject to section 116C.779, subdivision 1.

58.4 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section
58.5 only if the solar energy system that is the subject of the grant:

58.6 (1) is installed on or adjacent to the school building that will consume the electricity
58.7 generated by the solar energy system, on property within the service territory of the utility
58.8 currently providing electric service to the school building; and

58.9 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
58.10 estimated annual electricity consumption of the school building at which the solar energy
58.11 system is proposed to be installed.

58.12 (b) A school district that receives a rebate or other financial incentive under section
58.13 216B.241 for a solar energy system and that demonstrates considerable need for financial
58.14 assistance, as determined by the commissioner, is eligible for a grant under this section for
58.15 the same solar energy system.

58.16 Subd. 6. **Application process.** (a) The commissioner shall issue a request for proposals
58.17 to utilities, schools, and developers who may wish to apply for a grant under this section
58.18 on behalf of a school.

58.19 (b) A utility or developer must submit an application to the commissioner on behalf of
58.20 a school on a form prescribed by the commissioner. The form must include, at a minimum,
58.21 the following information:

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

58.24 (2) the current energy demand of the school building on which the solar energy generating
58.25 system is to be installed, and information regarding any distributed energy resource, including
58.26 subscription to a community solar garden, that currently provides electricity to the school
58.27 building;

58.28 (3) the size of any energy storage system that is proposed to be installed as part of a
58.29 solar energy system;

58.30 (4) a description of any solar thermal devices proposed as part of the solar energy system;

58.31 (5) the total cost of purchasing and installing the solar energy system, and its life-cycle
58.32 cost, including removal and disposal of system at the end of its life;

59.1 (6) a copy of the proposed contract agreement between the school and the public utility
59.2 or developer that includes provisions addressing responsibility for maintenance of the solar
59.3 energy system;

59.4 (7) the school's plan to make the solar energy system serve as a visible learning tool for
59.5 students, teachers, and visitors to the school, including how the solar energy system may
59.6 be integrated into the school's curriculum;

59.7 (8) information that demonstrates the level of need of the school district for financial
59.8 assistance available under this section; (9) information that demonstrates the readiness of
59.9 the school to implement the project, including, but not limited to, the availability of the site
59.10 on which the solar energy system is to be installed, and the level of the school's engagement
59.11 with the utility providing electric service to the school building on which the solar energy
59.12 system is to be installed on issues relevant to the implementation of the project, including
59.13 metering and other issues;

59.14 (9) with respect to the installation and operation of the solar energy system, the
59.15 willingness and ability of the developer or the public utility to:

59.16 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
59.17 subdivision 6; and

59.18 (ii) adhere to the provisions of section 177.43;

59.19 (10) how the developer or public utility plans to reduce the school's initial capital expense
59.20 for the purchase and installation of the solar energy system, and to provide financial benefits
59.21 to the school from the utilization of federal and state tax credits, utility incentives, and other
59.22 financial incentives; and

59.23 (11) any other information deemed relevant by the commissioner.

59.24 (c) The commissioner shall administer an open application process under this section at
59.25 least twice annually.

59.26 (d) The commissioner shall develop administrative procedures governing the application
59.27 and grant award process.

59.28 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
59.29 a grant under this section shall provide the commissioner information regarding energy
59.30 conservation measures implemented at the school building at which the solar energy system
59.31 is to be installed. The commissioner may make recommendations to the school regarding
59.32 cost-effective conservation measures it can implement and may provide technical assistance
59.33 and direct the school to available financial assistance programs.

60.1 Subd. 8. **Technical assistance.** The commissioner shall provide technical assistance to
60.2 schools to develop and execute projects under this section.

60.3 Subd. 9. **Grant payments.** The commissioner shall award a grant from the account
60.4 established under subdivision 3 to a school for the necessary costs associated with the
60.5 purchase and installation of a solar energy system. The amount of the grant shall be based
60.6 on the commissioner's assessment of the school's need for financial assistance.

60.7 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to
60.8 schools under this section may be awarded to schools where the proportion of students
60.9 eligible for free and reduced-price lunch under the National School Lunch Program is less
60.10 than 50 percent.

60.11 (b) No more than ten percent of the total amount of grants awarded under this section
60.12 may be awarded to schools that are part of the same school district.

60.13 Subd. 11. **Application deadline.** No application may be submitted under this section
60.14 after December 31, 2023.

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

60.16 Sec. 44. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**
60.17 **SERVICE TERRITORY.**

60.18 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 shall
60.19 operate a program to develop, and to supplement with additional funding, financial
60.20 arrangements that allow schools to benefit from state and federal tax and other financial
60.21 incentives that schools are ineligible to receive directly in order to enable schools to install
60.22 and operate solar energy systems that can be used as teaching tools and integrated into the
60.23 school curriculum.

60.24 Subd. 2. **Required plan.** (a) By October 1, 2019, the public utility must file a plan for
60.25 the solar for schools program with the commissioner. The plan must contain but is not
60.26 limited to the following elements:

60.27 (1) a description of how entities that are eligible to take advantage of state and federal
60.28 tax and other financial incentives that reduce the cost of purchasing, installing, and operating
60.29 a solar energy system that schools are ineligible to take advantage of directly, can share a
60.30 portion of those financial benefits with schools at which a solar energy system will be
60.31 installed;

61.1 (2) a description of how the public utility will utilize funds appropriated to the program
61.2 under this section to provide additional financial assistance to schools at which a solar
61.3 energy system will be installed;

61.4 (3) certification that the financial assistance provided under this section to a school by
61.5 the public utility must include the full value of the renewable energy certificates associated
61.6 with the generation of electricity by the solar energy system receiving financial assistance
61.7 under this section over the lifetime of the solar energy system;

61.8 (4) an estimate of the amount of financial assistance that the public utility will provide
61.9 to a school under clauses (1) to (3) on a per kilowatt-hour produced basis, and the length
61.10 of time financial assistance will be provided;

61.11 (5) certification that the transaction between the public utility and the school for electricity
61.12 is the buy-all/sell-all method by which the public utility will charge the school for all
61.13 electricity the school consumes at the applicable retail rate schedule for sales to the school
61.14 based on the school's customer class, and shall credit or pay the school at the rate established
61.15 in subdivision 5;

61.16 (6) administrative procedures governing the application and financial benefit award
61.17 process, and the costs the public utility and the department are projected to incur to administer
61.18 the program;

61.19 (7) the public utility's proposed process for periodic reevaluation and modification of
61.20 the program; and

61.21 (8) any additional information required by the commissioner.

61.22 (b) The public utility may not implement the program until the commissioner approves
61.23 the public utility's plan submitted under this subdivision. The commissioner shall approve
61.24 a plan under this subdivision that the commissioner determines to be in the public interest
61.25 no later than December 31, 2019. Any proposed modifications to the plan approved under
61.26 this subdivision must be approved by the commissioner.

61.27 Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits
61.28 under this section if it meets all of the following conditions:

61.29 (1) the solar energy system must be located on or adjacent to a school building receiving
61.30 retail electric service from the public utility and completely located within the public utility's
61.31 electric service territory, provided that any land situated between the school building and
61.32 the site where the solar energy system is installed is owned by the school district in which
61.33 the school building operates;

62.1 (2) any energy storage system that is part of a solar energy system may only store energy
62.2 generated by an existing solar energy system serving the school or the solar energy system
62.3 receiving financial assistance under this section; and

62.4 (3) the total aggregate nameplate capacity of all distributed generation serving the school
62.5 building, including any subscriptions to a community solar garden under section 216B.1641,
62.6 may not exceed the lesser of one megawatt (alternating current) or 120 percent of the average
62.7 annual electric energy consumption of the school building.

62.8 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section
62.9 must submit an application to the public utility, including a plan for how the school will
62.10 use the solar energy system as a visible learning tool for students, teachers, and visitors to
62.11 the school, and how the solar energy system may be integrated into the school's curriculum.

62.12 (b) The public utility shall award financial assistance under this section on a first-come,
62.13 first-served basis.

62.14 (c) The public utility shall discontinue accepting applications under this section after all
62.15 funds appropriated under subdivision 5 are allocated to program participants, including
62.16 funds from canceled projects.

62.17 Subd. 5. **Benefits information.** Before signing an agreement with the public utility to
62.18 receive financial assistance under this section, a school must obtain from the developer and
62.19 provide to the public utility information the developer shared with potential investors in the
62.20 project regarding future financial benefits to be realized from installation of a solar energy
62.21 system at the school, and potential financial risks.

62.22 Subd. 6. **Purchase rate; cost recovery; renewable energy credits.** (a) The public utility
62.23 shall purchase all of the electricity generated by a solar energy system receiving financial
62.24 assistance under this section at a rate of \$.105 per kilowatt-hour generated.

62.25 (b) Payments by the public utility of the rate established under this subdivision to a
62.26 school receiving financial assistance under this section are fully recoverable by the public
62.27 utility through the public utility's fuel clause adjustment.

62.28 (c) The renewable energy credits associated with the electricity generated by a solar
62.29 energy system installed under this section are the property of the public utility that is subject
62.30 to this section.

62.31 Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided
62.32 by the public utility to schools under this section may be provided to schools where the

63.1 proportion of students eligible for free and reduced-price lunch under the National School
63.2 Lunch Program is less than 50 percent.

63.3 (b) No more than ten percent of the total amount of financial assistance provided by the
63.4 public utility to schools under this section may be provided to schools that are part of the
63.5 same school district.

63.6 Subd. 8. **Technical assistance.** The commissioner shall provide technical assistance to
63.7 schools to develop and execute projects under this section.

63.8 Subd. 9. **Application deadline.** No application may be submitted under this section
63.9 after December 31, 2023.

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

63.11 Sec. 45. **[216C.401] ELECTRIC VEHICLE REBATES.**

63.12 Subdivision 1. **Definition.** (a) For the purposes of this section, the following terms have
63.13 the meanings given.

63.14 (b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a,
63.15 paragraphs (a) and (b), clause (3).

63.16 (c) "New eligible electric vehicle" means an eligible electric vehicle that has not been
63.17 registered in any state.

63.18 (d) "Used eligible electric vehicle" means an eligible electric vehicle that has previously
63.19 been registered in a state.

63.20 Subd. 2. **Eligibility.** The purchaser of an electric vehicle is eligible for a rebate, subject
63.21 to the amounts and limits in subdivisions 3 and 4, if:

63.22 (1) the electric vehicle:

63.23 (i) has not been modified from the original manufacturer's specifications; and

63.24 (ii) is purchased after the effective date of this act for use by the purchaser and not for
63.25 resale;

63.26 (2) the purchaser:

63.27 (i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
63.28 when the electric vehicle is purchased;

63.29 (ii) is a business that has a valid address in Minnesota from which business is conducted;

63.30 (iii) is a nonprofit corporation incorporated under chapter 317A; or

64.1 (iv) is a political subdivision of the state; and

64.2 (3) the purchaser:

64.3 (i) has not received a rebate or tax credit for the purchase of an electric vehicle from

64.4 Minnesota; and

64.5 (ii) registers the electric vehicle in Minnesota.

64.6 Subd. 3. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an

64.7 eligible purchaser for the purchase of a new eligible electric vehicle.

64.8 (b) A \$500 rebate may be issued under this section to an eligible purchaser for the

64.9 purchase of a used eligible electric vehicle, provided the electric vehicle has not previously

64.10 been registered in Minnesota.

64.11 Subd. 4. **Limits.** (a) The number of rebates allowed under this section are limited to:

64.12 (1) no more than one rebate per resident per household; and

64.13 (2) no more than one rebate per business entity per year.

64.14 (b) A rebate must not be issued under this section for an electric vehicle with a

64.15 manufacturer's suggested retail price that exceeds \$60,000.

64.16 Subd. 5. **Program administration.** (a) Rebate applications under this section must be

64.17 filed with the commissioner on a form developed by the commissioner.

64.18 (b) The commissioner must develop administrative procedures governing the application

64.19 and rebate award process. Applications must be reviewed and rebates awarded by the

64.20 commissioner on a first-come, first-served basis.

64.21 (c) The commissioner may reduce the rebate amounts provided under subdivision 3 or

64.22 restrict program eligibility based on fund availability or other factors.

64.23 Subd. 6. **Expiration.** This section expires June 30, 2024.

64.24 Sec. 46. **[216C.402] ELECTRIC VEHICLE PUBLIC CHARGING GRANT**

64.25 **PROGRAM.**

64.26 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have

64.27 the meanings given.

64.28 (b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

64.29 (c) "Electric vehicle charging station" means infrastructure that recharges an electric

64.30 vehicle's batteries by connecting the electric vehicle to:

65.1 (1) a level two charger that provides a 208- or 240-volt alternating current power source;
 65.2 or

65.3 (2) a DC fast charger that has an electric output of 20 kilowatts or greater.

65.4 (d) "Park-and-ride facility" has the meaning given in section 174.256, subdivision 2,
 65.5 paragraph (b).

65.6 (e) "Public electric vehicle charging station" means an electric charging station located
 65.7 at a publicly available parking space.

65.8 Subd. 2. **Program.** (a) The commissioner must award grants to help fund the installation
 65.9 of a network of public electric vehicle charging stations in Minnesota including locations
 65.10 in state and regional parks and park-and-ride facilities. The commissioner must issue a
 65.11 request for proposals to entities that have experience installing, owning, operating, and
 65.12 maintaining electric vehicle charging stations. The request for proposal must establish
 65.13 technical specifications that electric vehicle charging stations are required to meet.

65.14 (b) The commissioner shall consult with the commissioner of natural resources to develop
 65.15 optimal locations for electric vehicle charging stations in state and regional parks, and with
 65.16 the commissioner of transportation to develop optimal locations for electric vehicle charging
 65.17 stations at park-and-ride facilities.

65.18 Subd. 3. **Electricity supplier.** Electricity dispensed from an electric vehicle charging
 65.19 station funded under this act must be purchased from the public utility subject to section
 65.20 116C.779, subdivision 1.

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

65.22 Sec. 47. Minnesota Statutes 2018, section 216C.435, subdivision 3a, is amended to read:

65.23 Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements"
 65.24 mean:

65.25 (1) any new construction, renovation₂ or retrofitting of:

65.26 ~~(i)~~ qualifying commercial real property to improve energy efficiency that is permanently
 65.27 affixed to the property, results in a net reduction in energy consumption without altering
 65.28 the principal source of energy, and has been identified in an energy audit as repaying the
 65.29 purchase and installation costs in 20 years or less, based on the amount of future energy
 65.30 saved and estimated future energy prices; ~~or~~

65.31 ~~(ii)~~ (2) any renovation or retrofitting of qualifying residential real property that is
 65.32 permanently affixed to the property and is eligible to receive an incentive through a program

66.1 offered by the electric or natural gas utility that provides service under section 216B.241
66.2 to the property or is otherwise determined to be a cost-effective energy improvement by
66.3 the commissioner under section 216B.241, subdivision 1d, paragraph (a);

66.4 ~~(2)~~(3) permanent installation of new or upgraded electrical circuits and related equipment
66.5 to enable electrical vehicle charging; or

66.6 ~~(3)~~(4) a solar voltaic or solar thermal energy system attached to, installed within, or
66.7 proximate to a building that generates electrical or thermal energy from a renewable energy
66.8 source that has been identified in an energy audit or renewable energy system feasibility
66.9 study as repaying their purchase and installation costs in 20 years or less, based on the
66.10 amount of future energy saved and estimated future energy prices.

66.11 Sec. 48. Minnesota Statutes 2018, section 216C.435, subdivision 8, is amended to read:

66.12 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
66.13 means a multifamily residential dwelling, or a commercial or industrial building, that the
66.14 implementing entity has determined, after review of an energy audit or renewable energy
66.15 system feasibility study, can be benefited by installation of cost-effective energy
66.16 improvements. Qualifying commercial real property includes new construction.

66.17 Sec. 49. Minnesota Statutes 2018, section 216C.436, subdivision 4, is amended to read:

66.18 Subd. 4. **Financing terms.** Financing provided under this section must have:

66.19 (1) a cost-weighted average maturity not exceeding the useful life of the energy
66.20 improvements installed, as determined by the implementing entity, but in no event may a
66.21 term exceed 20 years;

66.22 (2) a principal amount not to exceed the lesser of:

66.23 (i) the greater of 20 percent of the assessed value of the real property on which the
66.24 improvements are to be installed or 20 percent of the real property's appraised value, accepted
66.25 or approved by the mortgage lender; or

66.26 (ii) the actual cost of installing the energy improvements, including the costs of necessary
66.27 equipment, materials, and labor, the costs of each related energy audit or renewable energy
66.28 system feasibility study, and the cost of verification of installation; and

66.29 (3) an interest rate sufficient to pay the financing costs of the program, including the
66.30 issuance of bonds and any financing delinquencies.

67.1 Sec. 50. Minnesota Statutes 2018, section 216C.436, is amended by adding a subdivision
67.2 to read:

67.3 Subd. 10. **Improvements; real property or fixture.** A cost-effective energy improvement
67.4 financed under a PACE loan program, including all equipment purchased in whole or in
67.5 part with loan proceeds under a loan program, is deemed real property or a fixture attached
67.6 to the real property.

67.7 Sec. 51. Minnesota Statutes 2018, section 216F.04, is amended to read:

67.8 **216F.04 SITE PERMIT.**

67.9 (a) No person may construct an LWECS without a site permit issued by the Public
67.10 Utilities Commission.

67.11 (b) Any person seeking to construct an LWECS shall submit an application to the
67.12 commission for a site permit in accordance with this chapter and any rules adopted by the
67.13 commission. The permitted site need not be contiguous land.

67.14 (c) The commission shall make a final decision on an application for a site permit for
67.15 an LWECS within 180 days after acceptance of a complete application by the commission.
67.16 The commission may extend this deadline for cause.

67.17 (d) The commission may place conditions in a permit and may deny, modify, suspend,
67.18 or revoke a permit.

67.19 (e) The commission may require, as a condition of permit issuance, that the recipient of
67.20 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and
67.21 all of the permit recipient's construction contractors and subcontractors on the project pay
67.22 the prevailing wage rate, as defined in section 177.42. The commission may also require,
67.23 as a condition of modifying a site permit for an LWECS repowering project as defined in
67.24 section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all
67.25 of the recipient's construction contractors and subcontractors on the repowering project pay
67.26 the prevailing wage rate as defined in section 177.42.

67.27 Sec. 52. Minnesota Statutes 2018, section 216F.08, is amended to read:

67.28 **216F.08 PERMIT AUTHORITY; ASSUMPTION BY COUNTIES.**

67.29 (a) A county board may, by resolution and upon written notice to the Public Utilities
67.30 Commission, assume responsibility for processing applications for permits required under
67.31 this chapter for LWECS with a combined nameplate capacity of less than 25,000 kilowatts.
67.32 The responsibility for permit application processing, if assumed by a county, may be

68.1 delegated by the county board to an appropriate county officer or employee. Processing by
68.2 a county shall be done in accordance with procedures and processes established under
68.3 chapter 394.

68.4 (b) A county board that exercises its option under paragraph (a) may issue, deny, modify,
68.5 impose conditions upon, or revoke permits pursuant to this section. The action of the county
68.6 board about a permit application is final, subject to appeal as provided in section 394.27.

68.7 (c) The commission shall, by order, establish general permit standards, including
68.8 appropriate property line set-backs, governing site permits for LWECS under this section.
68.9 The order must consider existing and historic commission standards for wind permits issued
68.10 by the commission. The general permit standards shall apply to permits issued by counties
68.11 and to permits issued by the commission for LWECS with a combined nameplate capacity
68.12 of less than 25,000 kilowatts. The commission or a county may grant a variance from a
68.13 general permit standard if the variance is found to be in the public interest, provided all
68.14 LWECS site permits issued by the commission or a county and all modifications of site
68.15 permits issued by the commission or a county for repowering projects comply with the
68.16 prevailing wage rate requirements under section 216F.04, paragraph (e).

68.17 (d) The commission and the commissioner of commerce shall provide technical assistance
68.18 to a county with respect to the processing of LWECS site permit applications.

68.19 Sec. 53. Minnesota Statutes 2018, section 326B.106, is amended by adding a subdivision
68.20 to read:

68.21 Subd. 16. **Voluntary adoption of stretch code.** The Construction Codes Advisory
68.22 Council shall establish a voluntary code of standards for the construction, reconstruction,
68.23 and alteration of public and private commercial and multifamily residential buildings, as
68.24 an appendix of the State Building Code. This voluntary code of standards must conform to
68.25 Sustainable Building 2030 standards, as defined in section 216B.241, subdivision 9, which
68.26 applies additional performance requirements without altering any underlying codes or safety
68.27 standards. The code sections contained in this appendix may be adopted by a local jurisdiction
68.28 at its election and become an official addendum to the baseline energy code in the
68.29 jurisdictions adopting them. In adopting the code sections contained in this appendix, the
68.30 local jurisdiction may not amend them, but may specify a minimum size for the buildings
68.31 this stretch code will apply to. This minimum size must be no less than 10,000 square feet.

69.1 Sec. 54. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

69.2 After the effective date of this act and until the appropriation made in section 2 is
69.3 exhausted, any bus purchased by the Metropolitan Council for Metro Transit bus service
69.4 must operate solely on electricity provided by rechargeable on-board batteries. The
69.5 appropriation in section 2 must be used to pay the incremental cost of buses that operate
69.6 solely on electricity provided by rechargeable on-board batteries over diesel-operated buses
69.7 that are otherwise comparable in size, features, and performance.

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

69.9 Sec. 55. **RESIDENTIAL ENERGY CONSERVATION FINANCIAL INCENTIVE.**

69.10 (a) In addition to any financial incentive approved under Minnesota Statutes, section
69.11 216B.16, subdivision 6c, the Public Utilities Commission must approve a financial incentive
69.12 designed to encourage a public utility to continue investing in cost-effective conservation
69.13 measures that result in energy savings to residential customers after the public utility has
69.14 achieved annual energy savings for all customers equivalent to 1.75 percent of gross retail
69.15 electric energy sales or 1.2 percent of gross annual retail natural gas sales. A public utility
69.16 is eligible to receive the new incentive developed under this section if the amount of energy
69.17 savings by residential customers contributing to the 1.75 or 1.2 percent level, as applicable,
69.18 equals or exceeds the average amount residential customers saved over the most recent
69.19 three-year period, not counting any savings resulting from the new incentive developed
69.20 under this section. When reviewing and approving the incentive, the Public Utilities
69.21 Commission must ensure the effective involvement of interested parties and must apply the
69.22 criteria established in Minnesota Statutes, section 216B.16, subdivision 6c, paragraph (b).

69.23 (b) By November 1, 2019, the commissioner of commerce must develop and submit to
69.24 the Public Utilities Commission for approval a financial incentive that meets the requirements
69.25 under paragraph (a). The Public Utilities Commission may modify the financial incentive
69.26 submitted under this paragraph.

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

69.28 Sec. 56. **ELECTRIC SCHOOL BUS DEMONSTRATION GRANT.**

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

70.1 (b) "Electric school bus" means a school bus powered solely by an electric motor drawing
70.2 current from rechargeable storage batteries, fuel cells, or other portable sources of electric
70.3 current.

70.4 (c) "Electric vehicle charging station" means infrastructure that recharges an electric
70.5 vehicle's batteries by connecting the electric vehicle to:

70.6 (1) a level 2 charger that provides a 240-volt alternating current power source; or

70.7 (2) a DC fast charger that has an electric output of 20 kilowatts or greater.

70.8 (d) "Private school bus contractor" means a person who contracts with a school district
70.9 to transport school district students to and from school and school activities on school buses
70.10 owned and operated by the person.

70.11 (e) "School bus" has the meaning given in Minnesota Statutes, section 169.011,
70.12 subdivision 71, but does not include a Type III vehicle, as defined in paragraph (h) of that
70.13 subdivision.

70.14 (f) School district" means an independent or special school district.

70.15 Subd. 2. **Purpose.** The commissioner of education shall award a grant to a school district
70.16 for the purchase of an electric school bus as a demonstration project to enable the school
70.17 district, the electric utility serving the school district, and, if applicable, the private school
70.18 bus contractor providing transportation services to the school district to gain experience
70.19 operating an electric school bus and to assess its performance.

70.20 Subd. 3. **Eligibility.** A school district located within the electric retail service area of
70.21 the public utility subject to section 116C.779, subdivision 1, that owns and operates school
70.22 buses or contracts with a private school bus contractor is eligible to apply for a grant under
70.23 this section.

70.24 Subd. 4. **Application process.** An eligible applicant must submit an application to the
70.25 commissioner of education on a form designed by the commissioner of education. The
70.26 commissioner of education shall develop administrative procedures governing the application
70.27 and grant award process.

70.28 Subd. 5. **Application content.** An application for a grant under this section must include:

70.29 (1) the name of the school district or districts in which the electric school bus will operate;

70.30 (2) a description of the route, timing of operation, number of students to be transported,
70.31 and other factors affecting the performance characteristics that an electric school bus
70.32 performance will be required to meet;

71.1 (3) certification from the electric utility serving the school district, and, if applicable,
 71.2 the private school bus contractor providing transportation services to the school district,
 71.3 that they fully support and will be full partners in implementing the demonstration project,
 71.4 including a list of tasks they commit to conduct, and any voluntary financial contributions
 71.5 they will make to the project;

71.6 (4) certification from the electric utility serving the school district that it will pay the
 71.7 costs to purchase and install an electric vehicle charging station in a convenient location to
 71.8 recharge the batteries of the electric school bus;

71.9 (5) evidence that the electric school bus will have access to an electric vehicle charging
 71.10 station at a convenient location;

71.11 (6) if the school district contracts with a private school bus contractor:

71.12 (i) a copy of a signed agreement between the school district and the private school bus
 71.13 contractor that protects the state's interest in the electric school bus purchased with the grant
 71.14 in the case of the termination of the private school bus contractor's contract with the school
 71.15 district or other contingencies; and

71.16 (ii) written certification that any revenues paid to the private school bus contractor by
 71.17 the utility providing retail electric service to the private school bus contractor that result
 71.18 from the purchase of or access to the electricity stored in the batteries of the electric school
 71.19 bus purchased with a grant under this section will be forwarded to the school district; and

71.20 (6) any additional information required by the commissioner of education.

71.21 **Subd. 6. Eligible expenditures.** Grant funds awarded under this section may be expended
 71.22 on:

71.23 (1) the purchase of an electric school bus;

71.24 (2) the cost of electricity to charge the batteries of the electric school bus; and

71.25 (3) repair and maintenance costs for the electric school bus.

71.26 **Subd. 7. Reports.** On or before the first anniversary of the initial operation of a school
 71.27 bus funded by a grant under this section, and on or before the same date in each of the
 71.28 following two years, the school district awarded the grant, in collaboration with the electric
 71.29 utility serving the school district, and, if applicable, the private school bus contractor
 71.30 providing transportation services to the school district, shall submit a report describing the
 71.31 performance of the electric school bus to the chairs and ranking minority members of the
 71.32 senate and house of representatives committees with primary jurisdiction over energy policy,

- 72.1 transportation policy, and education policy, and to the commissioner of education. At a
72.2 minimum, the report must contain the following information on the performance of the
72.3 electric school bus:
- 72.4 (1) the number of miles traveled per day and per year;
72.5 (2) the cost of recharging, and any steps taken to minimize those costs by charging at
72.6 off-peak times;
- 72.7 (3) operating costs per mile;
72.8 (4) miles driven per kWh;
72.9 (5) the number of days the electric school bus was out of service for repairs;
72.10 (6) discussion of the qualitative aspects of performance, including the impact of extreme
72.11 cold on bus performance; and
- 72.12 (7) any other information deemed relevant by the school district.

72.13 **Sec. 57. GREENHOUSE GAS EMISSIONS REDUCTION STRATEGY; REPORT.**

- 72.14 (a) The commissioner of commerce shall develop benchmarks and strategies designed
72.15 to significantly accelerate the reduction in greenhouse gas emissions in the state by 2030,
72.16 including strategies to:
- 72.17 (1) increase energy efficiency in all buildings, including residential;
72.18 (2) provide consumers with tools they can use to manage their own energy use
72.19 automatically, remotely, and electronically;
- 72.20 (3) present consumers with financial incentives to shift their energy use to periods when
72.21 systemwide demand and the cost of generation are low;
- 72.22 (4) work toward electrifying all sectors of the economy currently powered by fossil
72.23 fuels;
- 72.24 (5) increase carbon sequestration in Minnesota lands and wetlands;
72.25 (6) incentivize the adoption of energy storage systems to accelerate the use of wind and
72.26 solar resources; and
- 72.27 (7) modernize the electric grid and promote the use of distributed energy resources.
- 72.28 (b) By November 30, 2019, the commissioner shall submit a report containing the
72.29 benchmarks and strategies to the chairs and ranking minority members of the senate and
72.30 house committees with primary jurisdiction over energy policy.

73.1 Sec. 58. **PRAIRIE ISLAND RENEWABLE ENERGY.**

73.2 Subdivision 1. Program established. The Prairie Island Renewable Energy Project is
73.3 established to enable the Prairie Island Indian Community to develop renewable energy
73.4 systems.

73.5 Subd. 2. Grant. The commissioner of employment and economic development must
73.6 enter into a grant contract with the Prairie Island Indian Community to provide funding to
73.7 stimulate implementation of renewable energy projects benefiting the Prairie Island Indian
73.8 Community or its members. Any examination conducted by the commissioner of employment
73.9 and economic development to determine the sufficiency of the financial stability and capacity
73.10 of the Prairie Island Indian Community to carry out the purposes of this grant is limited to
73.11 the Community Services Department of the Prairie Island Indian Community.

73.12 Subd. 3. Report. The Prairie Island Indian Community must file a report on July 1,
73.13 2020, and each July 1 thereafter until the project is complete, describing the progress made
73.14 in implementing the project and the uses of expended funds. A final report must be completed
73.15 within 90 days of the date the project is complete.

73.16 EFFECTIVE DATE. This section is effective June 1, 2019.

73.17 Sec. 59. **COORDINATED ELECTRIC TRANSMISSION STUDY.**

73.18 (a) Each entity subject to Minnesota Statutes, section 216B.2425, must participate in a
73.19 coordinated engineering study to identify transmission network enhancements necessary to
73.20 maintain system reliability in the event large generation resources are retired. Specifically,
73.21 the study must evaluate what enhancements are necessary in the event large generation
73.22 resources that reach the end of the large generation resource's depreciation term or operating
73.23 license term within 20 years of the effective date of this section are retired. The study must
73.24 also evaluate what transmission enhancements may be necessary to interconnect replacement
73.25 generation and renewable resource additions, including generation tie lines, anticipated by
73.26 2035 in any utility's integrated resource plan filed with or approved by the Public Utilities
73.27 Commission.

73.28 (b) When setting the scope for the study and as needed while the study is being conducted,
73.29 utilities must consult with the commissioner of commerce, technical representatives of
73.30 renewable energy resource developers, and other interested entities to discuss and identify
73.31 needed generation tie lines to support the continued orderly development of renewable
73.32 resources in Minnesota. The study must include any analysis performed by the Midcontinent
73.33 Independent System Operator.

74.1 (c) A report on the study must be completed and submitted to the Public Utilities
74.2 Commission by November 1, 2020, and include a preliminary plan to build the needed
74.3 transmission network enhancements. Reasonable and prudent costs for the study are
74.4 recoverable through the mechanism provided under Minnesota Statutes, section 216B.1645,
74.5 subdivision 2.

74.6 Sec. 60. **APPROPRIATION.**

74.7 **Subdivision 1. University of Minnesota renewable energy transition. (a)**
74.8 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
74.9 \$6,000,000 in fiscal year 2020 is appropriated from the renewable development account
74.10 established under Minnesota Statutes, section 116C.779, subdivision 1, to the Board of
74.11 Regents of the University of Minnesota to establish goals and benchmarks and implement
74.12 a rapid transition toward the use of renewable fuels for electricity and thermal energy in
74.13 campus buildings by 2030. This appropriation may only be expended on activities located
74.14 within the electric service area of the public utility subject to Minnesota Statutes, section
74.15 116C.779, subdivision 1.

74.16 (b) As a condition of receiving the appropriation under paragraph (a), the Board of
74.17 Regents of the University of Minnesota must submit a report by January 15, 2020, and
74.18 biennially thereafter until January 15, 2030, on the progress made toward the goals and
74.19 benchmarks established under paragraph (a) to the chairs and ranking minority members
74.20 of the senate and house of representatives committees and divisions with jurisdiction over
74.21 energy, climate, the environment, and natural resources.

74.22 **Subd. 2. Minnesota State Colleges and Universities renewable energy transition. (a)**
74.23 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
74.24 \$6,000,000 in fiscal year 2020 is appropriated from the renewable development fund
74.25 established in Minnesota Statutes, section 116C.779, subdivision 1, to the Board of Trustees
74.26 of the Minnesota State Colleges and Universities to establish goals and benchmarks and
74.27 implement a rapid transition toward the use of renewable fuels for electricity and thermal
74.28 energy in campus buildings by 2030. This appropriation may only be expended on activities
74.29 located within the electric service area of the public utility subject to Minnesota Statutes,
74.30 section 116C.779, subdivision 1.

74.31 (b) As a condition of receiving the appropriation provided under paragraph (a), the Board
74.32 of Trustees of the Minnesota State Colleges and Universities must submit a report by January
74.33 15, 2020, and biennially thereafter until January 15, 2030, on the steps taken and progress
74.34 made toward achieving the goals and benchmarks established under paragraph (a) to the

75.1 chairs and ranking minority members of the senate and house of representatives committees
75.2 and divisions with jurisdiction over energy, climate, the environment, and natural resources.

75.3 Subd. 3. **Solar devices.** Notwithstanding Minnesota Statutes, section 116C.779,
75.4 subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2020 is appropriated from the
75.5 renewable development account established in Minnesota Statutes, section 116C.779,
75.6 subdivision 1, to the commissioner of natural resources to install and expand solar
75.7 photovoltaic or solar thermal energy devices in state parks served with electricity by the
75.8 public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

75.9 Subd. 4. **Solar for schools.** (a) Notwithstanding section 116C.779, subdivision 1,
75.10 paragraph (j), \$16,000,000 in fiscal year 2020 is appropriated from the renewable
75.11 development account established under section 116C.779, subdivision 1, to the commissioner
75.12 of commerce for transfer to the public utility that is subject to section 216C.376, for the
75.13 purposes of awarding grants and financial assistance to schools under the solar for schools
75.14 program under section 216C.376.

75.15 (b) This appropriation may be used by the commissioner to reimburse the reasonable
75.16 costs incurred by the public utility to administer the solar for schools program under section
75.17 216C.375, and the reasonable costs of the department to review and approve the public
75.18 utility's plan, and any proposed modifications to that plan and to provide technical assistance,
75.19 under section 216C.376, subdivisions 2 and 8.

75.20 Subd. 5. **Metropolitan Council; electric buses.** Notwithstanding Minnesota Statutes,
75.21 section 116C.779, subdivision 1, paragraph (j), \$8,800,000 in fiscal year 2019 is appropriated
75.22 from the renewable development account under Minnesota Statutes, section 116C.779,
75.23 subdivision 1, to the Metropolitan Council to defray the cost of purchasing electric buses,
75.24 as described in section 1. Any funds remaining from this appropriation that are insufficient
75.25 to fully fund the incremental cost of purchasing an electric bus rather than a diesel-operated
75.26 bus cancel back to the renewable development account.

75.27 Subd. 6. **Electric school bus grant.** Notwithstanding Minnesota Statutes, section
75.28 116C.779, subdivision 1, paragraph (j), \$500,000 in fiscal year 2020 is appropriated from
75.29 the renewable development account under Minnesota Statutes, section 116C.779, subdivision
75.30 1, to the commissioner of education for the purpose of awarding a grant to a school district
75.31 located within the retail electric service area of the public utility subject to section 116C.779,
75.32 subdivision 1, for the purchase of an electric school bus.

75.33 Subd. 7. **Community solar garden administration.** (a) Notwithstanding Minnesota
75.34 Statutes, section 116C.779, subdivision 1, paragraph (j), \$750,000 in fiscal year 2020 and

76.1 \$750,000 in fiscal year 2021 are appropriated from the renewable development account
76.2 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
76.3 commerce for the purpose of funding the Department of Commerce's administrative and
76.4 enforcement activities under Minnesota Statutes, section 216B.1641, subdivision 4.

76.5 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
76.6 (j), \$1,000,000 in fiscal year 2020 and \$1,000,000 in fiscal year 2021 are appropriated from
76.7 the renewable development account established in Minnesota Statutes, section 116C.779,
76.8 subdivision 1, to the commissioner of commerce for grants to owners of Low-Income Home
76.9 Energy Assistance Program community solar gardens under Minnesota Statutes, section
76.10 216B.1643. The base for this program in fiscal year 2030 is zero.

76.11 (c) Up to three percent of the appropriation made in paragraph (b) is available to the
76.12 commissioner of commerce for the reasonable costs of administrating the grant program in
76.13 Minnesota Statutes, section 216B.1643.

76.14 Subd. 8. **Prairie Island Renewable Energy project.** Notwithstanding Minnesota
76.15 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2020 and
76.16 \$3,000,000 in fiscal year 2021 are appropriated from the renewable development account
76.17 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
76.18 employment and economic development for a grant to the Prairie Island Indian Community
76.19 to implement the Prairie Island Renewable Energy project under section 1.

76.20 Subd. 9. **Electric vehicle rebates.** Notwithstanding Minnesota Statutes, section 116C.779,
76.21 subdivision 1, paragraph (j), \$3,100,000 in fiscal year 2020 is appropriated from the
76.22 renewable development account established in Minnesota Statutes, section 116C.779,
76.23 subdivision 1, to the commissioner of commerce to award rebates to eligible electric vehicle
76.24 purchasers under Minnesota Statutes, section 216C.401. Appropriations from this paragraph
76.25 must be used to award rebates to eligible purchasers who reside within the retail electric
76.26 service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision
76.27 1.

76.28 Subd. 10. **Electric vehicle charging stations.** Notwithstanding Minnesota Statutes,
76.29 section 116C.779, subdivision 1, paragraph (j), \$2,500,000 in fiscal year 2020 is appropriated
76.30 from the renewable development account established in Minnesota Statutes, section
76.31 116C.779, subdivision 1, to the commissioner of commerce to award grants to install electric
76.32 vehicle charging stations under Minnesota Statutes, section 216C.402. Appropriations from
76.33 this paragraph must be used to award grants to install electric vehicle charging stations
76.34 within the retail electric service area of the public utility subject to Minnesota Statutes,

77.1 section 116C.779, subdivision 1. Up to \$600,000 of this appropriation may be used to fund
77.2 electric vehicle charging stations in state and regional parks and up to \$100,000 may be
77.3 used to fund electric vehicle charging stations in park-and-ride facilities. Unexpended funds
77.4 from this \$700,000 may be used for funding electric vehicle charging stations in either
77.5 location.

77.6 Subd. 11. **Stretch code.** Notwithstanding Minnesota Statutes, section 116C.779,
77.7 subdivision 1, paragraph (j), \$100,000 in fiscal year 2020 is appropriated from the renewable
77.8 development account established in Minnesota Statutes, section 116C.779, subdivision 1,
77.9 to the commissioner of commerce for transfer to the Center for Sustainable Building Research
77.10 at the University of Minnesota for the purpose of providing technical assistance to local
77.11 jurisdictions that adopt a voluntary stretch code, as provided for in section 1. This is a
77.12 onetime appropriation.

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

77.14 Sec. 61. **REPEALER.**

77.15 Minnesota Statutes 2018, section 216B.241, subdivisions 1, 2c, 4, and 5, are repealed."

77.16 Amend the title accordingly