

1.1 moves to amend H.F. No. 4177 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1
1.4 APPROPRIATIONS

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.7 and for the purposes specified in this article. The appropriations are from the general fund,
1.8 or another named fund, and are available for the fiscal years indicated for each purpose.
1.9 The figures "2024" and "2025" used in this article mean that the appropriations listed under
1.10 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

1.11 APPROPRIATIONS
1.12 Available for the Year
1.13 Ending June 30
1.14 2024 2025

1.15 Sec. 2. DEPARTMENT OF COMMERCE \$ -0- \$ 1,133,000

1.16 (a) \$500,000 in fiscal year 2025 is for a study
1.17 to identify suitable sites statewide for the
1.18 installation of thermal energy networks. This
1.19 is a onetime appropriation and is available
1.20 until December 31, 2025.

1.21 (b) \$500,000 in fiscal year 2025 is for transfer
1.22 to the residential energy rating rebate program
1.23 account established under Minnesota Statutes,
1.24 section 216C.471, for rebates to developers
1.25 of residences that are certified as meeting the
1.26 requirements of the federal Zero Energy Ready

2.1 Home Program. Of this amount, up to \$85,000
 2.2 may be used for program administration and
 2.3 outreach and technical assistance to applicants.

2.4 This is a onetime appropriation and is
 2.5 available until June 30, 2029.

2.6 (c) \$133,000 in fiscal year 2025 is for
 2.7 participation in a Minnesota Public Utilities
 2.8 Commission proceeding to review electric
 2.9 transmission line owners' plans to deploy
 2.10 grid-enhancing technologies and issue an order
 2.11 to implement the plans. The base in fiscal year
 2.12 2026 is \$265,000 and the base in fiscal year
 2.13 2027 is \$265,000. The base in fiscal year 2028
 2.14 is \$0.

2.15 **Sec. 3. PUBLIC UTILITIES COMMISSION \$ -0- \$ 433,000**

2.16 (a) \$39,000 in fiscal year 2025 is for support
 2.17 of the Thermal Energy Network Deployment
 2.18 Workgroup and preparation of a report. The
 2.19 base in fiscal year 2026 is \$77,000, and the
 2.20 base in fiscal year 2027 is \$0.

2.21 (b) \$117,000 in fiscal year 2025 is for review
 2.22 of electric transmission line owners' plans to
 2.23 deploy grid-enhancing technologies and
 2.24 development of a commission order to
 2.25 implement approved plans. The base in fiscal
 2.26 year 2026 is \$157,000 and the base in fiscal
 2.27 year 2027 is \$157,000. The base in fiscal year
 2.28 2028 is \$0.

2.29 (c) \$111,000 in fiscal year 2025 is for
 2.30 conducting a proceeding to develop a
 2.31 cost-sharing mechanism enabling developers
 2.32 of distributed generation projects to pay
 2.33 utilities to expand distribution line capacity in
 2.34 order to interconnect to the grid. The base in

3.1 fiscal year 2026 is \$111,000 and the base in
 3.2 fiscal year 2027 is \$77,000. The base in fiscal
 3.3 year 2028 is \$0.

3.4 (d) \$166,000 in fiscal year 2025 is for
 3.5 participating in Minnesota Public Utilities
 3.6 proceedings to issue site and route permits for
 3.7 electric power facilities under revised
 3.8 administrative procedures. The base in fiscal
 3.9 year 2026 and thereafter is \$121,000.

3.10 **ARTICLE 2**

3.11 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

3.12 Section 1. **APPROPRIATIONS.**

3.13 (a) The sums shown in the columns marked "Appropriations" are appropriated to the
 3.14 agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes,
 3.15 section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable
 3.16 development account in the special revenue fund established in Minnesota Statutes, section
 3.17 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose.
 3.18 The figures "2024" and "2025" used in this article mean that the appropriations listed under
 3.19 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

3.20 (b) If an appropriation in this article is enacted more than once in the 2024 regular or
 3.21 special legislative session, the appropriation must be given effect only once.

3.22 **APPROPRIATIONS**
 3.23 **Available for the Year**
 3.24 **Ending June 30**

3.25 **2024 2025**

3.26 **Sec. 2. DEPARTMENT OF COMMERCE \$ -0- \$ 14,200,000**

3.27 (a) \$5,000,000 in fiscal year 2025 is for a grant
 3.28 for construction of a geothermal energy system
 3.29 at Sabathani Community Center in
 3.30 Minneapolis. This is a onetime appropriation
 3.31 and is available until June 30, 2028.

3.32 (b) \$2,500,000 in fiscal year 2025 is for
 3.33 transfer to the geothermal planning grant
 3.34 account established in Minnesota Statutes,

4.1 section 216C.27, for planning grants to
4.2 political subdivisions to assess the feasibility
4.3 and cost of constructing geothermal energy
4.4 systems. This is a onetime appropriation and
4.5 is available until June 30, 2027.

4.6 (c) \$5,000,000 in fiscal year 2025 is for a grant
4.7 to Ramsey County Recycling and Energy
4.8 Center and Dem-Con HZI Bioenergy LLC to
4.9 construct an anaerobic digester energy system
4.10 in Louisville Township. This is a onetime
4.11 appropriation and is available until June 30,
4.12 2028.

4.13 (d) \$1,700,000 in fiscal year 2025 is for
4.14 transfer to the SolarAPP+ program account
4.15 established under Minnesota Statutes, section
4.16 216C.48, for the awarding of incentives to
4.17 local units of government that deploy federally
4.18 developed software to automate the review of
4.19 applications and issuance of permits for
4.20 residential solar projects. Of this amount, up
4.21 to \$78,000 may be used to administer the
4.22 incentive program. Incentives may only be
4.23 awarded to political subdivisions located
4.24 within the electric service territory of the
4.25 public utility that is required to make payments
4.26 under Minnesota Statutes, section 116C.779,
4.27 subdivision 1. This is a onetime appropriation
4.28 and is available until June 30, 2027.

ARTICLE 3

GEOTHERMAL ENERGY

4.31 Section 1. Minnesota Statutes 2022, section 216B.2427, subdivision 1, is amended to read:

4.32 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428,
4.33 the following terms have the meanings given.

5.1 (b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of
5.2 biomass, or other effective conversion processes.

5.3 (c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise
5.4 be released into the atmosphere.

5.5 (d) "Carbon-free resource" means an electricity generation facility whose operation does
5.6 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
5.7 subdivision 2.

5.8 (e) "Disadvantaged community" means a community in Minnesota that is:

5.9 (1) defined as disadvantaged by the federal agency disbursing federal funds, when the
5.10 federal agency is providing funds for an innovative resource; or

5.11 (2) an environmental justice area, as defined under section 216B.1691, subdivision 1.

5.12 ~~(e)~~ (f) "District energy" means a heating or cooling system that is solar thermal powered
5.13 or that uses the constant temperature of the earth or underground aquifers as a thermal
5.14 exchange medium to heat or cool multiple buildings connected through a piping network.

5.15 ~~(f)~~ (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
5.16 paragraph (f), but does not include energy conservation investments that the commissioner
5.17 determines could reasonably be included in a utility's conservation improvement program.

5.18 ~~(g)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous
5.19 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by
5.20 anthropogenic sources within Minnesota and from the generation of electricity imported
5.21 from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected
5.22 into geological formations to prevent its release to the atmosphere in compliance with
5.23 applicable laws.

5.24 ~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,
5.25 power-to-ammonia, carbon capture, strategic electrification, district energy, and energy
5.26 efficiency.

5.27 ~~(i)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas
5.28 emissions resulting from the production, processing, transmission, and consumption of an
5.29 energy resource.

5.30 ~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas
5.31 emissions per unit of energy delivered to an end user.

6.1 ~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a
6.2 utility's innovation plan under subdivision 3, paragraph (f).

6.3 ~~(h)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced
6.4 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity
6.5 than does natural gas produced from conventional geologic sources.

6.6 ~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free
6.7 resource to produce hydrogen.

6.8 ~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision
6.9 1.

6.10 ~~(o)~~ (p) "Renewable natural gas" means biogas that has been processed to be
6.11 interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural
6.12 gas produced from conventional geologic sources.

6.13 ~~(p)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in
6.14 section 216B.2411, subdivision 2, paragraph (d).

6.15 ~~(q)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in
6.16 an existing building in which natural gas is a primary or back-up fuel source, or in a newly
6.17 constructed building in which a customer receives natural gas service for one or more
6.18 end-uses, provided that the electric end-use equipment:

6.19 (1) results in a net reduction in statewide greenhouse gas emissions, as defined in section
6.20 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient
6.21 commercially available natural gas alternative; and

6.22 (2) is installed and operated in a manner that improves the load factor of the customer's
6.23 electric utility.

6.24 Strategic electrification does not include investments that the commissioner determines
6.25 could reasonably be included in the natural gas utility's conservation improvement program
6.26 under section 216B.241.

6.27 (s) "Thermal energy" means piped noncombustible fluids used to transfer heat into and
6.28 out of buildings to reduce any on-site greenhouse gas emissions resulting from all types of
6.29 heating and cooling processes, including but not limited to special heating and cooling, hot
6.30 water, and refrigeration.

6.31 (t) "Thermal energy network" means any real estate, fixtures, and personal property
6.32 operated, owned, used, or used for, in connection with, or to facilitate a utility-scale

7.1 distribution infrastructure project that supplies thermal energy, including but not limited to
 7.2 the project types defined under section 103I.005.

7.3 ~~(t)~~ (u) "Total incremental cost" means the calculation of the following components of
 7.4 a utility's innovation plan approved by the commission under subdivision 2:

7.5 (1) the sum of:

7.6 (i) return of and on capital investments for the production, processing, pipeline
 7.7 interconnection, storage, and distribution of innovative resources;

7.8 (ii) incremental operating costs associated with capital investments in infrastructure for
 7.9 the production, processing, pipeline interconnection, storage, and distribution of innovative
 7.10 resources;

7.11 (iii) incremental costs to procure innovative resources from third parties;

7.12 (iv) incremental costs to develop and administer programs; and

7.13 (v) incremental costs for research and development related to innovative resources;

7.14 (2) less the sum of:

7.15 (i) value received by the utility upon the resale of innovative resources or innovative
 7.16 resource by-products, including any environmental credits included with the resale of
 7.17 renewable gaseous fuels or value received by the utility when innovative resources are used
 7.18 as vehicle fuel;

7.19 (ii) cost savings achieved through avoidance of purchases of natural gas produced from
 7.20 conventional geologic sources, including but not limited to avoided commodity purchases
 7.21 and avoided pipeline costs; and

7.22 (iii) other revenues received by the utility that are directly attributable to the utility's
 7.23 implementation of an innovation plan.

7.24 ~~(s)~~ (v) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that
 7.25 provides natural gas sales or natural gas transportation services to customers in Minnesota.

7.26 Sec. 2. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision
 7.27 to read:

7.28 Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under
 7.29 this section by a utility with more than 800,000 customers must include spending of at least
 7.30 15 percent of the utility's proposed total incremental costs over the five-year term of the
 7.31 proposed innovation plan for thermal energy networks projects. If the utility has developed

8.1 or is developing thermal energy network projects outside of an approved innovation plan,
8.2 the utility may apply the budget for those projects towards the 15 percent minimum
8.3 requirement without counting those costs against the limitations on utility customer costs
8.4 in subdivision 3.

8.5 **Sec. 3. [216C.47] GEOTHERMAL PLANNING GRANTS.**

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

8.8 (b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

8.9 (c) "Geothermal energy system" means a system that heats and cools one or more
8.10 buildings by using the constant temperature of the earth as both a heat source and heat sink
8.11 and a heat exchanger consisting of an underground closed loop system of piping containing
8.12 a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

8.13 (1) a bored geothermal heat exchanger, as defined in section 103I.005;

8.14 (2) a groundwater thermal exchange device, as defined in section 103I.005; and

8.15 (3) a submerged closed loop heat exchanger, as defined in section 103I.005.

8.16 Subd. 2. **Establishment.** A geothermal planning grant program is established in the
8.17 department to provide financial assistance to eligible applicants to examine the technical
8.18 and economic feasibility of installing geothermal energy systems.

8.19 Subd. 3. **Account established.** (a) The geothermal planning grant account is established
8.20 as a separate account in the special revenue fund in the state treasury. The commissioner
8.21 must credit to the account appropriations and transfers to the account. Earnings, including
8.22 interest, dividends, and any other earnings arising from assets of the account, must be
8.23 credited to the account. Money remaining in the account at the end of a fiscal year does not
8.24 cancel to the general fund, but remains in the account until June 30, 2027. The commissioner
8.25 must manage the account.

8.26 (b) Money in the account is appropriated to the commissioner to (1) award geothermal
8.27 planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by
8.28 the department to administer this section.

8.29 Subd. 4. **Application process.** An applicant seeking a grant under this section must
8.30 submit an application to the commissioner on a form developed by the commissioner. The
8.31 commissioner must develop administrative procedures to govern the application and grant

9.1 award process. The commissioner may contract with a third party to conduct some or all of
9.2 the program's operations.

9.3 Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the
9.4 total cost of the activities eligible for funding under subdivision 6, up to a limit of \$150,000.

9.5 (b) The commissioner must endeavor to award grants to eligible applicants in all regions
9.6 of Minnesota.

9.7 (c) Grants may be awarded under this section only to projects whose work is completed
9.8 after July 1, 2024.

9.9 Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded
9.10 under this section include:

9.11 (1) analysis of the heating and cooling demand of the building or buildings that consume
9.12 energy from the geothermal energy system;

9.13 (2) evaluation of equipment that could be combined with a geothermal energy system
9.14 to meet the building's heating and cooling requirement;

9.15 (3) analysis of the geologic conditions of the earth in which a geothermal energy system
9.16 operates, including the drilling of one or more test wells to characterize geologic materials
9.17 and to measure properties of the earth and aquifers that impact the feasibility of installing
9.18 and operating a geothermal energy system; and

9.19 (4) preparation of a financial analysis of the project.

9.20 Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors
9.21 performing work funded with a grant awarded under this section must have experience
9.22 installing geothermal energy systems.

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

9.24 Sec. 4. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

9.25 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint
9.26 a thermal energy network deployment work group to examine the potential regulatory
9.27 opportunities for regulated natural gas utilities to deploy thermal energy networks and
9.28 potential barriers to development. The work group must examine the public benefits, costs,
9.29 and impacts of deployment of thermal energy networks, as well as examine rate design
9.30 options.

9.31 Subd. 2. **Membership.** (a) The work group consists of at least the following:

- 10.1 (1) representatives of the Department of Commerce;
- 10.2 (2) representatives of the Minnesota Department of Health;
- 10.3 (3) representatives of the Minnesota Pollution Control Agency;
- 10.4 (4) representatives of the Minnesota Department of Natural Resources;
- 10.5 (5) representatives of the Office of the Attorney General;
- 10.6 (6) representatives from utilities;
- 10.7 (7) representatives from clean energy advocacy organizations;
- 10.8 (8) representatives from labor organizations;
- 10.9 (9) geothermal technology providers;
- 10.10 (10) representatives from consumer protection organizations;
- 10.11 (11) representatives from cities; and
- 10.12 (12) representatives from low-income communities.
- 10.13 (b) The executive secretary to the commission may invite others to participate in one or
- 10.14 more meetings of the work group.
- 10.15 (c) In appointing members to the work group, the commission shall endeavor to ensure
- 10.16 that all geographic regions of the state are represented.
- 10.17 Subd. 3. **Duties.** The work group must prepare a report containing findings and
- 10.18 recommendations regarding how to deploy thermal energy networks within a regulated
- 10.19 context in a manner that protects the public interest and considers reliability, affordability,
- 10.20 environmental impacts, and socioeconomic impacts.
- 10.21 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work
- 10.22 group's findings and recommendations to the chairs and ranking minority members of the
- 10.23 legislative committees and divisions with jurisdiction over energy policy and finance by
- 10.24 December 31, 2025. The work group terminates the day after the report under this subdivision
- 10.25 is submitted.
- 10.26 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities
- 10.27 Commission must file the completed report in Public Utilities Commission Docket No.
- 10.28 G-999/CI-21-565 and provide notice to all docket participants and other interested persons
- 10.29 that comments on the findings and recommendations may be filed in the docket.

11.1 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means
11.2 a project that provides heating and cooling to multiple buildings connected via underground
11.3 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from
11.4 the earth and underground or surface waters.

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

11.6 Sec. 5. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**

11.7 (a) The Department of Commerce shall conduct or contract for a study to determine the
11.8 suitability of sites to deploy thermal energy networks statewide.

11.9 (b) The study must:

11.10 (1) identify areas more and less suitable for deployment of thermal energy networks
11.11 statewide; and

11.12 (2) identify potential barriers to the deployment of thermal energy networks and potential
11.13 ways to address those barriers.

11.14 (c) In determining site suitability, the study must consider:

11.15 (1) geologic or hydrologic access to thermal storage;

11.16 (2) the existing built environment including, but not limited to, age, density, building
11.17 uses, existing heating and cooling systems, and existing electrical services;

11.18 (3) the condition of existing natural gas infrastructure;

11.19 (4) road and street conditions, including planned replacement or maintenance;

11.20 (5) local land use regulations;

11.21 (6) area permitting requirements; and

11.22 (7) whether the area is an environmental justice area, as defined in section 116.065,
11.23 subdivision 1, paragraph (e).

11.24 (d) No later than January 15, 2026, the Department of Commerce must submit a written
11.25 report documenting the study's findings to the chairs and ranking minority members of the
11.26 senate and house of representatives committees with jurisdiction over energy policy and
11.27 finance.

12.1

ARTICLE 4

12.2

ELECTRIC TRANSMISSION

12.3 Section 1. Minnesota Statutes 2022, section 216B.2421, subdivision 2, is amended to read:

12.4 Subd. 2. **Large energy facility.** "Large energy facility" means:

12.5 (1) any electric power generating plant or combination of plants at a single site with a
12.6 combined capacity of 50,000 kilowatts or more and transmission lines directly associated
12.7 with the plant that are necessary to interconnect the plant to the transmission system;

12.8 (2) any high-voltage transmission line with a capacity of ~~200~~ 300 kilovolts or more and
12.9 greater than ~~1,500 feet~~ 30 miles in length;

12.10 ~~(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with
12.11 more than ten miles of its length in Minnesota or that crosses a state line;~~

12.12 ~~(4)~~ (3) any pipeline greater than six inches in diameter and having more than 50 miles
12.13 of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum
12.14 fuels or oil, or their derivatives;

12.15 ~~(5)~~ (4) any pipeline for transporting natural or synthetic gas at pressures in excess of
12.16 200 pounds per square inch with more than 50 miles of its length in Minnesota;

12.17 ~~(6)~~ (5) any facility designed for or capable of storing on a single site more than 100,000
12.18 gallons of liquefied natural gas or synthetic gas;

12.19 ~~(7)~~ (6) any underground gas storage facility requiring a permit pursuant to section
12.20 103I.681;

12.21 ~~(8)~~ (7) any nuclear fuel processing or nuclear waste storage or disposal facility; and

12.22 ~~(9)~~ (8) any facility intended to convert any material into any other combustible fuel and
12.23 having the capacity to process in excess of 75 tons of the material per hour.

12.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
12.25 applies to any project that has filed an application for a certificate of need or a site or route
12.26 permit from the commission on or after that date.

12.27 Sec. 2. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

12.28 Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage
12.29 transmission line and grid enhancing technology projects.

12.30 **EFFECTIVE DATE.** This section is effective June 1, 2025.

13.1 Sec. 3. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision
13.2 to read:

13.3 Subd. 1a. **Definitions.** (a) For the purposes of this section, the following terms have the
13.4 meanings given.

13.5 (b) "Capacity" means the maximum amount of electricity that can flow through a
13.6 transmission line while observing industry safety standards.

13.7 (c) "Congestion" means a condition in which a lack of transmission line capacity prevents
13.8 the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

13.9 (d) "Dynamic line rating" means hardware or software used to calculate the thermal
13.10 limit of existing transmission lines at a specific point in time by incorporating information
13.11 on real-time and forecasted weather conditions.

13.12 (e) "Grid enhancing technology" means hardware or software that reduces congestion
13.13 or enhances the flexibility of the transmission system by increasing the capacity of a
13.14 high-voltage transmission line or rerouting electricity from overloaded to uncongested lines,
13.15 while maintaining industry safety standards. Grid enhancing technologies include but are
13.16 not limited to dynamic line rating, advanced power flow controllers, and topology
13.17 optimization.

13.18 (f) "Power flow controller" means hardware and software used to reroute electricity
13.19 from overloaded transmission lines to underutilized transmission lines.

13.20 (g) "Thermal limit" means the temperature a transmission line reaches when heat from
13.21 the electric current flow within it causes excessive sagging of the transmission line.

13.22 (h) "Topology optimization" means a software technology that uses mathematical models
13.23 to identify reconfigurations in the transmission grid in order to reroute electricity from
13.24 overloaded transmission lines to underutilized transmission lines.

13.25 (i) "Transmission line" has the meaning given to "high-voltage transmission line" in
13.26 section 216E.01, subdivision 4.

13.27 (j) "Transmission system" means a network of high-voltage transmission lines owned
13.28 or operated by an entity subject to this section that transports electricity to Minnesota
13.29 customers.

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

14.1 Sec. 4. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:

14.2 Subd. 2. **List development; transmission and grid enhancing technology projects**

14.3 **report.** (a) By November 1 of each odd-numbered year, a transmission projects report must
14.4 be submitted to the commission by each utility, organization, or company that:

14.5 (1) is a public utility, a municipal utility, a cooperative electric association, the generation
14.6 and transmission organization that serves each utility or association, or a transmission
14.7 company; and

14.8 (2) owns or operates electric transmission lines in Minnesota, except a company or
14.9 organization that owns a transmission line that serves a single customer or interconnects a
14.10 single generating facility.

14.11 (b) The report may be submitted jointly or individually to the commission.

14.12 (c) The report must:

14.13 (1) list specific present and reasonably foreseeable future inadequacies in the transmission
14.14 system in Minnesota;

14.15 (2) identify alternative means of addressing each inadequacy listed, including grid
14.16 enhancing technologies such as dynamic line rating, power flow controllers, topology
14.17 optimization, and other hardware or software that reduce congestion or enhance the flexibility
14.18 of the transmission system;

14.19 (3) identify general economic, environmental, and social issues associated with each
14.20 alternative; and

14.21 (4) provide a summary of public input related to the list of inadequacies and the role of
14.22 local government officials and other interested persons in assisting to develop the list and
14.23 analyze alternatives.

14.24 (d) To meet the requirements of this subdivision, reporting parties may rely on available
14.25 information and analysis developed by a regional transmission organization or any subgroup
14.26 of a regional transmission organization and may develop and include additional information
14.27 as necessary.

14.28 (e) In addition to providing the information required under this subdivision, a utility
14.29 operating under a multiyear rate plan approved by the commission under section 216B.16,
14.30 subdivision 19, shall identify in its report investments that it considers necessary to modernize
14.31 the transmission and distribution system by enhancing reliability, improving security against
14.32 cyber and physical threats, and by increasing energy conservation opportunities by facilitating

15.1 communication between the utility and its customers through the use of two-way meters,
15.2 control technologies, energy storage and microgrids, technologies to enable demand response,
15.3 and other innovative technologies.

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

15.5 Sec. 5. Minnesota Statutes 2022, section 216B.243, subdivision 3, is amended to read:

15.6 Subd. 3. **Showing required for construction.** No proposed large energy facility shall
15.7 be certified for construction unless the applicant can show that demand for electricity cannot
15.8 be met more cost effectively through energy conservation and load-management measures
15.9 and unless the applicant has otherwise justified its need. In assessing need, the commission
15.10 shall evaluate:

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

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

15.15 (3) the relationship of the proposed facility to overall state energy needs, as described
15.16 in the most recent state energy policy and conservation report prepared under section
15.17 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed
15.18 line to regional energy needs, as presented in the transmission plan submitted under section
15.19 216B.2425;

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

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

15.23 (6) possible alternatives for satisfying the energy demand or transmission needs including
15.24 but not limited to potential for increased efficiency and upgrading of existing energy
15.25 generation and transmission facilities, load-management programs, and distributed generation,
15.26 except that the commission shall not evaluate alternative endpoints for a high-voltage
15.27 transmission line unless the alternative endpoints are consistent with endpoints identified
15.28 in a Transmission Expansion Plan approved by the board of directors of the Midcontinent
15.29 Independent System Operator, or the applicant agrees to the evaluation of the alternative
15.30 endpoints;

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

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

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

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

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

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

16.18 **EFFECTIVE DATE.** This section is effective the day following final enactment and
16.19 applies to dockets pending at the Minnesota Public Utilities Commission on or after that
16.20 date.

16.21 Sec. 6. Minnesota Statutes 2023 Supplement, section 216B.243, subdivision 8, is amended
16.22 to read:

16.23 Subd. 8. **Exemptions.** (a) This section does not apply to:

16.24 (1) cogeneration or small power production facilities as defined in the Federal Power
16.25 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
16.26 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
16.27 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
16.28 any case where the commission has determined after being advised by the attorney general
16.29 that its application has been preempted by federal law;

16.30 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve
16.31 the demand of a single customer at a single location, unless the applicant opts to request
16.32 that the commission determine need under this section or section 216B.2425;

17.1 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand
 17.2 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
 17.3 request that the commission determine need under this section or section 216B.2425;

17.4 (4) a high-voltage transmission line of one mile or less required to connect a new or
 17.5 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

17.6 (5) conversion of the fuel source of an existing electric generating plant to using natural
 17.7 gas;

17.8 (6) the modification of an existing electric generating plant to increase efficiency, as
 17.9 long as the capacity of the plant is not increased more than ten percent or more than 100
 17.10 megawatts, whichever is greater;

17.11 (7) a large wind energy conversion system, as defined in section ~~216F.01~~ 216E.01,
 17.12 subdivision ~~2~~ 6a, or a solar energy generating system, as defined in section 216E.01,
 17.13 subdivision 9a, for which a site permit application is submitted by an independent power
 17.14 producer under chapter 216E or 216F; ~~or~~

17.15 (8) a large wind energy conversion system, as defined in section ~~216F.01~~ 216E.01,
 17.16 subdivision ~~2~~ 6a, or a solar energy generating system that is a large energy facility, as defined
 17.17 in section 216B.2421, subdivision 2, engaging in a repowering project that:

17.18 (i) will not result in the system exceeding the nameplate capacity under its most recent
 17.19 interconnection agreement; or

17.20 (ii) will result in the system exceeding the nameplate capacity under its most recent
 17.21 interconnection agreement, provided that the Midcontinent Independent System Operator
 17.22 has provided a signed generator interconnection agreement that reflects the expected net
 17.23 power increase;

17.24 (9) a transmission line directly associated with and necessary to interconnect any of the
 17.25 following facilities with the electric transmission grid:

17.26 (i) a large wind energy conversion system, as defined in section 216E.01, subdivision
 17.27 6a;

17.28 (ii) a solar energy generating system that is a large electric power generating plant; or

17.29 (iii) an energy storage system, as defined in section 216E.01, subdivision 3a;

17.30 (10) an energy storage system, as defined in section 216E.01, subdivision 3a; or

17.31 (11) relocation of an existing high-voltage transmission line, provided the line's voltage
 17.32 is not increased.

18.1 (b) For the purpose of this subdivision, "repowering project" means:

18.2 (1) modifying a large wind energy conversion system or a solar energy generating system
18.3 that is a large energy facility to increase its efficiency without increasing its nameplate
18.4 capacity;

18.5 (2) replacing turbines in a large wind energy conversion system without increasing the
18.6 nameplate capacity of the system; or

18.7 (3) increasing the nameplate capacity of a large wind energy conversion system.

18.8 Sec. 7. Minnesota Statutes 2022, section 216B.243, subdivision 9, is amended to read:

18.9 Subd. 9. **Renewable energy standard and carbon-free energy standard facilities.** This
18.10 section does not apply to a wind energy conversion system or a solar electric generation
18.11 facility that is intended to be used to meet the obligations of section 216B.1691, subdivision
18.12 2a or 2g; provided that, after notice and comment, the commission determines that the
18.13 facility is a reasonable and prudent approach to meeting a utility's obligations under that
18.14 section. When making this determination, the commission must consider:

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

18.16 (2) alternative approaches for supplying the renewable energy to be supplied by the
18.17 proposed facility;

18.18 (3) the facility's ability to promote economic development, as required under section
18.19 216B.1691, subdivision 9;

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

18.21 (5) impacts on ratepayers; and

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

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

18.24 Sec. 8. Minnesota Statutes 2022, section 216B.246, subdivision 3, is amended to read:

18.25 Subd. 3. **Commission procedure.** (a) If an electric transmission line has been approved
18.26 for construction in a federally registered planning authority transmission plan, the incumbent
18.27 electric transmission owner, or owners if there is more than one owner, shall give notice to
18.28 the commission, in writing, within ~~90~~ 30 days of approval, regarding its intent to construct,
18.29 own, and maintain the electric transmission line. If an incumbent electric transmission owner
18.30 gives notice of intent to build the electric transmission line then, unless exempt from the

19.1 requirements of section 216B.243, within ~~18~~ 12 months from the date of the notice described
 19.2 in this paragraph ~~or such longer time approved by the commission~~, the incumbent electric
 19.3 transmission owner shall file an application for a certificate of need under section 216B.243
 19.4 or certification under section 216B.2425.

19.5 (b) If the incumbent electric transmission owner indicates that it does not intend to build
 19.6 the transmission line, such notice shall fully explain the basis for that decision. If the
 19.7 incumbent electric transmission owner, or owners, gives notice of intent not to build the
 19.8 electric transmission line, then the commission may determine whether the incumbent
 19.9 electric transmission owner or other entity will build the electric transmission line, taking
 19.10 into consideration issues such as cost, efficiency, reliability, and other factors identified in
 19.11 this chapter.

19.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 19.13 applies to any electric transmission line that has been approved for construction in a federally
 19.14 registered planning authority transmission plan on or after that date.

19.15 Sec. 9. Minnesota Statutes 2022, section 216E.03, as amended by Laws 2023, chapter 7,
 19.16 sections 25, 26, 27, and 28, and Laws 2023, chapter 60, article 12, sections 50, 51, 52, 53,
 19.17 and 54, is amended to read:

19.18 **216E.03 DESIGNATING SITES AND ROUTES.**

19.19 Subdivision 1. **Site permit.** ~~No person may construct~~ A large electric generating plant
 19.20 ~~or~~, an energy storage system, or a large wind energy conversion system that has not received
 19.21 a site permit from a county under section 216E.05, subdivision 4, may not be constructed:
 19.22 (1) without a site permit from the commission. ~~A large electric generating plant or an energy~~
 19.23 storage system may be constructed only; and (2) on a site other than that approved by the
 19.24 commission. The commission must incorporate into one proceeding the route selection for
 19.25 a high-voltage transmission line that is directly associated with and necessary to interconnect
 19.26 the large electric generating plant to the transmission system and whose need is certified
 19.27 under section 216B.243.

19.28 Subd. 2. **Route permit.** No person may construct a high-voltage transmission line without
 19.29 a route permit from the commission. A high-voltage transmission line may be constructed
 19.30 only along a route approved by the commission.

19.31 **Subd. 2a. Preapplication coordination.** (a) At least 30 days before filing an application
 19.32 with the commission, an applicant must provide notice to:

19.33 (1) each local unit of government within which a site or route may be proposed;

20.1 (2) Minnesota Tribal governments, as defined under section 10.65, subdivision 2; and
20.2 (3) the state agencies that are represented on the Minnesota Environmental Quality
20.3 Board, and the State Historic Preservation Office.

20.4 (b) The notice must describe the proposed project and provide the entities receiving the
20.5 notice an opportunity for preapplication coordination or feedback.

20.6 Subd. 2b. **Preapplication review.** (a) Before submitting an application under this chapter,
20.7 an applicant must provide a draft application to commissioner of commerce for review. A
20.8 draft application must not be filed electronically.

20.9 (b) The commissioner of commerce's draft application review must focus on the
20.10 application's completeness and clarifications that may assist the commission's review of the
20.11 application. Upon completion of the preapplication review under this subdivision,
20.12 commissioner of commerce must provide the applicant a summary of the completeness
20.13 review. The applicant may include the completeness review summary with the applicant's
20.14 application under subdivision 3.

20.15 Subd. 3. **Application.** (a) Any person seeking to construct a large electric power facility
20.16 must apply to the commission for a site or route permit, as applicable. The application shall
20.17 contain such information as the commission may require. The applicant shall propose at
20.18 least two sites a single site for a large electric power facility and two routes one route for a
20.19 high-voltage transmission line. ~~Neither of the two proposed routes may be designated as a~~
20.20 ~~preferred route and all proposed routes must be numbered and designated as alternatives.~~
20.21 ~~The commission shall determine whether an application is complete and advise the applicant~~
20.22 ~~of any deficiencies within ten days of receipt. An application is not incomplete if information~~
20.23 ~~not in the application can be obtained from the applicant during the first phase of the process~~
20.24 ~~and that information is not essential for notice and initial public meetings.~~

20.25 (b) The commission's designee must determine whether an application is complete and
20.26 advise the applicant of any deficiencies within ten days of the date an application is received.

20.27 (c) An application is not incomplete if:

20.28 (1) information that is not included in the application may be obtained from the applicant
20.29 prior to the initial public meeting; and

20.30 (2) the information that is not included in the application is not essential to provide
20.31 adequate notice.

20.32 Subd. 3a. **Project notice.** At least 90 days before filing an application with the
20.33 commission, the applicant shall provide notice to each local unit of government within

21.1 ~~which a route may be proposed. The notice must describe the proposed project and the~~
21.2 ~~opportunity for a preapplication consultation meeting with local units of government as~~
21.3 ~~provided in subdivision 3b.~~

21.4 ~~Subd. 3b. **Preapplication consultation meetings.** Within 30 days of receiving a project~~
21.5 ~~notice, local units of government may request the applicant to hold a consultation meeting~~
21.6 ~~with local units of government. Upon receiving notice from a local unit of government~~
21.7 ~~requesting a preapplication consultation meeting, the applicant shall arrange the meeting at~~
21.8 ~~a location chosen by the local units of government. A single public meeting for which each~~
21.9 ~~local government unit requesting a meeting is given notice satisfies the meeting requirement~~
21.10 ~~of this subdivision.~~

21.11 ~~Subd. 4. **Application notice.** Within 15 days after submission of an application to the~~
21.12 ~~commission, the applicant shall publish notice of the application in a legal newspaper of~~
21.13 ~~general circulation in each county in which the site or route is proposed and send a copy of~~
21.14 ~~the application by certified mail to any regional development commission, county,~~
21.15 ~~incorporated municipality, and town in which any part of the site or route is proposed.~~
21.16 ~~Within the same 15 days, the applicant shall also send a notice of the submission of the~~
21.17 ~~application and description of the proposed project to each owner whose property is on or~~
21.18 ~~adjacent to any of the proposed sites for the power plant or along any of the proposed routes~~
21.19 ~~for the transmission line. The notice must identify a location where a copy of the application~~
21.20 ~~can be reviewed. For the purpose of giving mailed notice under this subdivision, owners~~
21.21 ~~are those shown on the records of the county auditor or, in any county where tax statements~~
21.22 ~~are mailed by the county treasurer, on the records of the county treasurer; but other~~
21.23 ~~appropriate records may be used for this purpose. The failure to give mailed notice to a~~
21.24 ~~property owner, or defects in the notice, does not invalidate the proceedings, provided a~~
21.25 ~~bona fide attempt to comply with this subdivision has been made. Within the same 15 days,~~
21.26 ~~the applicant shall also send the same notice of the submission of the application and~~
21.27 ~~description of the proposed project to those persons who have requested to be placed on a~~
21.28 ~~list maintained by the commission for receiving notice of proposed large electric generating~~
21.29 ~~power plants and high voltage transmission lines.~~

21.30 ~~Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce~~
21.31 ~~shall prepare for the commission an environmental impact statement on each proposed large~~
21.32 ~~electric power facility for which a complete application has been submitted. The~~
21.33 ~~commissioner shall not consider whether or not the project is needed. No other state~~
21.34 ~~environmental review documents shall be required. The commissioner shall study and~~
21.35 ~~evaluate any site or route proposed by an applicant and any other site or route the commission~~

22.1 ~~deems necessary that was proposed in a manner consistent with rules concerning the form,~~
22.2 ~~content, and timeliness of proposals for alternate sites or routes, excluding any alternate~~
22.3 ~~site for a solar energy generating system that was not proposed by an applicant.~~

22.4 ~~(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a~~
22.5 ~~large electric power generating plant and is not proposed by a utility, the commissioner~~
22.6 ~~must make a finding in the environmental impact statement whether the project is likely to~~
22.7 ~~result in a net reduction of carbon dioxide emissions, considering both the utility providing~~
22.8 ~~electric service to the proposed cogeneration facility and any reduction in carbon dioxide~~
22.9 ~~emissions as a result of increased efficiency from the production of thermal energy on the~~
22.10 ~~part of the customer operating or owning the proposed cogeneration facility.~~

22.11 ~~Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application~~
22.12 ~~for a site or route permit for a large electric power facility. All hearings held for designating~~
22.13 ~~a site or route shall be conducted by an administrative law judge from the Office of~~
22.14 ~~Administrative Hearings pursuant to the contested case procedures of chapter 14. Notice~~
22.15 ~~of the hearing shall be given by the commission at least ten days in advance but no earlier~~
22.16 ~~than 45 days prior to the commencement of the hearing. Notice shall be by publication in~~
22.17 ~~a legal newspaper of general circulation in the county in which the public hearing is to be~~
22.18 ~~held and by certified mail to chief executives of the regional development commissions,~~
22.19 ~~counties, organized towns, townships, and the incorporated municipalities in which a site~~
22.20 ~~or route is proposed. Any person may appear at the hearings and offer testimony and exhibits~~
22.21 ~~without the necessity of intervening as a formal party to the proceedings. The administrative~~
22.22 ~~law judge may allow any person to ask questions of other witnesses. The administrative~~
22.23 ~~law judge shall hold a portion of the hearing in the area where the power plant or transmission~~
22.24 ~~line is proposed to be located.~~

22.25 ~~Subd. 5a. **Public meeting.** (a) Within 20 days after the date the commission determines~~
22.26 ~~an application is complete, to the extent practicable, the commission must hold at least one~~
22.27 ~~public meeting in a location near the proposed project's location to explain the permitting~~
22.28 ~~process, present major issues, and respond to questions raised by the public.~~

22.29 ~~(b) At the public meeting and in written comments accepted at least ten days following~~
22.30 ~~the date of the public meeting, the commission must accept comments on potential impacts,~~
22.31 ~~permit conditions, and alternatives the commission should evaluate when considering the~~
22.32 ~~application.~~

23.1 Subd. 6a. **Draft permit.** Within 30 days after the date the public comment period closes
23.2 following the public hearing in section 216.035, subdivision 2, or section 216E.04,
23.3 subdivision 6, to the extent practicable, the commission must:

23.4 (1) prepare a draft site or route permit for the proposed facility. The draft permit must
23.5 identify the person or persons who are the permittee, describe the proposed project, and
23.6 include proposed permit conditions. A draft site or route permit does not authorize a person
23.7 to construct a proposed facility. The commission may change the draft site permit in any
23.8 respect before final issuance or may deny the permit; and

23.9 (2) identify any issues or alternatives that must be evaluated in an environmental
23.10 assessment or addendum prepared under section 216E.041 or an environmental impact
23.11 statement prepared under section 216E.035.

23.12 **Subd. 7. Considerations in designating sites and routes.** (a) The commission's site
23.13 and route permit determinations must be guided by the state's goals to conserve resources,
23.14 minimize environmental impacts, minimize human settlement and other land use conflicts,
23.15 and ensure the state's electric energy security through efficient, cost-effective power supply
23.16 and electric transmission infrastructure.

23.17 (b) To facilitate the study, research, evaluation, and designation of sites and routes, the
23.18 commission shall be guided by, but not limited to, the following considerations:

23.19 (1) evaluation of research and investigations relating to the effects on land, water and
23.20 air resources of large electric power facilities and the effects of water and air discharges
23.21 and electric and magnetic fields resulting from such facilities on public health and welfare,
23.22 vegetation, animals, materials and aesthetic values, including baseline studies, predictive
23.23 modeling, and evaluation of new or improved methods for minimizing adverse impacts of
23.24 water and air discharges and other matters pertaining to the effects of power plants on the
23.25 water and air environment;

23.26 (2) environmental evaluation of sites and routes proposed for future development and
23.27 expansion and their relationship to the land, water, air and human resources of the state;

23.28 (3) evaluation of the effects of new electric power generation and transmission
23.29 technologies and systems related to power plants designed to minimize adverse environmental
23.30 effects;

23.31 (4) evaluation of the potential for beneficial uses of waste energy from proposed large
23.32 electric power generating plants;

- 24.1 (5) analysis of the direct and indirect economic impact of proposed sites and routes
24.2 including, but not limited to, productive agricultural land lost or impaired;
- 24.3 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided
24.4 should the proposed site and route be accepted;
- 24.5 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant
24.6 to subdivisions 1 and 2;
- 24.7 (8) evaluation of potential routes that would use or parallel existing railroad and highway
24.8 rights-of-way;
- 24.9 (9) evaluation of governmental survey lines and other natural division lines of agricultural
24.10 land so as to minimize interference with agricultural operations;
- 24.11 (10) evaluation of the future needs for additional high-voltage transmission lines in the
24.12 same general area as any proposed route, and the advisability of ordering the construction
24.13 of structures capable of expansion in transmission capacity through multiple circuiting or
24.14 design modifications;
- 24.15 (11) evaluation of irreversible and irretrievable commitments of resources should the
24.16 proposed site or route be approved;
- 24.17 (12) when appropriate, consideration of problems raised by other state and federal
24.18 agencies and local entities;
- 24.19 (13) evaluation of the benefits of the proposed facility with respect to (i) the protection
24.20 and enhancement of environmental quality, and (ii) the reliability of state and regional
24.21 energy supplies;
- 24.22 (14) evaluation of the proposed facility's impact on socioeconomic factors; and
- 24.23 (15) evaluation of the proposed facility's employment and economic impacts in the
24.24 vicinity of the facility site and throughout Minnesota, including the quantity and quality of
24.25 construction and permanent jobs and their compensation levels. The commission must
24.26 consider a facility's local employment and economic impacts, and may reject or place
24.27 conditions on a site or route permit based on the local employment and economic impacts.
- 24.28 (c) If the commission's rules are substantially similar to existing regulations of a federal
24.29 agency to which the utility in the state is subject, the federal regulations must be applied by
24.30 the commission.
- 24.31 (d) No site or route shall be designated which violates state agency rules.

25.1 (e) The commission must make specific findings that it has considered locating a route
25.2 for a high-voltage transmission line on an existing high-voltage transmission route and the
25.3 use of parallel existing highway right-of-way and, to the extent those are not used for the
25.4 route, the commission must state the reasons.

25.5 Subd. 8. **Recording of survey points.** The permanent location of monuments or markers
25.6 found or placed by a utility in a survey of right-of-way for a route shall be placed on record
25.7 in the office of the county recorder or registrar of titles. No fee shall be charged to the utility
25.8 for recording this information.

25.9 Subd. 9. ~~**Timing.** The commission shall make a final decision on an application within~~
25.10 ~~60 days after receipt of the report of the administrative law judge. A final decision on the~~
25.11 ~~request for a site permit or route permit shall be made within one year after the commission's~~
25.12 ~~determination that an application is complete. The commission may extend this time limit~~
25.13 ~~for up to three months for just cause or upon agreement of the applicant.~~

25.14 Subd. 10. **Final decision.** ~~(a) No site permit shall be issued in violation of the site~~
25.15 ~~selection standards and criteria established in this section and in rules adopted by the~~
25.16 ~~commission. When the commission designates a site, it shall issue a site permit to the~~
25.17 ~~applicant with any appropriate conditions. The commission shall publish a notice of its~~
25.18 ~~decision in the State Register within 30 days of issuance of the site permit.~~

25.19 ~~(b) No route permit shall be issued in violation of the route selection standards and~~
25.20 ~~criteria established in this section and in rules adopted by the commission. When the~~
25.21 ~~commission designates a route, it shall issue a permit for the construction of a high-voltage~~
25.22 ~~transmission line specifying the design, routing, right-of-way preparation, and facility~~
25.23 ~~construction it deems necessary, and with any other appropriate conditions. The commission~~
25.24 ~~may order the construction of high-voltage transmission line facilities that are capable of~~
25.25 ~~expansion in transmission capacity through multiple circuiting or design modifications. The~~
25.26 ~~commission shall publish a notice of its decision in the State Register within 30 days of~~
25.27 ~~issuance of the permit.~~

25.28 ~~(c) The commission must require as a condition of permit issuance, including issuance~~
25.29 ~~of a modified permit for a repowering project, as defined in section 216B.243, subdivision~~
25.30 ~~8, paragraph (b), that the recipient of a site permit to construct a large electric power~~
25.31 ~~generating plant, including all of the permit recipient's construction contractors and~~
25.32 ~~subcontractors on the project: (1) pay no less than the prevailing wage rate, as defined in~~
25.33 ~~section 177.42; and (2) be subject to the requirements and enforcement provisions under~~
25.34 ~~sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.~~

26.1 Subd. 11. **Department of Commerce to provide technical expertise and other**
26.2 **assistance.** (a) The commissioner of the Department of Commerce shall consult with other
26.3 state agencies and provide technical expertise and other assistance to the commission or to
26.4 individual members of the commission for activities and proceedings under this chapter
26.5 ~~and chapters 216E and 216F~~ and chapter 216G. This assistance shall include the sharing of power
26.6 plant siting and routing staff and other resources as necessary. The commissioner shall
26.7 periodically report to the commission concerning the Department of Commerce's costs of
26.8 providing assistance. The report shall conform to the schedule and include the required
26.9 contents specified by the commission. The commission shall include the costs of the
26.10 assistance in assessments for activities and proceedings under those sections and reimburse
26.11 the special revenue fund for those costs. If either the commissioner or the commission deems
26.12 it necessary, the department and the commission shall enter into an interagency agreement
26.13 establishing terms and conditions for the provision of assistance and sharing of resources
26.14 under this subdivision.

26.15 (b) Notwithstanding the requirements of section 216B.33, the commissioner may take
26.16 any action required or requested by the commission related to the environmental review
26.17 requirements under chapter 216E ~~or 216F~~ immediately following a hearing and vote by the
26.18 commission, prior to issuing a written order, finding, authorization, or certificate.

26.19 Subd. 12. **Prevailing wage.** The commission must require as a condition of permit
26.20 issuance, including issuance of a modified permit for a repowering project, as defined in
26.21 section 216B.243, subdivision 8, paragraph (b), that the recipient of a site permit to construct
26.22 a large electric power generating plant, including all of the permit recipient's construction
26.23 contractors and subcontractors on the project:

26.24 (1) pay no less than the prevailing wage rate, as defined in section 177.42; and

26.25 (2) be subject to the requirements and enforcement provisions under sections 177.27,
26.26 177.30, 177.32, 177.41 to 177.435, and 177.45.

26.27 Subd. 13. **Application.** This section applies to applications for a site or route permit
26.28 filed under section 216E.035 or 216E.04.

26.29 Sec. 10. [216E.031] APPLICABILITY DETERMINATION.

26.30 Subdivision 1. **Generally.** This section may be used to determine:

26.31 (1) whether a proposal is subject to the commission's siting or routing jurisdiction under
26.32 this chapter; or

26.33 (2) which review process is applicable at the time of the initial application.

27.1 Subd. 2. **Size determination.** An applicant must follow the provisions of section
27.2 216E.021 or 216E.022, as applicable, to determine the size of a solar energy generating
27.3 system or a wind energy conversion system. In determining the size of an energy storage
27.4 system, an applicant must combine the alternating current nameplate capacity of any other
27.5 energy storage system that:

27.6 (1) is constructed within the same 12-month period as the energy storage system; and

27.7 (2) exhibits characteristics of being a single development, including but not limited to
27.8 ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing
27.9 arrangements, and common debt or equity financing.

27.10 Subd. 3. **Transmission lines.** For transmission lines, the applicant must describe the
27.11 applicability issue and provide sufficient facts to support the determination.

27.12 Subd. 4. **Forms; assistance; written determination.** (a) The commission must provide
27.13 forms and assistance to help applicants make a request for an applicability determination.

27.14 (b) Upon written request from an applicant, the commission must provide a written
27.15 determination regarding applicability under this section. To the extent practicable, the
27.16 commission must provide the written determination within 30 days of the date the request
27.17 was received or 30 days of the date information that the commission requested from the
27.18 applicant is received, whichever is later. This written determination constitutes a final
27.19 decision of the commission.

27.20 Sec. 11. **[216E.035] APPLICATIONS; MAJOR REVIEW.**

27.21 Subdivision 1. **Environmental review.** (a) The commissioner of the Department of
27.22 Commerce shall prepare for the commission an environmental impact statement on each
27.23 proposed large electric power facility for which a complete application has been submitted.
27.24 The commissioner shall not consider whether or not the project is needed. No other state
27.25 environmental review documents shall be required. The commissioner shall study and
27.26 evaluate any site or route proposed by an applicant and any other site or route the commission
27.27 deems necessary that was proposed in a manner consistent with rules concerning the form,
27.28 content, and timeliness of proposals for alternate sites or routes, excluding any alternate
27.29 site for a solar energy generating system that was not proposed by an applicant.

27.30 (b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a
27.31 large electric power generating plant and is not proposed by a utility, the commissioner
27.32 must make a finding in the environmental impact statement whether the project is likely to
27.33 result in a net reduction of carbon dioxide emissions, considering both the utility providing

28.1 electric service to the proposed cogeneration facility and any reduction in carbon dioxide
28.2 emissions as a result of increased efficiency from the production of thermal energy on the
28.3 part of the customer operating or owning the proposed cogeneration facility.

28.4 Subd. 2. **Public hearing.** (a) In addition to the public meeting required under section
28.5 216E.03, subdivision 5a, the commission shall hold a public hearing on an application for
28.6 a site or route permit for a large electric power facility. A hearing held for designating a
28.7 site or route shall be conducted by an administrative law judge from the Office of
28.8 Administrative Hearings pursuant to the contested case procedures of chapter 14 only if
28.9 commission staff determines that a disputed matter exists that may require clarification
28.10 through expert testimony. Notice of the hearing shall be given by the commission at least
28.11 ten days in advance but no earlier than 45 days prior to the commencement of the hearing.
28.12 Notice shall be by publication in a legal newspaper of general circulation in the county in
28.13 which the public hearing is to be held and by certified mail to chief executives of the regional
28.14 development commissions, Tribal governments, counties, organized towns, townships, and
28.15 the incorporated municipalities in which a site or route is proposed. Any person may appear
28.16 at the hearings and offer testimony and exhibits without the necessity of intervening as a
28.17 formal party to the proceedings. The administrative law judge may allow any person to ask
28.18 questions of other witnesses. The administrative law judge shall hold a portion of the hearing
28.19 in the area where the power plant or transmission line is proposed to be located.

28.20 (b) The commission must accept written comments submitted at least ten days following
28.21 the hearing regarding project impacts, permit conditions, and alternatives the commission
28.22 should evaluate when considering the application.

28.23 Subd. 3. **Timing.** (a) The commission shall make a final decision on an application
28.24 within 60 days after receipt of the report of the administrative law judge, if applicable. A
28.25 final decision on the request for a site permit or route permit shall be made within one year
28.26 after the commission's determination that an application is complete. The commission may
28.27 extend this time limit for up to three months for just cause or upon agreement of the applicant.

28.28 (b) To ensure that a final decision complies with the requirements of this subdivision,
28.29 the commission shall establish deadlines for the submission of comments by state agencies
28.30 on applications and environmental review documents that expedite the siting and route
28.31 permitting process.

28.32 Subd. 4. **Final decision.** (a) No site permit shall be issued by the commission: (1) in
28.33 violation of the site selection standards and criteria established in this section and in rules
28.34 adopted by the commission; or (2) if it determines that the proposed project is not in the

29.1 public interest. When the commission designates a site, it shall issue a site permit to the
 29.2 applicant with any appropriate conditions. The commission shall publish a notice of its
 29.3 decision in the State Register within 30 days of issuance of the site permit.

29.4 (b) No route permit shall be issued by the commission: (1) in violation of the route
 29.5 selection standards and criteria established in this section and in rules adopted by the
 29.6 commission; or (2) if it determines that the proposed project is not in the public interest.
 29.7 When the commission designates a route, it shall issue a permit for the construction of a
 29.8 high-voltage transmission line specifying the design, routing, right-of-way preparation, and
 29.9 facility construction it deems necessary, and with any other appropriate conditions. The
 29.10 commission may order the construction of high-voltage transmission line facilities that are
 29.11 capable of expansion in transmission capacity through multiple circuiting or design
 29.12 modifications. The commission shall publish a notice of its decision in the State Register
 29.13 within 30 days of issuance of the permit, to the extent practicable.

29.14 (c) Immediately following the commission's vote granting an applicant a site or route
 29.15 permit, and prior to issuance of a written commission order embodying that decision, the
 29.16 applicant may submit to commission staff for review preconstruction compliance filings
 29.17 specifying details of the applicant's proposed site operations.

29.18 Sec. 12. Minnesota Statutes 2022, section 216E.04, as amended by Laws 2023, chapter
 29.19 7, section 29, and Laws 2023, chapter 60, article 12, section 55, is amended to read:

29.20 **216E.04 ALTERNATIVE APPLICATIONS; STANDARD REVIEW OF**
 29.21 **APPLICATIONS.**

29.22 Subdivision 1. **Alternative Standard review.** An applicant who seeks a site permit or
 29.23 route permit for one of the projects identified in this section shall have the option of following
 29.24 the procedures in this section rather than the procedures in section ~~216E.03~~ 216E.035. The
 29.25 applicant shall notify the commission at the time the application is submitted which procedure
 29.26 the applicant chooses to follow.

29.27 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to
 29.28 the following projects, as presented in the application submitted to the commission:

29.29 (1) large electric power generating plants with a capacity of less than 80 megawatts that
 29.30 are not fueled by natural gas;

29.31 ~~(2) large electric power generating plants that are fueled by natural gas;~~

29.32 ~~(3) (2) high-voltage transmission lines of between 100 and 200 kilovolts~~ below 345
 29.33 kilovolts and less than 30 miles of length in Minnesota;

- 30.1 (3) high-voltage transmission lines of between 100 and 300 kilovolts of any length;
- 30.2 ~~(4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in~~
- 30.3 ~~length in Minnesota;~~
- 30.4 ~~(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of~~
- 30.5 ~~the distance of the line in Minnesota will be located along existing high-voltage transmission~~
- 30.6 ~~line right-of-way;~~
- 30.7 ~~(6) a high-voltage transmission line service extension to a single customer between 200~~
- 30.8 ~~and 300 kilovolts and less than ten miles in length;~~
- 30.9 ~~(7)~~ (4) a high-voltage transmission line rerouting to serve the demand of a single customer
- 30.10 when the rerouted line will be located at least 80 percent on property owned or controlled
- 30.11 by the customer or the owner of the transmission line;
- 30.12 ~~(8)~~ (5) large electric power generating plants that are powered by solar energy; ~~and~~
- 30.13 (6) a wind energy conversion system of five megawatts or greater alternating current
- 30.14 capacity; and
- 30.15 ~~(9)~~ (7) energy storage systems.

30.16 Subd. 3. **Application.** The applicant for a site or route permit for any of the projects

30.17 listed in subdivision 2 who chooses to follow these procedures shall submit information as

30.18 the commission may require, but the applicant shall not be required to propose a second

30.19 site or route for the project. The applicant shall identify in the application any other sites

30.20 or routes that were rejected by the applicant and the commission may identify additional

30.21 sites or routes to consider during the processing of the application. The commission shall

30.22 determine whether an application is complete and advise the applicant of any deficiencies.

30.23 Subd. 4. **Notice of application.** Upon submission of an application under this section,

30.24 the applicant shall provide the same notice as required by under section 216E.03, subdivision

30.25 4.

30.26 Subd. 5. **Environmental review.** ~~For the projects identified in subdivision 2 and~~

30.27 ~~following these procedures, the commissioner of the Department of Commerce~~ The applicant

30.28 shall prepare for the commission an environmental assessment for projects identified in

30.29 subdivision 2 that follows the procedures in section 216E.041. ~~The environmental assessment~~

30.30 ~~shall contain information on the human and environmental impacts of the proposed project~~

30.31 ~~and other sites or routes identified by the commission and shall address mitigating measures~~

30.32 ~~for all of the sites or routes considered. The environmental assessment shall be the only~~

30.33 ~~state environmental review document required to be prepared on the project.~~

31.1 Subd. 6. **Public hearing.** (a) In addition to the public meeting required under section
31.2 216E.03, subdivision 5a, the commission shall hold a public hearing in the area where the
31.3 facility is proposed to be located. The commission shall give notice of the public hearing
31.4 in the same manner as notice under section ~~216E.03, subdivision 6~~ 216E.035, subdivision
31.5 2. The commission shall conduct the public hearing under procedures established by the
31.6 commission. The applicant shall be present at the hearing to present evidence and to answer
31.7 questions. The commission shall provide opportunity at the public hearing for any person
31.8 to present comments and to ask questions of the applicant and commission staff. The
31.9 commission shall also afford interested persons an opportunity to submit written comments
31.10 into the record.

31.11 (b) The commission must accept written comments submitted at least ten days following
31.12 the hearing regarding project impact, permit conditions, and alternatives the commission
31.13 should evaluate when considering the application.

31.14 Subd. 7. **Timing.** (a) The commission shall make a final decision on an application
31.15 within 60 days after completion of the public hearing. A final decision on the request for a
31.16 site permit or route permit under this section shall be made within six months after the
31.17 commission's determination that an application is complete. The commission may extend
31.18 this time limit for up to three months for just cause or upon agreement of the applicant.

31.19 (b) To ensure that a final decision complies with the requirements of this subdivision,
31.20 the commission shall establish deadlines for the submission of comments by state agencies
31.21 on applications and environmental review documents that expedite the siting and route
31.22 permitting process.

31.23 ~~Subd. 8. **Considerations.** The considerations in section 216E.03, subdivision 7, shall~~
31.24 ~~apply to any projects subject to this section.~~

31.25 Subd. 9. **Final decision.** (a) No site permit shall be issued by the commission: (1) in
31.26 violation of the site selection standards and criteria established in this section and in rules
31.27 adopted by the commission; or (2) if it determines that the proposed project is not in the
31.28 public interest. When the commission designates a site, it shall issue a site permit to the
31.29 applicant with any appropriate conditions. The commission shall publish a notice of its
31.30 decision in the State Register within 30 days of issuance of the site permit.

31.31 (b) No route ~~designation shall be made~~ shall be issued: (1) in violation of the route
31.32 selection standards and criteria established in this section and in rules adopted by the
31.33 commission; or (2) if it determines that the proposed project is not in the public interest.
31.34 When the commission designates a route, it shall issue a permit for the construction of a

32.1 high-voltage transmission line specifying the design, routing, right-of-way preparation, and
32.2 facility construction it deems necessary and with any other appropriate conditions. The
32.3 commission may order the construction of high-voltage transmission line facilities that are
32.4 capable of expansion in transmission capacity through multiple circuiting or design
32.5 modifications. The commission shall publish a notice of its decision in the State Register
32.6 within 30 days of issuance of the permit.

32.7 (c) Immediately following the commission's vote granting an applicant a site or route
32.8 permit, and prior to issuance of a written commission order embodying that decision, the
32.9 applicant may submit to commission staff for review preconstruction compliance filings
32.10 specifying details of the applicant's proposed site operations.

32.11 **Sec. 13. [216E.041] ENVIRONMENTAL ASSESSMENT PREPARATION.**

32.12 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
32.13 the meanings given.

32.14 (b) "Commissioner" means the commissioner of the Department of Commerce.

32.15 (c) "General list" means a list maintained by the commission of persons who request to
32.16 be notified of the acceptance of applications for site permits or route permits.

32.17 (d) "Project contact list" means a list maintained by the commission of persons who
32.18 request to receive notices regarding a specific project for which a site permit or route permit
32.19 is sought.

32.20 Subd. 2. Environmental assessment; content. The applicant shall prepare and submit
32.21 with the permit application an environmental assessment on each proposed project being
32.22 reviewed under section 216E.04. The environmental assessment must contain, at a minimum:

32.23 (1) a general description of the proposed facility;

32.24 (2) a list of any alternative sites or routes that are addressed;

32.25 (3) a discussion of the potential impacts of the proposed project and each alternative site
32.26 or route on the human and natural environment;

32.27 (4) a discussion of mitigative measures that could reasonably be implemented to eliminate
32.28 or minimize any adverse impacts identified for the proposed project and each alternative
32.29 site or route analyzed;

32.30 (5) an analysis of the feasibility of each alternative site or route considered; and

32.31 (6) a list of permits required for the project.

33.1 Subd. 3. Environmental assessment; notification of availability. Upon receipt of the
33.2 environmental assessment from the applicant, the commissioner shall publish notice in the
33.3 EQB Monitor of the availability of the environmental assessment and mail notice of the
33.4 availability of the document to those persons on the general list or the project contact list.
33.5 The commissioner shall provide a copy of the environmental assessment to any public
33.6 agency with authority to permit or approve the proposed project. The commissioner shall
33.7 post the environmental assessment on the agency's web page.

33.8 Subd. 4. Environmental assessment; comments; addendum. (a) The commissioner
33.9 shall provide the public with an opportunity to comment on the environmental assessment
33.10 by holding a public meeting and by soliciting public comments. The commissioner shall
33.11 mail notice of the meeting to those persons on either the general list or the project contact
33.12 list at least ten days before the meeting. The commissioner shall provide at least seven days
33.13 from the day of the public meeting for the public to submit comments on the environmental
33.14 assessment.

33.15 (b) Any person or any member agency of the Environmental Quality Board may, at the
33.16 public meeting or in written comments submitted to the commissioner, request that the
33.17 Department of Commerce analyze any of the following issues in an addendum to the
33.18 environmental assessment:

33.19 (1) one or more alternative sites or routes;

33.20 (2) additional mitigation measures for environmental impacts identified in the
33.21 environmental assessment; or

33.22 (3) specific human or environmental impacts that were not addressed or not addressed
33.23 adequately in the environmental assessment.

33.24 A person requesting additional environmental analysis in an addendum must submit to the
33.25 commissioner an explanation of why the request should be accepted, and all supporting
33.26 information the person wants the commissioner to consider. The commissioner shall provide
33.27 the applicant with an opportunity to respond to each request. The commissioner shall prepare
33.28 an addendum in response to a request, or at the commissioner's own discretion, only if the
33.29 commissioner determines that the additional analysis will assist the commission's ultimate
33.30 decision on the permit application, including the establishment of permit conditions. In
33.31 making its final decision, the commission must consider the environmental assessment, the
33.32 addendum to the environmental assessment, if any, comments received at or after the public
33.33 meeting, and the entirety of the record on environmental and human health impacts.

34.1 (c) The commissioner shall follow the notification procedures established for an
34.2 environmental assessment in subdivision 3 with respect to an addendum prepared under
34.3 subdivision 4.

34.4 Subd. 5. **Matters excluded.** If the commission has issued a certificate of need to an
34.5 applicant for a large electric power generating plant or high-voltage transmission line or
34.6 placed a high-voltage transmission line on the certified project list maintained by the
34.7 commission under section 216B.2425, subdivision 3, the environmental assessment of the
34.8 project shall not address questions of need, including size, type, and timing; questions of
34.9 alternative system configurations; or questions of voltage.

34.10 Subd. 6. **No additional environmental review.** An environmental assessment and
34.11 addendum, if prepared, must be the only state environmental review documents required
34.12 to be prepared by the commissioner on a project qualifying for review under section 216E.04.
34.13 No environmental assessment worksheet or environmental impact statement shall be required.
34.14 Environmental review at the certificate of need stage before the commission must be
34.15 performed in accordance with Minnesota Rules, parts 7849.1000 to 7849.2100.

34.16 Subd. 7. **Cost.** The commissioner shall assess the department's cost to prepare an
34.17 addendum to an environmental assessment to the applicant.

34.18 Sec. 14. **[216E.042] PERMIT AMENDMENTS.**

34.19 Subdivision 1. **Applicability.** (a) This section applies to a request by the owner of a
34.20 large electric power facility to modify any provision or condition of a site or route permit
34.21 issued by the commission, including permit amendments to:

34.22 (1) upgrade or rebuild an existing electric line and associated facilities to a voltage
34.23 capable of operating between 100 kilovolts and 300 kilovolts; or

34.24 (2) repower or refurbish a large electric power generating plant, a large wind energy
34.25 conversion system, a solar energy generating system, or an energy storage system that
34.26 increases the efficiency of the facility. For a large electric power generating plant, an increase
34.27 in efficiency means a reduction in the amount of British thermal units required to generate
34.28 a kilowatt hour of electricity at the facility.

34.29 (b) No permit amendment may be approved under this section that would:

34.30 (1) result in significant changes in the environmental or human health impacts of the
34.31 facility;

34.32 (2) increase the developed area within the permitted site; or

35.1 (3) increase the facility's nameplate capacity above that in the facility's most recent
35.2 interconnection agreement.

35.3 Subd. 2. **Application.** A person seeking a permit amendment under this section must
35.4 submit an application in writing to the commissioner on a form prescribed by the
35.5 commissioner. The application must describe:

35.6 (1) the permit modification sought;

35.7 (2) how the request meets the applicability criteria under subdivision 1; and

35.8 (3) any changes in environmental or health impacts that would result from implementation
35.9 of the amendment that were not addressed in the environmental document accompanying
35.10 the initial permit application.

35.11 Subd. 3. **Notice.** The commission must mail notice that the application was received to
35.12 persons on the general list and, if applicable, to persons on the project contact list.

35.13 Subd. 4. **Public comment.** The commission must accept written comments on the
35.14 application and requests to bring the amendment to the commission for consideration for
35.15 at least ten days following service of notice. The applicant must respond to comments within
35.16 seven days of the close of the comment period.

35.17 Subd. 5. **Timing.** Within 20 days of the date the public comment period closes, the
35.18 commission's designee must decide whether to authorize the permit amendment, bring the
35.19 matter to the commission for consideration, or determine that the application requires a
35.20 permitting decision under another section in this chapter.

35.21 Subd. 6. **Decision.** The commission may approve an amendment that places reasonable
35.22 conditions on the permittee. The commission must notify the applicant in writing of the
35.23 commission's decision and send a copy of the decision to any person who requested
35.24 notification or filed comments on the application.

35.25 Subd. 7. **Local review.** An owner or operator of a large electric power generating plant
35.26 or high-voltage transmission line that was not issued a permit by the commission may seek
35.27 approval to modify a project listed under subdivision 1, clause (1) or (2), from the local unit
35.28 of government if the facility qualifies for standard review under section 216E.04 or local
35.29 review under section 216E.05.

35.30 Sec. 15. **[216E.051] EXEMPT PROJECTS.**

35.31 Subdivision 1. **Permit not required.** A permit issued by the commission is not required
35.32 to construct:

- 36.1 (1) a small wind energy conversion system;
- 36.2 (2) a power plant or solar generating system with a capacity of less than 50 megawatts;
- 36.3 (3) an energy storage system with a capacity of less than ten megawatts;
- 36.4 (4) a transmission line that (i) has a capacity of 100 kilovolts or more, and (ii) is less
- 36.5 than 1,500 feet in length; and
- 36.6 (5) a transmission line that has a capacity of less than 100 kilovolts.

36.7 **Subd. 2. Other approval.** A person that proposes a facility listed in subdivision 1 must

36.8 (1) obtain any approval required by local, state, or federal units of government with

36.9 jurisdiction over the project, and (2) comply with the environmental review requirements

36.10 under chapter 116D and Minnesota Rules, chapter 4410.

36.11 **Sec. 16. [216E.055] COST AND ECONOMIC IMPACT REVIEW.**

36.12 **Subdivision 1. Applicability.** If a project proposed by a public utility applying for a site

36.13 or route permit under this chapter was not required to obtain a certificate of need under

36.14 section 216B.243, the commission must review the proposed cost of the project and its

36.15 estimated economic impact on Minnesota ratepayers. The commission may reject a site or

36.16 route permit application based solely on project costs that it determines are not reasonable

36.17 and prudent.

36.18 **Subd. 2. Review content.** In determining a proposed facility's cost and economic impact,

36.19 the commission must analyze and consider the following:

36.20 (1) the construction cost of the proposed facility and the cost of the energy it will generate,

36.21 compared to the costs of reasonable alternatives;

36.22 (2) the economic impact of the proposed facility, or a suitable modification of the

36.23 proposed facility, compared to:

36.24 (i) the impact of reasonable alternatives; and

36.25 (ii) not building the facility; and

36.26 (3) the cost and economic impact of the proposed facility, compared with similar facilities

36.27 located elsewhere.

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

36.29 applies to any site or route permit filed by the commission on or after that date.

37.1 Sec. 17. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 3, is amended
37.2 to read:

37.3 Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits
37.4 required for construction or operation of large electric power facilities shall participate
37.5 during routing and siting at public hearings and all other activities of the commission on
37.6 specific site or route designations and design considerations of the commission, and shall
37.7 clearly state whether the site or route being considered for designation or permit and other
37.8 design matters under consideration for approval will be in compliance with state agency
37.9 standards, rules, or policies.

37.10 (b) An applicant for a permit under this section or under chapter 216G shall notify the
37.11 commissioner of agriculture if the proposed project will impact cultivated agricultural land,
37.12 as that term is defined in section 216G.01, subdivision 4. The commissioner may participate
37.13 and advise the commission as to whether to grant a permit for the project and the best options
37.14 for mitigating adverse impacts to agricultural lands if the permit is granted. The Department
37.15 of Agriculture shall be the lead agency on the development of any agricultural mitigation
37.16 plan required for the project.

37.17 (c) The Minnesota State Historic Preservation Office must comply with the requirements
37.18 of this section. The commission's consideration of Minnesota State Historic Preservation
37.19 Office's comments satisfies the requirements of section 138.665, when applicable.

37.20 Sec. 18. Minnesota Statutes 2022, section 216F.02, is amended to read:

37.21 **216F.02 EXEMPTIONS.**

37.22 ~~(a) The requirements of chapter 216E do not apply to the siting of LWECs, except for~~
37.23 ~~sections 216E.01; 216E.03, subdivision 7; 216E.08; 216E.11; 216E.12; 216E.14; 216E.15;~~
37.24 ~~216E.17; and 216E.18, subdivision 3, which do apply.~~

37.25 ~~(b)~~ (a) Any person may construct an SWECS without complying with chapter 216E or
37.26 this chapter.

37.27 ~~(c)~~ (b) Nothing in this chapter shall preclude a local governmental unit from establishing
37.28 requirements for the siting and construction of SWECS.

37.29 Sec. 19. **GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES**
37.30 **COMMISSION ORDER.**

37.31 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
37.32 the meanings given.

38.1 (b) "Capacity" means the maximum amount of electricity that can flow through a
38.2 transmission line while observing industry safety standards.

38.3 (c) "Congestion" means a condition in which a lack of transmission line capacity prevents
38.4 the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

38.5 (d) "Dynamic line rating" means hardware or software used to calculate the thermal
38.6 limit of existing transmission lines at a specific point in time by incorporating information
38.7 on real-time and forecasted weather conditions.

38.8 (e) "Grid enhancing technology" means hardware or software that reduces congestion
38.9 or enhances the flexibility of the transmission system by increasing the capacity of a
38.10 high-voltage transmission line or rerouting electricity from overloaded to uncongested lines,
38.11 while maintaining industry safety standards. Grid enhancing technologies include but are
38.12 not limited to dynamic line rating, advanced power flow controllers, and topology
38.13 optimization.

38.14 (f) "Line rating methodology" means a methodology used to calculate the maximum
38.15 amount of electricity that can be carried by a transmission line without exceeding thermal
38.16 limits designed to ensure safety.

38.17 (g) "Power flow controller" means hardware and software used to reroute electricity
38.18 from overloaded transmission lines to underutilized transmission lines.

38.19 (h) "Thermal limit" means the temperature a transmission line reaches when heat from
38.20 the electric current flow within it causes excessive sagging of the transmission line.

38.21 (i) "Topology optimization" means a software technology that uses mathematical models
38.22 to identify reconfigurations in the transmission grid in order to reroute electricity from
38.23 overloaded transmission lines to underutilized transmission lines.

38.24 (j) "Transmission line" has the meaning given to "high-voltage transmission line" in
38.25 section 216E.01, subdivision 4.

38.26 (k) "Transmission system" means a network of high-voltage transmission lines owned
38.27 or operated by an entity subject to this section that transports electricity to Minnesota
38.28 customers.

38.29 Subd. 2. **Report; content.** An entity that owns more than 750 miles of transmission
38.30 lines in Minnesota, as reported in the state transmission report to be submitted to the
38.31 Minnesota Public Utilities Commission under Minnesota Statutes, section 216B.2425, by
38.32 November 1, 2025, must include in that report information that:

39.1 (1) identifies, during each of the last three years, locations that experienced 168 hours
39.2 or more of congestion, or the ten locations at which the most costly congestion occurred,
39.3 whichever measure produces the greater number of locations;

39.4 (2) estimates the frequency of congestion at each location and the increased cost to
39.5 ratepayers resulting from the substitution of higher-priced electricity;

39.6 (3) identifies locations on each transmission system that are likely to experience high
39.7 levels of congestion during the next five years;

39.8 (4) evaluates the technical feasibility and estimates the cost of installing one or more
39.9 grid enhancing technologies to address each instance of grid congestion identified in clause
39.10 (1), and projects the grid enhancing technology's efficacy in reducing congestion;

39.11 (5) analyzes the cost-effectiveness of installing grid enhancing technologies to address
39.12 each instance of congestion identified in clause (1) by using the information developed in
39.13 clause (2) to calculate the payback period of each installation, using a methodology developed
39.14 by the commission;

39.15 (6) proposes an implementation plan, including a schedule and cost estimate, to install
39.16 grid enhancing technologies at each congestion point identified in clause (1) at which the
39.17 payback period is less than or equal to a value determined by the commission, in order to
39.18 maximize transmission system capacity; and

39.19 (7) explains the transmission owner's current line rating methodology.

39.20 Subd. 3. **Commission review; order.** (a) The commission shall review the
39.21 implementation plans proposed by each reporting entity as required in subdivision 2, clause
39.22 (6), and must:

39.23 (1) review, and may approve, reject, or modify, the plan; and

39.24 (2) issue an order requiring implementation of an approved plan.

39.25 (b) Within 90 days of the commission's issuance of an order under this subdivision each
39.26 public utility shall file a plan with the commission containing a workplan, cost estimate,
39.27 and schedule for implementing the elements of the plan approved by the commission that
39.28 are located within the public utility's electric service area. For each entity required to report
39.29 under this section that is not a public utility, the commission's order shall be advisory.

39.30 Subd. 4. **Cost recovery.** Notwithstanding any other provision of this chapter, the
39.31 commission may approve cost recovery under Minnesota Statutes, section 216B.16, including
39.32 an appropriate rate of return, of any prudent and reasonable investments made or expenses

40.1 incurred by a public utility to administer and implement a grid enhancing technologies plan
 40.2 approved by the commission under this section.

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

40.4 Sec. 20. **REVISOR INSTRUCTION.**

40.5 The revisor of statutes shall renumber each section of Minnesota Statutes listed in column
 40.6 A with the number listed in column B. The revisor shall also make necessary cross-reference
 40.7 changes consistent with the renumbering.

	<u>Column A</u>	<u>Column B</u>
40.9	<u>216F.01, subdivision 2</u>	<u>216E.01, subdivision 6a</u>
40.10	<u>216F.01, subdivision 3</u>	<u>216E.01, subdivision 9b</u>
40.11	<u>216F.01, subdivision 4</u>	<u>216E.01, subdivision 11</u>
40.12	<u>216F.011</u>	<u>216E.022</u>
40.13	<u>216F.02</u>	<u>216E.023</u>
40.14	<u>216F.06</u>	<u>216E.055</u>
40.15	<u>216F.07</u>	<u>216E.10, subdivision 1a</u>
40.16	<u>216F.08</u>	<u>216E.05, subdivision 4</u>
40.17	<u>216F.081</u>	<u>216E.05, subdivision 5</u>
40.18	<u>216F.084</u>	<u>216E.125</u>

40.19 Sec. 21. **REPEALER.**

40.20 (a) Minnesota Statutes 2022, sections 216E.08, subdivisions 1 and 4; 216F.01, subdivision
 40.21 1; 216F.012; 216F.015; and 216F.03, are repealed.

40.22 (b) Minnesota Statutes 2023 Supplement, section 216F.04, is repealed.

40.23 (c) Minnesota Rules, parts 7850.2400; and 7850.3600, are repealed.

40.24 **EFFECTIVE DATE.** This section is effective September 1, 2024, and applies to site
 40.25 and route applications filed with the commission on or after that date.

40.26 **ARTICLE 5**

40.27 **SOLAR ENERGY**

40.28 Section 1. **[216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE;**
 40.29 **TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.**

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

41.1 (b) "Energy storage system" has the meaning given in section 216B.2422, subdivision
41.2 1.

41.3 (c) "Permitting authority" means a unit of local government in Minnesota that has
41.4 authority to review and issue permits to install residential solar projects and solar plus energy
41.5 storage system projects within the unit of local government's jurisdiction.

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

41.7 (e) "Residential solar project" means the installation of a photovoltaic device at a
41.8 residence located in Minnesota.

41.9 (f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing
41.10 Plus software, developed by the National Renewable Energy Laboratory and available free
41.11 to permitting authorities from the United States Department of Energy, that uses a web-based
41.12 portal to automate the solar project plan review and permit issuance processes for residential
41.13 solar projects that are compliant with applicable building and electrical codes.

41.14 (g) "Solar plus energy storage system project" means a residential solar project installed
41.15 in conjunction with an energy storage system at the same residence.

41.16 Subd. 2. **Program establishment.** A program is established in the department to provide
41.17 technical assistance and financial incentives to local units of government that issue permits
41.18 for residential solar projects and solar plus energy storage system projects in order to
41.19 incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate,
41.20 and streamline the review and permitting process.

41.21 Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting
41.22 authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting
41.23 authority's website.

41.24 Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial
41.25 incentive under this section to the commissioner on a form developed by the commissioner.

41.26 (b) An application may be submitted for a financial incentive under this section after
41.27 SolarAPP+ has become operational in the permitting authority's jurisdiction.

41.28 Subd. 5. **Review and grant award process.** The commissioner must develop
41.29 administrative procedures to govern the application review and incentive award process
41.30 under this section.

41.31 Subd. 6. **Incentive awards.** Beginning no later than January 1, 2025, the commissioner
41.32 may award a financial incentive to a permitting authority under this section only if the

42.1 commissioner has determined that the permitting authority meets verification requirements
42.2 established by the commissioner that ensure a permitting authority has made SolarAPP+
42.3 operational within the permitting authority's jurisdiction and that SolarAPP+ is available
42.4 on the permitting authority's website.

42.5 Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less
42.6 than \$5,000 and no greater than \$20,000.

42.7 (b) The commissioner may vary the amount of an incentive awarded under this section
42.8 by considering the following factors:

42.9 (1) the population of the permitting authority;

42.10 (2) the number of permits for solar projects issued by the permitting authority using
42.11 conventional review processes;

42.12 (3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been
42.13 integrated with other permit management software utilized by the permitting authority; and

42.14 (4) whether the permitting jurisdiction has participated in other sustainability programs,
42.15 including but not limited to GreenStep Cities and the United States Department of Energy's
42.16 SolSmart and Charging Smart programs.

42.17 Subd. 8. **Technical assistance.** The department must provide technical assistance to
42.18 eligible permitting authorities seeking to apply for an incentive under this section.

42.19 Subd. 9. **Program promotion.** The department must develop an education and outreach
42.20 program to make permitting authorities aware of the incentive offered under this section,
42.21 including the convening of workshops, the production of educational materials, and other
42.22 mechanisms to promote the program, including, but not limited to, utilizing the efforts of
42.23 the League of Minnesota Cities, the Association of Minnesota Counties, the Community
42.24 Energy Resource Teams established under section 216C.385, and similar organizations to
42.25 reach permitting authorities.

42.26 Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in
42.27 the special revenue account in the state treasury. The commissioner must credit to the account
42.28 appropriations and transfers to the account. Earnings, including interest, dividends, and any
42.29 other earnings arising from assets of the account, must be credited to the account. Money
42.30 remaining in the account at the end of a fiscal year does not cancel to the general fund, but
42.31 remains in the account until July 1, 2027. The commissioner must manage the account.

43.1 (b) Money in the account is appropriated to the commissioner for the purposes of this
43.2 section and to reimburse the reasonable costs incurred by the department to administer this
43.3 section.

43.4 Sec. 2. INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.

43.5 (a) No later than September 1, 2024, the commission must initiate a proceeding to
43.6 establish, by order, generic standards for the sharing of utility costs necessary to upgrade a
43.7 utility's distribution system by increasing hosting capacity or applying other necessary
43.8 distribution system upgrades at a congested or constrained location in order to allow for the
43.9 interconnection of distributed generation facilities at that location and to advance the
43.10 achievement of the state's renewable and carbon-free energy goals in Minnesota Statutes,
43.11 section 216B.1691 and its greenhouse gas emissions reduction goals in Minnesota Statutes,
43.12 section 216H.02. The proceeding and order apply only to public utilities. The tariff standards
43.13 must reflect an interconnection process designed to, at a minimum:

43.14 (1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution
43.15 system by ensuring that the cost of upgrades is shared fairly among owners of distributed
43.16 generation projects seeking interconnection on a pro rata basis according to the amount of
43.17 the expanded capacity utilized by each interconnected distributed generation facility;

43.18 (2) reduce the capital burden on owners of distributed generation facilities seeking
43.19 interconnection;

43.20 (3) establish a minimum level of upgrade costs an expansion of hosting capacity must
43.21 reach in order to be eligible to participate in the cost-share process and below which a trigger
43.22 project must bear the full cost of the upgrade;

43.23 (4) establish a distributed generation facility's pro rata cost-share amount as the utility's
43.24 total cost of the upgrade divided by the incremental capacity resulting from the upgrade,
43.25 and multiplying the result by the nameplate capacity of the distributed generation facility
43.26 seeking interconnection;

43.27 (5) allow, upon the commission's approval, other utility cost-sharing programs to
43.28 contribute toward a distributed generation facility's pro rata cost-share amount under clause
43.29 (4);

43.30 (6) establish a minimum proportion of the total upgrade cost that a utility must receive
43.31 from one or more distributed generation facilities before initiating constructing an upgrade;

43.32 (7) allow trigger projects and any other distributed generation facilities to pay a utility
43.33 more than the trigger project's or distributed generation facility's pro rata cost-share amount

44.1 only if needed to meet the minimum threshold established in clause (6) and to receive refunds
44.2 for amounts paid beyond the trigger project's or distributed generation facility's pro rata
44.3 share of expansion costs from distributed generation projects that subsequently interconnect
44.4 at the applicable location;

44.5 (8) prohibit owners of distributed generation facilities from using any unsubscribed
44.6 capacity at an interconnection that has undergone an upgrade without the distributed
44.7 generation owners paying the distributed generation owner's pro rata cost of the upgrade;
44.8 and

44.9 (9) limit the amount of unrecovered cost associated with upgraded capacity that is not
44.10 used by a participating distributed generation facility that may be allocated to ratepayers.

44.11 (b) For the purposes of this section, the following terms have the meanings given:

44.12 (1) "distributed generation project" means an energy generating system with a capacity
44.13 no greater than ten megawatts;

44.14 (2) "hosting capacity" means the maximum capacity of a utility distribution system to
44.15 transport electricity at a specific location without compromising the safety or reliability of
44.16 the distribution system;

44.17 (3) "trigger project" means the initial distributed generation project whose application
44.18 for interconnection of a distributed generation project alerts a utility that an upgrade is
44.19 needed in order to accommodate the trigger project and any future interconnections at the
44.20 applicable location;

44.21 (4) "upgrade" means a modification of a utility's distribution system at a specific location
44.22 that is necessary to allow the interconnection of distributed generation projects by increasing
44.23 hosting capacity at the applicable location, including but not limited to installing or modifying
44.24 equipment at a substation or along a distribution line. Upgrade does not mean an expansion
44.25 of hosting capacity dedicated solely to the interconnection of a single distributed generation
44.26 project; and

44.27 (5) "utility" means a utility that provides electric service.

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

44.29 Sec. 3. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

44.30 Subdivision 1. **Position; duties.** (a) The Public Utilities Commission's Consumer Affairs
44.31 Office must establish a new full-time equivalent interconnection ombudsperson position to
44.32 assist applicants seeking to interconnect distributed generation projects to utility distribution

45.1 systems under the generic statewide standards developed by the commission under section
45.2 2. The commission must appoint a person to the position who possesses mediation skills
45.3 and technical expertise related to interconnection and interconnection procedures and
45.4 authorize that person to request and review all interconnection data from utilities and
45.5 applicants necessary to fulfill the duties of this position as described in this subdivision.

45.6 (b) The duties of the interconnection ombudsperson include but are not limited to:

45.7 (1) tracking interconnection disputes between applicants and utilities;

45.8 (2) facilitating the efficient and fair resolution of disputes between customers seeking
45.9 to interconnect and utilities;

45.10 (3) reviewing utility interconnection policies to assess opportunities to reduce
45.11 interconnection disputes while considering the equitable distribution of distributed generation
45.12 facilities;

45.13 (4) convening stakeholder groups as necessary to facilitate effective communication
45.14 among interconnection stakeholders; and

45.15 (5) preparing reports that detail the number, type, resolution timelines, and outcome of
45.16 interconnection disputes.

45.17 (c) A utility must provide information requested under this section that the interconnection
45.18 ombudsperson determines is necessary to effectively carry out the duties of the position.

45.19 Subd. 2. **Position; funding.** (a) An electric utility must assess and collect a surcharge
45.20 of \$50 on each application interconnection filed by an owner of a distributed generation
45.21 facility located in Minnesota. An electric utility must remit the full surcharge to the Public
45.22 Utilities Commission monthly, in a manner determined by the commission, for each
45.23 interconnection application filed with the utility during the previous month.

45.24 (b) The interconnection ombudsperson account is established in the special revenue
45.25 account in the state treasury. The Public Utilities Commission must manage the account.
45.26 The Public Utilities Commission must deposit in the account all revenues received from
45.27 utilities from the surcharge on interconnection applications established under this section.
45.28 Money is appropriated from the account to the Public Utilities Commission for the sole
45.29 purpose of funding the ombudsperson position established in subdivision 1.

45.30 (c) The Public Utilities Commission must review the amount of revenues collected from
45.31 the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1)
45.32 sufficient money is available to support the position, and (2) the reserve in the account does
45.33 not reach more than ... percent of the amount necessary to fully fund the position.

46.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
46.2 applies to applications for interconnections filed with a utility on or after that date.

46.3 **ARTICLE 6**

46.4 **MISCELLANEOUS**

46.5 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is
46.6 amended to read:

46.7 Subdivision 1. **Renewable development account.** (a) The renewable development
46.8 account is established as a separate account in the special revenue fund in the state treasury.
46.9 Appropriations and transfers to the account shall be credited to the account. Earnings, such
46.10 as interest, dividends, and any other earnings arising from assets of the account, shall be
46.11 credited to the account. Funds remaining in the account at the end of a fiscal year are not
46.12 canceled to the general fund but remain in the account until expended. The account shall
46.13 be administered by the commissioner of management and budget as provided under this
46.14 section.

46.15 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
46.16 plant must transfer all funds in the renewable development account previously established
46.17 under this subdivision and managed by the public utility to the renewable development
46.18 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
46.19 that have not yet been expended and unencumbered funds required to be paid in calendar
46.20 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
46.21 to transfer under this paragraph.

46.22 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
46.23 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
46.24 plant must transfer to the renewable development account \$500,000 each year for each dry
46.25 cask containing spent fuel that is located at the Prairie Island power plant for each year the
46.26 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
46.27 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
46.28 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
46.29 part of a year. The total amount transferred annually under this paragraph must be reduced
46.30 by \$3,750,000.

46.31 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
46.32 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
46.33 plant must transfer to the renewable development account \$350,000 each year for each dry

47.1 cask containing spent fuel that is located at the Monticello nuclear power plant for each
47.2 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
47.3 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
47.4 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
47.5 any part of a year.

47.6 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
47.7 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
47.8 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

47.9 (f) If the commission approves a new or amended power purchase agreement, the
47.10 termination of a power purchase agreement, or the purchase and closure of a facility under
47.11 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
47.12 the public utility subject to this section shall enter into a contract with the city in which the
47.13 poultry litter plant is located to provide grants to the city for the purposes of economic
47.14 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
47.15 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
47.16 by the public utility from funds withheld from the transfer to the renewable development
47.17 account, as provided in paragraphs (b) and (e).

47.18 (g) If the commission approves a new or amended power purchase agreement, or the
47.19 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
47.20 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
47.21 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
47.22 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
47.23 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
47.24 30 days after the commission approves the new or amended power purchase agreement, or
47.25 the termination of the power purchase agreement, and on each June 1 thereafter through
47.26 2021, to assist the transition required by the new, amended, or terminated power purchase
47.27 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
47.28 to the renewable development account as provided in paragraphs (b) and (e).

47.29 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
47.30 and (g) is limited to the amount deposited into the renewable development account, and its
47.31 predecessor, the renewable development account, established under this section, that was
47.32 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
47.33 10.

48.1 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
48.2 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
48.3 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
48.4 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
48.5 in which the commission finds, by the preponderance of the evidence, that the public utility
48.6 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
48.7 permanent or interim storage site out of the state. This determination shall be made at least
48.8 every two years.

48.9 (j) Funds in the account may be expended only for any of the following purposes:

48.10 (1) to stimulate research and development of renewable electric energy technologies;

48.11 (2) to encourage grid modernization, including, but not limited to, projects that implement
48.12 electricity storage, load control, and smart meter technology; and

48.13 (3) to stimulate other innovative energy projects that reduce demand and increase system
48.14 efficiency and flexibility.

48.15 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
48.16 from the utility that owns a nuclear-powered electric generating plant in this state or the
48.17 Prairie Island Indian community or its members.

48.18 The utility that owns a nuclear generating plant is eligible to apply for grants under this
48.19 subdivision.

48.20 (k) For the purposes of paragraph (j), the following terms have the meanings given:

48.21 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
48.22 (c), clauses (1), (2), (4), and (5); and

48.23 (2) "grid modernization" means:

48.24 (i) enhancing the reliability of the electrical grid;

48.25 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
48.26 and

48.27 (iii) increasing energy conservation opportunities by facilitating communication between
48.28 the utility and its customers through the use of two-way meters, control technologies, energy
48.29 storage and microgrids, technologies to enable demand response, and other innovative
48.30 technologies.

48.31 (l) A renewable development account advisory group that includes, among others,
48.32 representatives of the public utility and its ratepayers, and includes at least one representative

49.1 of the Prairie Island Indian community appointed by that community's tribal council, shall
49.2 develop recommendations on account expenditures. The advisory group must design a
49.3 request for proposal and evaluate projects submitted in response to a request for proposals.
49.4 The advisory group must utilize an independent third-party expert to evaluate proposals
49.5 submitted in response to a request for proposal, including all proposals made by the public
49.6 utility. A request for proposal for research and development under paragraph (j), clause (1),
49.7 may be limited to or include a request to higher education institutions located in Minnesota
49.8 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
49.9 projects may include a provision that exempts the projects from the third-party expert review
49.10 and instead provides for project evaluation and selection by a merit peer review grant system.
49.11 In the process of determining request for proposal scope and subject and in evaluating
49.12 responses to request for proposals, the advisory group must strongly consider, where
49.13 reasonable:

49.14 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;
49.15 and

49.16 (2) the proposer's commitment to increasing the diversity of the proposer's workforce
49.17 and vendors.

49.18 (m) The advisory group shall submit funding recommendations to the public utility,
49.19 which has full and sole authority to determine which expenditures shall be submitted by
49.20 the advisory group to the legislature. The commission may approve proposed expenditures,
49.21 may disapprove proposed expenditures that it finds not to be in compliance with this
49.22 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
49.23 modify proposed expenditures. The commission shall, by order, submit its funding
49.24 recommendations to the legislature as provided under paragraph (n).

49.25 (n) The commission shall present its recommended appropriations from the account to
49.26 the senate and house of representatives committees with jurisdiction over energy policy and
49.27 finance annually by February 15. Expenditures from the account must be appropriated by
49.28 law. In enacting appropriations from the account, the legislature:

49.29 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
49.30 a project recommended by the commission; and

49.31 (2) may not appropriate money for a project the commission has not recommended
49.32 funding.

50.1 (o) A request for proposal for renewable energy generation projects must, when feasible
50.2 and reasonable, give preference to projects that are most cost-effective for a particular energy
50.3 source.

50.4 (p) The advisory group must annually, by February 15, report to the chairs and ranking
50.5 minority members of the legislative committees with jurisdiction over energy policy on
50.6 projects funded by the account for the prior year and all previous years. The report must,
50.7 to the extent possible and reasonable, itemize the actual and projected financial benefit to
50.8 the public utility's ratepayers of each project.

50.9 ~~(q) By February 1, 2018, and each February 1 thereafter, the commissioner of~~
50.10 ~~management and budget shall submit a written report regarding the availability of funds in~~
50.11 ~~and obligations of the account to the chairs and ranking minority members of the senate~~
50.12 ~~and house committees with jurisdiction over energy policy and finance, the public utility,~~
50.13 ~~and the advisory group.~~

50.14 ~~(r)~~ (q) A project receiving funds from the account must produce a written final report
50.15 that includes sufficient detail for technical readers and a clearly written summary for
50.16 nontechnical readers. The report must include an evaluation of the project's financial,
50.17 environmental, and other benefits to the state and the public utility's ratepayers. A project
50.18 receiving funds from the account must submit a report that meets the requirements of section
50.19 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

50.20 ~~(s)~~ (r) Final reports, any mid-project status reports, and renewable development account
50.21 financial reports must be posted online on a public website designated by the commissioner
50.22 of commerce.

50.23 ~~(t)~~ (s) All final reports must acknowledge that the project was made possible in whole
50.24 or part by the Minnesota renewable development account, noting that the account is financed
50.25 by the public utility's ratepayers.

50.26 ~~(u)~~ (t) Of the amount in the renewable development account, priority must be given to
50.27 making the payments required under section 216C.417.

50.28 ~~(v)~~ (u) Construction projects receiving funds from this account are subject to the
50.29 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements
50.30 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and
50.31 177.45.

51.1 Sec. 2. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

51.2 Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching**

51.3 **improvement.** (a) The commission may order public utilities to develop and submit for
51.4 commission approval incentive plans that describe the method of recovery and accounting
51.5 for utility conservation and efficient fuel-switching expenditures and savings. The
51.6 commission shall develop and implement incentive plans designed to promote energy
51.7 conservation separately from those designed to promote efficient fuel-switching. In
51.8 developing the incentive plans the commission shall ensure the effective involvement of
51.9 interested parties.

51.10 (b) In approving incentive plans, the commission shall consider:

51.11 (1) whether the plan is likely to increase utility investment in cost-effective energy
51.12 conservation or efficient fuel switching;

51.13 (2) whether the plan is compatible with the interest of utility ratepayers and other
51.14 interested parties;

51.15 (3) whether the plan links the incentive to the utility's performance in achieving
51.16 cost-effective conservation or efficient fuel switching; ~~and~~

51.17 (4) whether the plan is in conflict with other provisions of this chapter;

51.18 (5) whether the plan is in conflict with other provisions of this chapter; and

51.19 (6) the likely financial impacts of the incentive plans on the utility.

51.20 (c) The commission may set rates to encourage the vigorous and effective implementation
51.21 of utility conservation and efficient fuel-switching programs. The commission may:

51.22 (1) increase or decrease any otherwise allowed rate of return on net investment based
51.23 upon the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of
51.24 energy through energy conservation or efficient fuel switching;

51.25 (2) share between ratepayers and utilities the net savings resulting from energy
51.26 conservation and efficient fuel-switching programs to the extent justified by the utility's
51.27 skill, efforts, and success in ~~conserving~~ improving the efficient use of energy; and

51.28 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that
51.29 implementation of cost-effective conservation or efficient fuel switching is a preferred
51.30 resource choice for the public utility considering the impact of conservation or efficient fuel
51.31 switching on earnings of the public utility.

52.1 (d) Any incentives offered to electric utilities under this subdivision for efficient-fuel
52.2 switching projects expire December 31, 2032.

52.3 Sec. 3. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision
52.4 to read:

52.5 Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures,
52.6 equipment, and installations at a single site where electricity is used primarily by computers
52.7 to process transactions involving digital currency not issued by a central authority.

52.8 Sec. 4. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:

52.9 Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement"
52.10 means a project that:

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

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

52.15 (3) otherwise meets the criteria established for consumer-owned utilities in section
52.16 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11
52.17 and 12; and

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

52.20 An efficient fuel-switching improvement is not an energy conservation improvement or
52.21 energy efficiency even if the efficient fuel-switching improvement results in a net reduction
52.22 in electricity or natural gas use. ~~An efficient fuel-switching improvement does not include,~~
52.23 ~~and must not count toward any energy savings goal from, energy conservation improvements~~
52.24 ~~when fuel switching would result in an increase of greenhouse gas emissions into the~~
52.25 ~~atmosphere on an annual basis.~~

52.26 Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

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

52.31 (1) gas sales to:

53.1 (i) a large energy facility;

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

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

53.8 (2) electric sales to:

53.9 (i) a large customer facility whose electric utility has been exempted by the commissioner
53.10 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made
53.11 to the large customer facility; ~~or~~ and

53.12 (ii) a data mining facility, if the facility:

53.13 (A) has provided a signed letter to the utility verifying the facility meets the definition
53.14 of a data mining facility, as defined in subdivision 3a; and

53.15 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or
53.16 greater than 40 percent of the peak electrical demand of the system, measured in the same
53.17 manner as the utility that serves the customer facility measures electric demand for billing
53.18 purposes; or

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

53.24 Sec. 6. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

53.25 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual
53.26 consumer-owned electric utility subject to this section has an annual energy-savings goal
53.27 equivalent to 1.5 percent of gross annual retail energy sales and each individual
53.28 consumer-owned natural gas utility subject to this section has an annual energy-savings
53.29 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum
53.30 of energy savings from energy conservation improvements equivalent to at least 0.95 0.90
53.31 percent of the consumer-owned utility's gross annual retail energy sales. The balance of

54.1 energy savings toward the annual energy-savings goal may be achieved only by the following
54.2 consumer-owned utility activities:

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

54.4 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
54.5 1, that result in increased efficiency greater than would have occurred through normal
54.6 maintenance activity;

54.7 (3) net energy savings from efficient fuel-switching improvements that meet the criteria
54.8 under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

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

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

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

54.25 ~~(d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a~~
54.26 ~~consumer-owned utility subject to this section on efficient fuel-switching improvements~~
54.27 ~~implemented to meet the annual energy savings goal under this section must not exceed~~
54.28 ~~0.55 percent per year, averaged over a three-year period, of the consumer-owned utility's~~
54.29 ~~gross annual retail energy sales.~~

54.30 Sec. 7. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

54.31 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)
54.32 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
54.33 file with the commissioner an energy conservation and optimization plan that describes the

55.1 programs for energy conservation, efficient fuel-switching, load management, and other
55.2 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
55.3 goal.

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

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

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

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

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

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

55.19 (d) The commissioner must evaluate a plan filed under this subdivision based on the
55.20 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The
55.21 commissioner may make recommendations to a consumer-owned utility regarding ways to
55.22 increase the effectiveness of the consumer-owned utility's energy conservation activities
55.23 and programs under this subdivision. The commissioner may recommend that a
55.24 consumer-owned utility implement a cost-effective energy conservation or efficient
55.25 fuel-switching program, including an energy conservation program suggested by an outside
55.26 source such as a political subdivision, nonprofit corporation, or community organization.

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

56.1 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy
56.2 conservation programs, the consumer-owned utility and the commissioner must consider
56.3 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner
56.4 must also consider the rate at which the consumer-owned utility is increasing energy savings
56.5 and expenditures on energy conservation, and lifetime energy savings and cumulative energy
56.6 savings.

56.7 (g) A consumer-owned utility may annually spend and invest up to ten percent of the
56.8 total amount spent and invested on energy conservation, efficient fuel-switching, or load
56.9 management improvements on research and development projects that meet the applicable
56.10 definition of energy conservation, efficient fuel-switching, or load management improvement.

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

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

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

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

56.24 (2) recommission buildings;

56.25 (3) train building operators; and

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

56.28 (k) A consumer-owned utility may request that the commissioner adjust the
56.29 consumer-owned utility's minimum goal for energy savings from energy conservation
56.30 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under
56.31 this subdivision. The request must be made by January 1 of the year when the
56.32 consumer-owned utility must file a plan under this subdivision. The request must be based
56.33 on:

- 57.1 (1) historical energy conservation improvement program achievements;
- 57.2 (2) customer class makeup;
- 57.3 (3) projected load growth;
- 57.4 (4) an energy conservation potential study that estimates the amount of cost-effective
- 57.5 energy conservation potential that exists in the consumer-owned utility's service territory;
- 57.6 (5) the cost-effectiveness and quality of the energy conservation programs offered by
- 57.7 the consumer-owned utility; and
- 57.8 (6) other factors the commissioner and consumer-owned utility determine warrant an
- 57.9 adjustment.

57.10 The commissioner must adjust the energy savings goal to a level the commissioner determines

57.11 is supported by the record, but must not approve a minimum energy savings goal from

57.12 energy conservation improvements that is less than an average of 0.95 percent per year over

57.13 the consecutive years of the plan's duration, including the year the minimum energy savings

57.14 goal is adjusted.

57.15 (l) A consumer-owned utility filing a conservation and optimization plan that includes

57.16 an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part

57.17 of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~

57.18 that the requirements of subdivision 8 are met, ~~using a full fuel-cycle energy analysis.~~

57.19 Sec. 8. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

57.20 **Subd. 5. Energy conservation programs for low-income households.** (a) A

57.21 consumer-owned utility subject to this section must provide energy conservation programs

57.22 to low-income households. The commissioner must evaluate a consumer-owned utility's

57.23 plans under this section by considering the consumer-owned utility's historic spending on

57.24 energy conservation programs directed to low-income households, the rate of customer

57.25 participation in and the energy savings resulting from those programs, and the number of

57.26 low-income persons residing in the consumer-owned utility's service territory. A municipal

57.27 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal

57.28 utility's most recent three-year average gross operating revenue from residential customers

57.29 in Minnesota on energy conservation programs for low-income households. A

57.30 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the

57.31 consumer-owned utility's gross operating revenue from residential customers in Minnesota

57.32 on energy conservation programs for low-income households. The requirement under this

57.33 paragraph applies to each generation and transmission cooperative association's aggregate

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

58.3 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
58.4 utility may contribute money to the energy and conservation account established in section
58.5 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
58.6 of contributions the consumer-owned utility plans to make to the energy and conservation
58.7 account. Contributions to the account must be used for energy conservation programs serving
58.8 low-income households, including renters, located in the service area of the consumer-owned
58.9 utility making the contribution. Contributions must be remitted to the commissioner by
58.10 February 1 each year.

58.11 (c) The commissioner must establish energy conservation programs for low-income
58.12 households funded through contributions to the energy and conservation account under
58.13 paragraph (b). When establishing energy conservation programs for low-income households,
58.14 the commissioner must consult political subdivisions, utilities, and nonprofit and community
58.15 organizations, including organizations providing energy and weatherization assistance to
58.16 low-income households. The commissioner must record and report expenditures and energy
58.17 savings achieved as a result of energy conservation programs for low-income households
58.18 funded through the energy and conservation account in the report required under section
58.19 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political
58.20 subdivision, nonprofit or community organization, public utility, municipality, or
58.21 consumer-owned utility to implement low-income programs funded through the energy and
58.22 conservation account.

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

58.26 (e) The commissioner must develop and establish guidelines for determining the eligibility
58.27 of multifamily buildings to participate in energy conservation programs provided to
58.28 low-income households. Notwithstanding the definition of low-income household in section
58.29 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
58.30 published by the department for purposes of determining the eligibility of multifamily
58.31 buildings to participate in low-income programs. The commissioner must convene a
58.32 stakeholder group to review and update these guidelines by August 1, 2021, and at least
58.33 once every five years thereafter. The stakeholder group must include but is not limited to
58.34 representatives of public utilities; municipal electric or gas utilities; electric cooperative
58.35 associations; multifamily housing owners and developers; and low-income advocates.

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

59.5 (g) The commissioner must, by order, establish a list of preweatherization measures
59.6 eligible for inclusion in low-income energy conservation programs no later than March 15,
59.7 2022.

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

59.18 (i) This paragraph applies to a consumer-owned utility that supplies electricity to a
59.19 low-income household whose primary heating fuel is supplied by an entity other than a
59.20 public utility. Any spending on space and water heating energy conservation improvements
59.21 and efficient fuel-switching by the consumer-owned utility on behalf of the low-income
59.22 household may be applied to the consumer owned utility's spending requirement in paragraph
59.23 (a). To the maximum extent possible, a consumer-owned utility providing services under
59.24 this paragraph must offer them in conjunction with weatherization services provided under
59.25 section 216C.264.

59.26 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

59.27 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching
59.28 improvement is deemed efficient if, applying the technical criteria established under section
59.29 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being
59.30 displaced:

59.31 (1) results in a net reduction in the amount of source energy consumed for a particular
59.32 use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's
59.33 electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal,

60.1 monthly, or more granular level of analysis for the electric utility system over the measure's
60.2 life;

60.3 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
60.4 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
60.5 improvement installed by an electric consumer-owned utility, the reduction in emissions
60.6 must be measured ~~based on the hourly emissions profile of the consumer-owned utility or~~
60.7 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~
60.8 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~
60.9 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~
60.10 ~~that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual
60.11 average emissions factor, or (ii) if the utility elects, the seasonal, monthly, or more granular
60.12 level of analysis for the electric utility system over the measure's life; and

60.13 (3) is cost-effective, considering the costs and benefits from the perspective of the
60.14 consumer-owned utility, participants, and society; ~~and.~~

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

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

60.20 Sec. 10. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

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

60.24 (b) A public utility providing electric service has an annual energy-savings goal equivalent
60.25 to 1.75 percent of gross annual retail energy sales unless modified by the commissioner
60.26 under paragraph (c). A public utility providing natural gas service has an annual
60.27 energy-savings goal equivalent to one percent of gross annual retail energy sales, which
60.28 cannot be lowered by the commissioner. The savings goals must be calculated based on the
60.29 most recent three-year weather-normalized average. A public utility providing electric
60.30 service may elect to carry forward energy savings in excess of 1.75 percent for a year to
60.31 the succeeding three calendar years, except that savings from electric utility infrastructure
60.32 projects allowed under paragraph (d) may be carried forward for five years. A public utility
60.33 providing natural gas service may elect to carry forward energy savings in excess of one

61.1 percent for a year to the succeeding three calendar years. A particular energy savings can
61.2 only be used to meet one year's goal.

61.3 (c) In its energy conservation and optimization plan filing, a public utility may request
61.4 the commissioner to adjust its annual energy-savings percentage goal based on its historical
61.5 conservation investment experience, customer class makeup, load growth, a conservation
61.6 potential study, or other factors the commissioner determines warrants an adjustment.

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

61.10 The balance of the 1.75 percent annual energy savings goal may be achieved through
61.11 energy savings from:

61.12 (1) additional energy conservation improvements;

61.13 (2) electric utility infrastructure projects approved by the commission under section
61.14 216B.1636 that result in increased efficiency greater than would have occurred through
61.15 normal maintenance activity; or

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

61.19 (e) A public utility is not required to make energy conservation investments to attain
61.20 the energy-savings goals of this subdivision that are not cost-effective even if the investment
61.21 is necessary to attain the energy-savings goals. For the purpose of this paragraph, in
61.22 determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits
61.23 to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is
61.24 increasing both its energy savings and its expenditures on energy conservation; and (3) the
61.25 public utility's lifetime energy savings and cumulative energy savings.

61.26 (f) On an annual basis, the commissioner shall produce and make publicly available a
61.27 report on the annual energy and capacity savings and estimated carbon dioxide reductions
61.28 achieved by the programs under this section and section 216B.2403 for the two most recent
61.29 years for which data is available. The report must also include information regarding any
61.30 annual energy sales or generation capacity increases resulting from efficient fuel-switching
61.31 improvements. The commissioner shall report on program performance both in the aggregate
61.32 and for each entity filing an energy conservation improvement plan for approval or review

62.1 by the commissioner, and must estimate progress made toward the statewide energy-savings
62.2 goal under section 216B.2401.

62.3 ~~(g) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a~~
62.4 ~~public utility subject to this section on efficient fuel-switching improvements to meet energy~~
62.5 ~~savings goals under this section must not exceed 0.35 percent per year, averaged over three~~
62.6 ~~years, of the public utility's gross annual retail energy sales.~~

62.7 Sec. 11. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

62.8 Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The
62.9 commissioner may require a public utility to make investments and expenditures in energy
62.10 conservation improvements, explicitly setting forth the interest rates, prices, and terms under
62.11 which the improvements must be offered to the customers.

62.12 (b) A public utility shall file an energy conservation and optimization plan by June 1,
62.13 on a schedule determined by order of the commissioner, but at least every three years. As
62.14 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching
62.15 improvements and load management. An individual utility program may combine elements
62.16 of energy conservation, load management, or efficient fuel-switching. The plan must estimate
62.17 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved
62.18 under the plan. A plan filed by a public utility by June 1 must be approved or approved as
62.19 modified by the commissioner by December 1 of that same year.

62.20 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the
62.21 reliability of technologies employed. The commissioner's order must provide to the extent
62.22 practicable for a free choice, by consumers participating in an energy conservation program,
62.23 of the device, method, material, or project constituting the energy conservation improvement
62.24 and for a free choice of the seller, installer, or contractor of the energy conservation
62.25 improvement, provided that the device, method, material, or project seller, installer, or
62.26 contractor is duly licensed, certified, approved, or qualified, including under the residential
62.27 conservation services program, where applicable.

62.28 (d) The commissioner may require a utility subject to subdivision 1c to make an energy
62.29 conservation improvement investment or expenditure whenever the commissioner finds
62.30 that the improvement will result in energy savings at a total cost to the utility less than the
62.31 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

62.32 (e) Each public utility subject to this subdivision may spend and invest annually up to
62.33 ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests

63.1 on energy conservation, efficient fuel-switching, or load management improvements under
63.2 this section ~~by the public utility~~ on research and development projects that meet the applicable
63.3 definition of energy conservation, efficient fuel-switching, or load management improvement.

63.4 (f) The commissioner shall consider and may require a public utility to undertake an
63.5 energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements
63.6 of subdivisions 11 and 12, that is suggested by an outside source, including a political
63.7 subdivision, a nonprofit corporation, or community organization. In approving a proposal
63.8 under this paragraph, the commissioner must consider the qualifications and experience of
63.9 the entity proposing the program and any other criteria the commissioner deems relevant.

63.10 (g) A public utility, a political subdivision, or a nonprofit or community organization
63.11 that has suggested an energy conservation program, the attorney general acting on behalf
63.12 of consumers and small business interests, or a public utility customer that has suggested
63.13 an energy conservation program and is not represented by the attorney general under section
63.14 8.33 may petition the commission to modify or revoke a department decision under this
63.15 section, and the commission may do so if it determines that the energy conservation program
63.16 is not cost-effective, does not adequately address the residential conservation improvement
63.17 needs of low-income persons, has a long-range negative effect on one or more classes of
63.18 customers, or is otherwise not in the public interest. The commission shall reject a petition
63.19 that, on its face, fails to make a reasonable argument that an energy conservation program
63.20 is not in the public interest.

63.21 (h) The commissioner may order a public utility to include, with the filing of the public
63.22 utility's annual status report, the results of an independent audit of the public utility's
63.23 conservation improvement programs and expenditures performed by the department or an
63.24 auditor with experience in the provision of energy conservation and energy efficiency
63.25 services approved by the commissioner and chosen by the public utility. The audit must
63.26 specify the energy savings or increased efficiency in the use of energy within the service
63.27 territory of the public utility that is the result of the public utility's spending and investments.
63.28 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

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

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

64.5 (k) A public utility filing a conservation and optimization plan that includes an efficient
64.6 fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing,
64.7 demonstrate ~~by a comparison of greenhouse gas emissions between the fuels that the~~
64.8 requirements of subdivisions 11 or 12 are met, as applicable, ~~using a full fuel-cycle energy~~
64.9 ~~analysis.~~

64.10 Sec. 12. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

64.11 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)
64.12 A public utility providing electric service at retail may include in the plan required under
64.13 subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility
64.14 expects to achieve under the plan and the programs to implement efficient fuel-switching
64.15 improvements or combinations of energy conservation improvements, fuel-switching
64.16 improvements, and load management. For each program, the public utility must provide a
64.17 proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy
64.18 and demand savings.

64.19 (b) The department may approve proposed programs for efficient fuel-switching
64.20 improvements if the department determines the improvements meet the requirements of
64.21 paragraph (d). ~~For fuel-switching improvements that require the deployment of electric~~
64.22 ~~technologies, the department must also consider whether the fuel-switching improvement~~
64.23 ~~can be operated in a manner that facilitates the integration of variable renewable energy~~
64.24 ~~into the electric system. The net benefits from an efficient fuel-switching improvement that~~
64.25 ~~is integrated with an energy efficiency program approved under this section may be counted~~
64.26 ~~toward the net benefits of the energy efficiency program, if the department determines the~~
64.27 ~~primary purpose and effect of the program is energy efficiency.~~

64.28 (c) A public utility may file a rate schedule with the commission that provides for annual
64.29 cost recovery of reasonable and prudent costs to implement and promote efficient
64.30 fuel-switching programs. The utility, department, or other entity may propose, and the
64.31 commission may not approve, modify, or reject, a proposal for a financial incentive to
64.32 encourage efficient fuel-switching programs operated by a public utility providing electric
64.33 service approved under this subdivision. When making a decision on the financial incentive

65.1 proposal, the commission must apply the considerations established in section 216B.16,
65.2 subdivision 6c, paragraphs (b) and (c).

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

65.6 (1) results in a net reduction in the amount of source energy consumed for a particular
65.7 use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency,
65.8 or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the
65.9 electric utility system over the measure's life;

65.10 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
65.11 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
65.12 improvement installed by an electric utility, the reduction in emissions must be measured
65.13 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~
65.14 ~~in the most recent resource plan approved by the commission under section 216B.2422~~
65.15 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, the seasonal,
65.16 monthly or more granular level of analysis, for the electric utility system over the measure's
65.17 life; and

65.18 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,
65.19 participants, and society; ~~and.~~

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

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

65.24 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

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

65.32 (1) the electric technology to be installed meets the criteria established under section
65.33 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

66.3 (b) If a program is approved by the commission under this subdivision, the public utility
66.4 may count the program's energy savings toward its energy savings goal under section
66.5 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient
66.6 fuel-switching achieved through programs approved under this subdivision is energy
66.7 conservation.

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

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

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

66.23 Sec. 14. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

66.24 **216C.08 JURISDICTION.**

66.25 (a) The commissioner has sole authority and responsibility for the administration of
66.26 sections 216C.05 to 216C.30 and 216C.375 to administer this chapter. Other laws
66.27 notwithstanding, the authority granted to the commissioner shall supersede under this section
66.28 supersedes the authority given any other agency whenever overlapping, duplication, or
66.29 additional administrative or legal procedures might occur in ~~the administration of sections~~
66.30 216C.05 to 216C.30 and 216C.375 administering this chapter. The commissioner shall
66.31 consult with other state departments or agencies in matters related to energy and shall
66.32 contract with ~~them~~ the other state departments or agencies to provide appropriate services
66.33 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any

67.1 other department, agency, or official of this state or political subdivision thereof which
67.2 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~
67.3 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner
67.4 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~
67.5 ~~216C.30 and 216C.375~~ this chapter.

67.6 (b) The commissioner shall designate a liaison officer whose duty shall be to insure the
67.7 maximum possible consistency in procedures and to eliminate duplication between the
67.8 commissioner and the other agencies that may be involved in energy.

67.9 Sec. 15. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

67.10 **216C.09 COMMISSIONER DUTIES.**

67.11 (a) The commissioner shall:

67.12 (1) manage the department as the central repository within the state government for the
67.13 collection of data on energy;

67.14 (2) prepare and adopt an emergency allocation plan specifying actions to be taken in the
67.15 event of an impending serious shortage of energy, or a threat to public health, safety, or
67.16 welfare;

67.17 (3) undertake a continuing assessment of trends in the consumption of all forms of energy
67.18 and analyze the social, economic, and environmental consequences of these trends;

67.19 (4) carry out energy ~~conservation~~ measures as specified by the legislature and recommend
67.20 to the governor and the legislature additional energy policies and conservation measures as
67.21 required to meet the objectives of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter;

67.22 (5) collect and analyze data relating to present and future demands and resources for all
67.23 sources of energy;

67.24 (6) evaluate policies governing the establishment of rates and prices for energy as related
67.25 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~
67.26 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies
67.27 and rate schedules;

67.28 (7) study the impact and relationship of the state energy policies to international, national,
67.29 and regional energy policies;

67.30 (8) design and implement a state program for the conservation of energy; this program
67.31 shall include but not be limited to, general commercial, industrial, and residential, and
67.32 transportation areas; such program shall also provide for the evaluation of energy systems

68.1 as they relate to lighting, heating, refrigeration, air conditioning, building design and
68.2 operation, and appliance manufacturing and operation;

68.3 (9) inform and educate the public about the sources and uses of energy and the ways in
68.4 which persons can conserve energy;

68.5 (10) dispense funds made available for the purpose of research studies and projects of
68.6 professional and civic orientation, which are related to either energy conservation, resource
68.7 recovery, or the development of alternative energy technologies which conserve
68.8 nonrenewable energy resources while creating minimum environmental impact;

68.9 (11) charge other governmental departments and agencies involved in energy-related
68.10 activities with specific information gathering goals and require that those goals be met;

68.11 (12) design a comprehensive program for the development of indigenous energy
68.12 resources. The program shall include, but not be limited to, providing technical,
68.13 informational, educational, and financial services and materials to persons, businesses,
68.14 municipalities, and organizations involved in the development of solar, wind, hydropower,
68.15 peat, fiber fuels, biomass, and other alternative energy resources. The program shall be
68.16 evaluated by the alternative energy technical activity; and

68.17 (13) dispense loans, grants, or other financial aid from money received from litigation
68.18 or settlement of alleged violations of federal petroleum-pricing regulations made available
68.19 to the department for that purpose.

68.20 (b) Further, the commissioner may participate fully in hearings before the Public Utilities
68.21 Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,
68.22 utility conservation investments, small power production, cogeneration, and other rate issues.
68.23 The commissioner shall support the policies stated in section 216C.05 and shall prepare
68.24 and defend testimony proposed to encourage energy conservation improvements as defined
68.25 in section 216B.241.

68.26 Sec. 16. Minnesota Statutes 2022, section 216C.10, is amended to read:

68.27 **216C.10 COMMISSIONER POWERS.**

68.28 (a) The commissioner may:

68.29 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~
68.30 ~~216C.05 to 216C.30~~ this chapter;

68.31 (2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things
68.32 necessary to cooperate with the United States government, and to qualify for, accept, and

69.1 disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to
69.2 administer this chapter;

69.3 (3) provide on-site technical assistance to units of local government in order to enhance
69.4 local capabilities for dealing with energy problems;

69.5 (4) administer for the state, energy programs under federal law, regulations, or guidelines,
69.6 and coordinate the programs and activities with other state agencies, units of local
69.7 government, and educational institutions;

69.8 (5) develop a state energy investment plan with yearly energy conservation and alternative
69.9 energy development goals, investment targets, and marketing strategies;

69.10 (6) perform market analysis studies relating to conservation, alternative and renewable
69.11 energy resources, and energy recovery;

69.12 (7) assist with the preparation of proposals for innovative conservation, renewable,
69.13 alternative, or energy recovery projects;

69.14 (8) manage and disburse funds made available for the purpose of research studies or
69.15 demonstration projects related to energy conservation or other activities deemed appropriate
69.16 by the commissioner;

69.17 (9) intervene in certificate of need proceedings before the Public Utilities Commission;

69.18 (10) collect fees from recipients of loans, grants, or other financial aid from money
69.19 received from litigation or settlement of alleged violations of federal petroleum-pricing
69.20 regulations, which fees must be used to pay the department's costs in administering those
69.21 financial aids; and

69.22 (11) collect fees from proposers and operators of conservation and other energy-related
69.23 programs that are reviewed, evaluated, or approved by the department, other than proposers
69.24 that are political subdivisions or community or nonprofit organizations, to cover the
69.25 department's cost in making the reviewal, evaluation, or approval and in developing additional
69.26 programs for others to operate.

69.27 (b) Notwithstanding any other law, the commissioner is designated the state agent to
69.28 apply for, receive, and accept federal or other funds made available to the state for the
69.29 purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

70.1 Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended
70.2 to read:

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

70.5 (b) "Aggregated customer energy use data" means customer energy use data that is
70.6 combined into one collective data point per time interval. Aggregated customer energy use
70.7 data is data with any unique identifiers or other personal information removed that a
70.8 qualifying utility collects and aggregates in at least monthly intervals for an entire building
70.9 on a covered property.

70.10 (c) "Benchmark" means to electronically input into a benchmarking tool ~~the total~~ whole
70.11 building energy use data and other descriptive information about a building that is required
70.12 by a benchmarking tool.

70.13 (d) "Benchmarking information" means data related to a building's energy use generated
70.14 by a benchmarking tool, and other information about the building's physical and operational
70.15 characteristics. Benchmarking information includes but is not limited to the building's:

70.16 (1) address;

70.17 (2) owner and, if applicable, the building manager responsible for operating the building's
70.18 physical systems;

70.19 (3) total floor area, expressed in square feet;

70.20 (4) energy use intensity;

70.21 (5) greenhouse gas emissions; and

70.22 (6) energy performance score comparing the building's energy use with that of similar
70.23 buildings.

70.24 (e) "Benchmarking tool" means the United States Environmental Protection Agency's
70.25 Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

70.26 (f) "Covered property" means any property that is served by an investor-owned utility
70.27 in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city
70.28 outside the metropolitan area with a population of over 50,000 residents, as determined by
70.29 the Minnesota State Demographic Center, served by a municipal energy utility or
70.30 investor-owned utility, and that has one or more buildings containing in sum 50,000 gross
70.31 square feet or greater. Covered property does not include:

70.32 (1) a residential property containing fewer than five dwelling units;

71.1 (2) a property that is: (i) classified as manufacturing under the North American Industrial
71.2 Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section
71.3 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an
71.4 industrial building otherwise incompatible with benchmarking in the benchmarking tool,
71.5 as determined by the commissioner;

71.6 (3) an agricultural building;

71.7 (4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying
71.8 aggregated customer usage data under subdivision 8 or is not using a customer usage data
71.9 aggregation program to supply aggregated customer usage data to the benchmarking tool;
71.10 or

71.11 (5) other property types that do not meet the purposes of this section, as determined by
71.12 the commissioner.

71.13 (g) "Customer energy use data" means data collected from utility customer meters that
71.14 reflect the quantity, quality, or timing of customers' energy use.

71.15 (h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide
71.16 heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

71.17 (i) "Energy performance score" means a numerical value from one to 100 that the Energy
71.18 Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of
71.19 comparable buildings nationwide.

71.20 (j) "Energy Star Portfolio Manager" means an interactive resource management tool
71.21 developed by the United States Environmental Protection Agency that (1) enables the
71.22 periodic entry of a building's energy use data and other descriptive information about a
71.23 building, and (2) rates a building's energy efficiency against that of comparable buildings
71.24 nationwide.

71.25 (k) "Energy use intensity" means the total annual energy consumed in a building divided
71.26 by the building's total floor area.

71.27 (l) "Financial distress" means a covered property that, at the time benchmarking is
71.28 conducted:

71.29 (1) is the subject of a qualified tax lien sale or public auction due to property tax
71.30 arrearages;

71.31 (2) is controlled by a court-appointed receiver based on financial distress;

71.32 (3) is owned by a financial institution through default by the borrower;

- 72.1 (4) has been acquired by deed in lieu of foreclosure; or
- 72.2 (5) has a senior mortgage that is subject to a notice of default.
- 72.3 (m) "Local government" means a statutory or home rule municipality or county.
- 72.4 (n) "Owner" means:
- 72.5 (1) an individual or entity that possesses title to a covered property; or
- 72.6 (2) an agent authorized to act on behalf of the covered property owner.
- 72.7 (o) "Qualifying utility" means ~~a utility serving the covered property, including:~~
- 72.8 (1) an electric or gas utility, including:
- 72.9 (i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota,
- 72.10 Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan
- 72.11 area with a population of over 50,000 residents, as determined by the Minnesota State
- 72.12 Demographic Center, and serving properties with one or more buildings containing in sum
- 72.13 50,000 gross square feet or greater; or
- 72.14 (ii) a municipally owned electric or gas utility serving customers in any city with a
- 72.15 population of over 50,000 residents, as determined by the Minnesota State Demographic
- 72.16 Center, and serving properties with one or more buildings containing in sum 50,000 gross
- 72.17 square feet or greater;
- 72.18 (2) a natural gas supplier with five or more active commercial connections, accounts,
- 72.19 or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin,
- 72.20 Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a
- 72.21 population of over 50,000 residents, as determined by the Minnesota State Demographic
- 72.22 Center, and serving properties with one or more buildings containing in sum 50,000 gross
- 72.23 square feet or greater; or
- 72.24 (3) a district steam, hot water, or chilled water provider serving customers in Anoka,
- 72.25 Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside
- 72.26 the metropolitan area with a population of over 50,000 residents, as determined by the
- 72.27 Minnesota State Demographic Center, and serving properties with one or more buildings
- 72.28 containing in sum 50,000 gross square feet or greater.
- 72.29 (p) "Tenant" means a person that occupies or holds possession of a building or part of
- 72.30 a building or premises pursuant to a lease agreement.

73.1 (q) "Total floor area" means the sum of gross square footage inside a building's envelope,
 73.2 measured between the outside exterior walls of the building. Total floor area includes covered
 73.3 parking structures.

73.4 (r) "Utility customer" means the building owner or tenant listed on the utility's records
 73.5 as the customer liable for payment of the utility service or additional charges assessed on
 73.6 the utility account.

73.7 (s) "Whole building energy use data" means all energy consumed in a building, whether
 73.8 purchased from a third party or generated at the building site or from any other source.

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

73.10 Sec. 18. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

73.11 Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements"
 73.12 means:

73.13 (1) any new construction, renovation, or retrofitting of qualifying commercial real
 73.14 property to improve energy efficiency that: (i) is permanently affixed to the property; and
 73.15 (ii) results in a net reduction in energy consumption without altering the principal source
 73.16 of energy, and has been identified or greenhouse gas emissions, as documented in an energy
 73.17 audit as repaying the purchase and installation costs in 20 years or less, based on the amount
 73.18 of future energy saved and estimated future energy prices or emissions avoided;

73.19 (2) any renovation or retrofitting of qualifying residential real property that is permanently
 73.20 affixed to the property and is eligible to receive an incentive through a program offered by
 73.21 the electric or natural gas utility that provides service under section 216B.241 to the property
 73.22 or is otherwise determined to be ~~a cost-effective~~ an eligible energy improvement by the
 73.23 commissioner under section 216B.241, subdivision 1d, paragraph (a);

73.24 (3) permanent installation of new or upgraded electrical circuits and related equipment
 73.25 to enable electrical vehicle charging; or

73.26 (4) a solar voltaic or solar thermal energy system attached to, installed within, or
 73.27 proximate to a building that generates electrical or thermal energy from a renewable energy
 73.28 source that has been ~~identified~~ documented in an energy audit or renewable energy system
 73.29 feasibility study ~~as repaying their purchase and installation costs in 20 years or less, based~~
 73.30 ~~on the amount of future energy saved and estimated future energy prices,~~ along with the
 73.31 estimated amount of related renewable energy production.

74.1 Sec. 19. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

74.2 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"
74.3 means a person or entity that installs ~~cost-effective energy~~ eligible improvements financed
74.4 under a commercial PACE loan program.

74.5 Sec. 20. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
74.6 to read:

74.7 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy
74.8 improvements, resiliency improvements, or water improvements made to qualifying real
74.9 property.

74.10 Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

74.11 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
74.12 consumption of a building by a certified energy auditor, whose certification is approved by
74.13 the commissioner, for the purpose of identifying appropriate energy improvements that
74.14 could be made to the building and including an estimate of the ~~length of time a specific~~
74.15 ~~energy improvement will take to repay its purchase and installation costs, based on the~~
74.16 ~~amount of energy saved and estimated future energy prices~~ effective useful life, the reduction
74.17 of energy consumption, and the related avoided greenhouse gas emissions resulting from
74.18 the proposed eligible improvements.

74.19 Sec. 22. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended
74.20 to read:

74.21 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
74.22 means a multifamily residential dwelling, a commercial or industrial building, or farmland,
74.23 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,
74.24 after review of an energy audit, renewable energy system feasibility study, water
74.25 improvement study, resiliency improvement study, or agronomic assessment, as defined in
74.26 section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy
74.27 installing eligible improvements or land and water improvements, as defined in section
74.28 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

74.29 Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

74.30 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system
74.31 feasibility study" means a written study, conducted by a contractor trained to perform that

75.1 analysis, for the purpose of determining the feasibility of installing a renewable energy
75.2 system in a building, including an estimate of the ~~length of time a specific~~ effective useful
75.3 life, the production of renewable energy, and any related avoided greenhouse gas emissions
75.4 of the proposed renewable energy system ~~will take to repay its purchase and installation~~
75.5 ~~costs, based on the amount of energy saved and estimated future energy prices. For a~~
75.6 ~~geothermal energy improvement, the feasibility study must calculate net savings in terms~~
75.7 ~~of nongeothermal energy and costs.~~

75.8 Sec. 24. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
75.9 to read:

75.10 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more
75.11 installations or modifications to eligible commercial real property that are designed to
75.12 improve a property's resiliency by improving the eligible real property's:

75.13 (1) structural integrity for seismic events;

75.14 (2) indoor air quality;

75.15 (3) durability to resist wind, fire, and flooding;

75.16 (4) ability to withstand an electric power outage;

75.17 (5) stormwater control measures, including structural and nonstructural measures to
75.18 mitigate stormwater runoff;

75.19 (6) ability to mitigate the impacts of extreme temperatures; or

75.20 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

75.21 Sec. 25. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
75.22 to read:

75.23 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement
75.24 feasibility study" means a written study that is conducted by a contractor trained to perform
75.25 the analysis to:

75.26 (1) determine the feasibility of installing a resiliency improvement;

75.27 (2) document the improved resiliency capabilities of the property; and

75.28 (3) estimate the effective useful life of the proposed resiliency improvements.

76.1 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
76.2 to read:

76.3 Subd. 14. **Water improvement.** "Water improvement" means one or more installations
76.4 or modifications to qualifying commercial real property that are designed to improve water
76.5 efficiency or water quality by:

76.6 (1) reducing water consumption;

76.7 (2) improving the quality, potability, or safety of water for the qualifying property; or

76.8 (3) conserving or remediating water, in whole or in part, on qualifying real property.

76.9 Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
76.10 to read:

76.11 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"
76.12 means a written study that is conducted by a contractor trained to perform the analysis to:

76.13 (1) determine the appropriate water improvements that could be made to the building;

76.14 and

76.15 (2) estimate the effective useful life, the reduction of water consumption, and any
76.16 improvement in water quality resulting from the proposed water improvements.

76.17 Sec. 28. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

76.18 Subdivision 1. **Program purpose and authority.** An implementing entity may establish
76.19 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency
76.20 improvements to enable owners of qualifying commercial real property to pay for the
76.21 ~~cost-effective energy~~ eligible improvements to the qualifying real property with the net
76.22 proceeds and interest earnings of revenue bonds authorized in this section. An implementing
76.23 entity may limit the number of qualifying commercial real properties for which a property
76.24 owner may receive program financing.

76.25 Sec. 29. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is
76.26 amended to read:

76.27 Subd. 1b. **Definitions.** (a) For the purposes of this section, the following terms have the
76.28 meanings given.

76.29 (b) "Agronomic assessment" means a study by an independent third party that assesses
76.30 the environmental impacts of proposed land and water improvements on farmland.

77.1 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under
77.2 section 273.13, subdivision 23.

77.3 (d) "Land and water improvement" means:

77.4 (1) an improvement to farmland that:

77.5 (i) is permanent;

77.6 (ii) results in improved agricultural profitability or resiliency;

77.7 (iii) reduces the environmental impact of agricultural production; and

77.8 (iv) if the improvement affects drainage, complies with the most recent versions of the
77.9 applicable following conservation practice standards issued by the United States Department
77.10 of Agriculture's Natural Resources Conservation Service: Drainage Water Management
77.11 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and
77.12 Constructed Wetland (Code 656); or

77.13 (2) water conservation and quality measures, which include permanently affixed
77.14 equipment, appliances, or improvements that reduce a property's water consumption or that
77.15 enable water to be managed more efficiently.

77.16 (e) "Resiliency" means:

77.17 (1) the ability of farmland to maintain and enhance profitability, soil health, and water
77.18 quality;

77.19 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real
77.20 property; or

77.21 (3) an increase in building resilience through flood mitigation, stormwater management,
77.22 wildfire and wind resistance, energy storage use, or microgrid use.

77.23 Sec. 30. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended
77.24 to read:

77.25 Subd. 2. **Program requirements.** A commercial PACE loan program must:

77.26 (1) impose requirements and conditions on financing arrangements to ensure timely
77.27 repayment;

77.28 (2) require an energy audit, renewable energy system feasibility study, resiliency
77.29 improvement study, water improvement study, or agronomic or soil health assessment to
77.30 be conducted on the qualifying commercial real property and reviewed by the implementing
77.31 entity prior to approval of the financing;

78.1 (3) require the inspection or verification of all ~~installations and a performance verification~~
78.2 ~~of at least ten percent of the cost-effective energy~~ eligible improvements or land and water
78.3 improvements financed by the program;

78.4 (4) not prohibit the financing of all ~~cost-effective energy~~ eligible improvements or land
78.5 and water improvements not otherwise prohibited by this section;

78.6 (5) require that all ~~cost-effective energy~~ eligible improvements or land and water
78.7 improvements be made to a qualifying commercial real property prior to, or in conjunction
78.8 with, an applicant's repayment of financing for ~~cost-effective energy~~ eligible improvements
78.9 or land and water improvements for ~~that~~ the qualifying commercial real property;

78.10 (6) have ~~cost-effective energy~~ eligible improvements or land and water improvements
78.11 financed by the program performed by a licensed contractor as required by chapter 326B
78.12 or other law or ordinance;

78.13 (7) require disclosures in the loan document to borrowers by the implementing entity
78.14 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency
78.15 results from a default; and (ii) all the terms and conditions of the commercial PACE loan
78.16 and the installation of ~~cost-effective energy~~ eligible improvements or land and water
78.17 improvements, including the interest rate being charged on the loan;

78.18 (8) provide financing only to those who demonstrate an ability to repay;

78.19 (9) not provide financing for a qualifying commercial real property in which the owner
78.20 is not current on mortgage or real property tax payments;

78.21 (10) require a petition to the implementing entity by all owners of the qualifying
78.22 commercial real property requesting collections of repayments as a special assessment under
78.23 section 429.101;

78.24 (11) provide that payments and assessments are not accelerated due to a default and that
78.25 a tax delinquency exists only for assessments not paid when due;

78.26 (12) require that liability for special assessments related to the financing runs with the
78.27 qualifying commercial real property; and

78.28 (13) prior to financing any improvements to or imposing any assessment upon qualifying
78.29 commercial real property, require notice to and written consent from the mortgage lender
78.30 of any mortgage encumbering or otherwise secured by the qualifying commercial real
78.31 property.

79.1 Sec. 31. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

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

79.3 (1) a cost-weighted average maturity not exceeding the useful life of the energy eligible
79.4 improvements installed, as determined by the implementing entity, but in no event may a
79.5 term exceed ~~20~~ 30 years;

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

79.7 (i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the
79.8 improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value,
79.9 accepted or approved by the mortgage lender; or

79.10 (ii) the actual cost of installing the energy eligible improvements, including the costs of
79.11 necessary equipment, materials, and labor, the costs of each related energy audit ~~or~~, renewable
79.12 energy system feasibility study, water improvement study, resiliency improvement study,
79.13 and the cost of verification of installation; and

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

79.16 Sec. 32. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

79.17 Subd. 7. **Repayment.** An implementing entity that finances an energy eligible
79.18 improvement under this section must:

79.19 (1) secure payment with a lien against the qualifying commercial real property; and

79.20 (2) collect repayments as a special assessment as provided for in section 429.101 or by
79.21 charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual
79.22 installments.

79.23 If the implementing entity is an authority, the local government that authorized the
79.24 authority to act as implementing entity shall impose and collect special assessments necessary
79.25 to pay debt service on bonds issued by the implementing entity under subdivision 8, and
79.26 shall transfer all collections of the assessments upon receipt to the authority.

79.27 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

79.28 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue
79.29 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,
79.30 provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of
79.31 issuance.

80.1 (b) The bonds must be payable as to both principal and interest solely from the revenues
80.2 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

80.3 (c) No holder of bonds issued under this subdivision may compel any exercise of the
80.4 taxing power of the implementing entity that issued the bonds to pay principal or interest
80.5 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
80.6 compel any exercise of the taxing power of the local government. Bonds issued under this
80.7 subdivision are not a debt or obligation of the issuer or any local government that issued
80.8 them, nor is the payment of the bonds enforceable out of any money other than the revenue
80.9 pledged to the payment of the bonds.

80.10 Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

80.11 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible
80.12 improvement financed under a PACE loan program, including all equipment purchased in
80.13 whole or in part with loan proceeds under a loan program, is deemed real property or a
80.14 fixture attached to the real property.

80.15 Sec. 35. **[216C.471] RESIDENTIAL ENERGY RATING REBATE PROGRAM.**

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

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

80.19 (c) "Program" or "the program" means the residential energy rating rebate program
80.20 established under this section.

80.21 (d) "Qualifying unit" means a residential living space occupied by an individual or a
80.22 household that has been certified by the United States Department of Energy's Zero Energy
80.23 Ready Home Program and that is located in a building with no more than 12 residential
80.24 dwelling units. Individual units may qualify independently, without regard to the certification
80.25 status of another unit in a building or another structure on a lot.

80.26 Subd. 2. **Establishment.** By March 1, 2025, the commissioner must establish a residential
80.27 energy rating rebate program to provide financial assistance to builders and developers of
80.28 qualifying units to defray certification costs under the United States Department of Energy's
80.29 Zero Energy Ready Home Program.

80.30 Subd. 3. **Application process.** (a) Applicants must apply for rebates using a form
80.31 developed by the commissioner that demonstrates, at a minimum:

81.1 (1) that the qualifying unit received a certification under the version of the United States
81.2 Department of Energy's Zero Energy Ready Home Program that was in effect at the time
81.3 the qualifying unit received its building permit; and

81.4 (2) proof of payment for energy rating services provided by a verifier partner of the
81.5 United States Department of Energy Zero Energy Ready Home Program.

81.6 (b) Applicants must submit a copy of the final energy rating report completed by the
81.7 verifier partner.

81.8 (c) Applications must be considered on a rolling basis according to criteria developed
81.9 by the commissioner.

81.10 Subd. 4. **Rebate amounts.** The commissioner must award rebates to applicants in an
81.11 amount that equals the amount that the applicant paid for energy rating services certified
81.12 by third parties necessary for certification by the United States Department of Energy's Zero
81.13 Energy Ready Home Program, including travel and lodging costs for site visits of energy
81.14 rating professionals, subject to the following limitations:

81.15 (1) the maximum award per qualifying unit of single-family housing is \$5,000;

81.16 (2) the maximum award per qualifying unit of all other types of housing is \$2,500;

81.17 (3) no applicant may receive more than \$15,000 in rebates for qualifying units in a single
81.18 building; and

81.19 (4) no more than one rebate may be awarded to a qualifying unit.

81.20 Subd. 5. **Account established.** (a) The residential energy rating rebate program account
81.21 is established in the special revenue account in the state treasury. The commissioner of
81.22 commerce must manage the account. Earnings, including interest, dividends, and any other
81.23 earnings arising from assets of the account, must be credited to the account.

81.24 (b) Money is appropriated from the account to the commissioner of commerce for the
81.25 purpose of awarding incentives to eligible applicants and to reimburse the reasonable costs
81.26 of the department in administering the program.

81.27 Subd. 6. **Outreach.** The commissioner must publicize the availability of rebates under
81.28 this section to, at a minimum:

81.29 (1) construction, energy, and architecture professionals;

81.30 (2) building officials; and

81.31 (3) affordable and nonprofit housing developers.

82.1 Subd. 7. **Reports.** By January 15 of each year, beginning in 2026, the commissioner
82.2 must submit a report to the chairs and ranking minority members of the legislative committees
82.3 with primary responsibility for climate and energy policy that summarizes program outcomes
82.4 for the prior year, including, at a minimum:

82.5 (1) the number of rebates awarded, reported separately for single-family homes and
82.6 other housing types; and

82.7 (2) the mean and median amounts of the rebates awarded.

82.8 Subd. 8. **Expiration.** This section expires June 30, 2029.

82.9 Subd. 9. **Account established; appropriation.** (a) The residential energy rating rebate
82.10 account is established as a separate account in the special revenue fund in the state treasury.
82.11 The commissioner shall credit to the account appropriations and transfers to the account.
82.12 Earnings, including interest, dividends, and any other earnings arising from assets of the
82.13 account, must be credited to the account. Money remaining in the account at the end of a
82.14 fiscal year does not cancel to the general fund, but remains in the account until July 1, 2029.
82.15 The commissioner shall manage the account.

82.16 (b) Money in the account is appropriated to the commissioner to award residential energy
82.17 rating rebates to eligible applicants and to reimburse the reasonable costs of the department
82.18 to administer this section."

82.19 Amend the title accordingly