

ARTICLE 7**ENERGY POLICY AND FINANCE**

Section 1. Minnesota Statutes 2021 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) \$10,000,000 in 2021;

(2) \$10,000,000 in 2022;

(3) ~~\$5,000,000~~ \$10,000,000 in 2023; ~~and~~

(4) ~~\$5,000,000~~ \$10,000,000 in 2024; and

(5) \$10,000,000 in 2025.

(e) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

(f) Any unspent amount remaining on January 1, ~~2025~~ 2027, must be transferred to the renewable development account.

(g) A solar energy system receiving a production incentive under this section must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under

2.1 section 216B.1641 associated with the premise. The production incentive must be paid for
2.2 ten years commencing with the commissioning of the system.

2.3 (h) The utility must file a plan to operate the program with the commissioner of
2.4 commerce. The utility may not operate the program until it is approved by the commissioner.
2.5 A change to the program to include projects up to a nameplate capacity of 40 kilowatts or
2.6 less does not require the utility to file a plan with the commissioner. Any plan approved by
2.7 the commissioner of commerce must not provide an increased incentive scale over prior
2.8 years unless the commissioner demonstrates that changes in the market for solar energy
2.9 facilities require an increase.

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

2.11 Sec. 2. **[116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

2.14 (b) "Agency" means the Pollution Control Agency.

2.15 (c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that
2.16 served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

2.17 (d) "Commissioner" means the commissioner of commerce.

2.18 (e) "Corrective action determination" means a decision by the agency regarding actions
2.19 to be taken to remediate contaminated soil and groundwater at Area C.

2.20 (f) "Owner" means the owner of a solar energy generating system planned to be deployed
2.21 at Area C.

2.22 (g) "Solar energy generating system" has the meaning given in section 216E.01,
2.23 subdivision 9a.

2.24 Subd. 2. **Account established.** The Area C contingency account is established as a
2.25 separate account in the special revenue fund in the state treasury. Transfers and appropriations
2.26 to the account, and any earnings or dividends accruing to assets in the account, must be
2.27 credited to the account. The commissioner must serve as fiscal agent and must manage the
2.28 account.

2.29 Subd. 3. **Distribution of funds; conditions.** Money from the account may be distributed
2.30 by the commissioner to the owner of a solar energy generating system planned to be deployed
2.31 on Area C under the following conditions:

3.1 (1) the agency issues a corrective action determination after the owner has begun to
3.2 design or construct the project, and the commissioner determines that implementation of
3.3 the corrective action results in a need for the project to be redesigned or construction to be
3.4 interrupted or altered; or

3.5 (2) the agency issues a corrective action determination whose work plan results in the
3.6 temporary cessation or the partial or complete removal of the solar energy generating system
3.7 after the solar energy generating system has become operational.

3.8 Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution
3.9 of money from the commissioner if either condition in subdivision 3 occurs. The filing must
3.10 describe (1) the nature of the impact of the agency's work plan that results in economic
3.11 losses to the owner, and (2) a reasonable estimate of the amount of the economic losses.

3.12 (b) The owner must provide the commissioner with information the commissioner
3.13 determines is necessary to assist in reviewing the filing required under this subdivision.

3.14 (c) The commissioner must review the owner's filing within 60 days of submission and
3.15 must approve a request the commissioner determines is reasonable.

3.16 Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this
3.17 section may be used by the owner only to pay for:

3.18 (1) removal, storage, and transportation costs incurred for equipment removed, and any
3.19 costs to reinstall equipment;

3.20 (2) costs of redesign or new equipment made necessary by the activities under the
3.21 agency's work plan;

3.22 (3) lost revenues resulting from the inability of the solar energy generating system to
3.23 generate sufficient electricity to fulfill the terms of the power purchase agreement between
3.24 the owner and the purchaser of electricity generated by the solar energy generating system;

3.25 (4) other damages incurred under the power purchase agreement resulting from the
3.26 cessation of operations made necessary by the activities of the agency's work plan; and

3.27 (5) the cost of energy required to replace the energy that would have been generated by
3.28 the solar energy generating system and purchased under the power purchase agreement.

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

4.1 Sec. 3. Minnesota Statutes 2020, section 116J.55, subdivision 1, is amended to read:

4.2 Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means
 4.3 a county, municipality, or tribal government located in Minnesota in which an electric
 4.4 generating plant owned by a public utility, as defined in section 216B.02, that is powered
 4.5 by coal, nuclear energy, or natural gas:

4.6 (1) is currently operating and (i) is scheduled to cease operations or, (ii) whose cessation
 4.7 of operations has been proposed in an integrated resource plan filed with the commission
 4.8 under section 216B.2422;, or (iii) whose current operating license expires within 15 years
 4.9 of the effective date of this section; or

4.10 (2) ceased operations or was removed from the local property tax base no earlier than
 4.11 five years before the date an application is made for a grant under this section.

4.12 Sec. 4. Minnesota Statutes 2020, section 116J.55, subdivision 5, is amended to read:

4.13 Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under~~
 4.14 ~~this section to eligible communities through a competitive grant process.~~

4.15 ~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed
 4.16 \$500,000 in any calendar year. The commissioner may accept grant applications on an
 4.17 ongoing or rolling basis.

4.18 ~~(c)~~ (b) Grants funded with revenues from the renewable development account established
 4.19 in section 116C.779 must be awarded to an eligible community located within the retail
 4.20 electric service territory of the public utility that is subject to section 116C.779 or to an
 4.21 eligible community in which an electric generating plant owned by that public utility is
 4.22 located.

4.23 Sec. 5. Minnesota Statutes 2020, section 216B.096, subdivision 11, is amended to read:

4.24 Subd. 11. **Reporting.** Annually on ~~November 1~~ October 15, a utility must electronically
 4.25 file with the commission a report, in a format specified by the commission, specifying the
 4.26 number of utility heating service customers whose service is disconnected or remains
 4.27 disconnected for nonpayment as of September 15 and October 1 ~~and October 15~~. If customers
 4.28 remain disconnected on October ~~15~~ 1, a utility must file a report each week between
 4.29 ~~November 1~~ October 15 and the end of the cold weather period specifying:

4.30 (1) the number of utility heating service customers that are or remain disconnected from
 4.31 service for nonpayment; and

5.1 (2) the number of utility heating service customers that are reconnected to service each
5.2 week. The utility may discontinue weekly reporting if the number of utility heating service
5.3 customers that are or remain disconnected reaches zero before the end of the cold weather
5.4 period.

5.5 The data reported under this subdivision are presumed to be accurate upon submission
5.6 and must be made available through the commission's electronic filing system.

5.7 **Sec. 6. [216B.491] DEFINITIONS.**

5.8 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.499, the terms
5.9 defined in this subdivision have the meanings given.

5.10 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,
5.11 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity
5.12 or credit support arrangement, or other financial arrangement entered into in connection
5.13 with extraordinary event bonds that is designed to promote the credit quality and
5.14 marketability of extraordinary event bonds or to mitigate the risk of an increase in interest
5.15 rates.

5.16 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in extraordinary
5.17 event property is sold, assigned, transferred, or conveyed, other than as security, and any
5.18 successor to or subsequent assignee of the person.

5.19 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of extraordinary event
5.20 bonds.

5.21 Subd. 5. **Customer.** "Customer" means a person who takes natural gas service from a
5.22 natural gas utility in Minnesota to consume the natural gas in Minnesota. Customer does
5.23 not include a person who: (1) is a customer of a utility in Minnesota that serves fewer than
5.24 350,000 customers in Minnesota; and (2) does not purchase natural gas from a utility in
5.25 Minnesota.

5.26 Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from
5.27 unforeseen circumstances and of sufficient magnitude, as determined by the commission:

5.28 (1) to impose significant costs on customers; and

5.29 (2) for which the issuance of extraordinary event bonds in response to the event meets
5.30 the conditions of section 216B.492, subdivision 2, as determined by the commission.

6.1 (b) Extraordinary event includes but is not limited to a storm event or other natural
6.2 disaster, an act of God, war, terrorism, sabotage or vandalism, a cybersecurity attack, or a
6.3 temporary significant increase in the wholesale price of natural gas.

6.4 Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity
6.5 undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide
6.6 natural gas service following one or more extraordinary events, including but not limited
6.7 to (1) activities related to the mobilization, staging, construction, reconstruction, replacement,
6.8 or repair of natural gas transmission, distribution, storage, or general facilities, or (2) the
6.9 purchase, transportation, and storage of natural gas supplies.

6.10 Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means low-cost
6.11 corporate securities, including but not limited to senior secured bonds, debentures, notes,
6.12 certificates of participation, certificates of beneficial interest, certificates of ownership, or
6.13 other evidences of indebtedness or ownership that have a scheduled maturity of no longer
6.14 than 30 years and a final legal maturity date that is not later than 32 years from the issue
6.15 date, that are rated AA or Aa2 or better by a major independent credit rating agency at the
6.16 time of issuance, and that are issued by a utility or an assignee under a financing order.

6.17 Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a
6.18 nonbypassable charge that:

6.19 (1) is imposed on all customer bills by a utility that is the subject of a financing order
6.20 or the utility's successors or assignees;

6.21 (2) is separate from the utility's base rates; and

6.22 (3) provides a source of revenue solely to repay, finance, or refinance financing costs
6.23 resulting from an extraordinary event.

6.24 Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

6.25 (1) means all incremental costs of extraordinary event activities that are approved by
6.26 the commission in a financing order issued under section 216B.492 as being:

6.27 (i) necessary to enable the utility to restore or maintain natural gas service to customers
6.28 after the utility experiences an extraordinary event; and

6.29 (ii) prudent and reasonable;

6.30 (2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary
6.31 event activities;

7.1 (3) shall be net of applicable insurance proceeds, tax benefits, and any other amounts
7.2 intended to reimburse the utility for extraordinary event activities, including government
7.3 grants or aid of any kind;

7.4 (4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by
7.5 a government agency or court under a federal or state environmental statute, rule, or
7.6 regulation; and

7.7 (5) must be adjusted to reflect:

7.8 (i) the difference, as determined by the commission, between extraordinary event costs
7.9 that the utility expects to incur and actual, reasonable, and prudent costs incurred; or

7.10 (ii) a more fair or reasonable allocation of extraordinary event costs to customers over
7.11 time, as expressed in a commission order.

7.12 **Subd. 11. Extraordinary event property.** "Extraordinary event property" means:

7.13 (1) all rights and interests of a utility or the utility's successor or assignee under a
7.14 financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments
7.15 to extraordinary event charges authorized under a financing order issued by the commission;
7.16 and

7.17 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds
7.18 arising from the rights and interests specified in clause (1), regardless of whether any are
7.19 commingled with other revenue, collections, rights to payment, payments, money, or
7.20 proceeds.

7.21 **Subd. 12. Extraordinary event revenue.** "Extraordinary event revenue" means revenue,
7.22 receipts, collections, payments, money, claims, or other proceeds arising from extraordinary
7.23 event property.

7.24 **Subd. 13. Financing costs.** "Financing costs" means:

7.25 (1) principal, interest, and redemption premiums that are payable on extraordinary event
7.26 bonds;

7.27 (2) payments required under an ancillary agreement and amounts required to fund or
7.28 replenish a reserve account or other accounts established under the terms of any indenture,
7.29 ancillary agreement, or other financing document pertaining to the bonds;

7.30 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and
7.31 servicing the bonds, including but not limited to servicing fees, accounting and auditing
7.32 fees, trustee fees, legal fees, consulting fees, financial adviser fees, administrative fees,

8.1 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange
8.2 listing and compliance fees, security registration fees, filing fees, information technology
8.3 programming costs, and any other demonstrable costs necessary to otherwise ensure and
8.4 guarantee the timely payment of the bonds or other amounts or charges payable in connection
8.5 with the bonds;

8.6 (4) taxes and license fees imposed on the revenue generated from collecting an
8.7 extraordinary event charge;

8.8 (5) state and local taxes, including franchise, sales and use, and other taxes or similar
8.9 charges, including but not limited to regulatory assessment fees, whether paid, payable, or
8.10 accrued; and

8.11 (6) costs incurred by the commission to hire and compensate additional temporary staff
8.12 needed to perform the commission's responsibilities under this section and, in accordance
8.13 with section 216B.494, to engage specialized counsel and expert consultants experienced
8.14 in securitized utility ratepayer-backed bond financing similar to extraordinary event bonds.

8.15 Subd. 14. **Financing order.** "Financing order" means an order issued by the commission
8.16 under section 216B.492 that authorizes an applicant to:

8.17 (1) issue extraordinary event bonds in one or more series;

8.18 (2) impose, charge, and collect extraordinary event charges; and

8.19 (3) create extraordinary event property.

8.20 Subd. 15. **Financing party.** "Financing party" means a holder of extraordinary event
8.21 bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other
8.22 person acting for the benefit of extraordinary event bondholders.

8.23 Subd. 16. **Natural gas facility.** "Natural gas facility" means natural gas pipelines,
8.24 including distribution lines, underground storage areas, liquefied natural gas facilities,
8.25 propane storage tanks, and other facilities the commission determines are used and useful
8.26 to provide natural gas service to retail and transportation customers in Minnesota.

8.27 Subd. 17. **Nonbypassable.** "Nonbypassable" means that the payment of an extraordinary
8.28 event charge required to repay bonds and related costs may not be avoided by any retail
8.29 customer located within a utility service area.

8.30 Subd. 18. **Pretax costs.** "Pretax costs" means costs incurred by a utility and approved
8.31 by the commission, including but not limited to:

9.1 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed
 9.2 by a storm event;

9.3 (2) costs to decommission and restore the site of a natural gas facility damaged or
 9.4 destroyed by an extraordinary event;

9.5 (3) other applicable capital and operating costs, accrued carrying charges, deferred
 9.6 expenses, reductions for applicable insurance, and salvage proceeds; and

9.7 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing
 9.8 debt agreements, or for waivers or consents related to existing debt agreements.

9.9 Subd. 19. **Storm event.** "Storm event" means a tornado, derecho, ice or snow storm,
 9.10 flood, earthquake, or other significant weather or natural disaster that causes substantial
 9.11 damage to a utility's infrastructure.

9.12 Subd. 20. **Successor.** "Successor" means a legal entity that succeeds to the rights and
 9.13 obligations of another legal entity as a result of bankruptcy, reorganization, restructuring,
 9.14 other insolvency proceeding, merger, acquisition, consolidation, or transfer of assets by
 9.15 operation of law, sale, or otherwise.

9.16 Subd. 21. **Utility.** "Utility" means a public utility, as defined in section 216B.02,
 9.17 subdivision 4, that provides natural gas service to Minnesota customers. Utility includes
 9.18 the utility's successors or assignees.

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

9.20 Sec. 7. **[216B.492] FINANCING ORDER.**

9.21 Subdivision 1. **Application.** (a) A utility, at its sole discretion, may file an application
 9.22 with the commission for the issuance of a financing order to enable the utility to recover
 9.23 extraordinary event costs through the issuance of extraordinary event bonds under this
 9.24 section.

9.25 (b) The application must include the following information, as applicable:

9.26 (1) a description of each natural gas facility to be repaired or replaced;

9.27 (2) the undepreciated value remaining in the natural gas facility whose repair or
 9.28 replacement is proposed to be financed through the issuance of bonds under sections
 9.29 216B.491 to 216B.499, and the method used to calculate the amount;

9.30 (3) the estimated amount of costs imposed on customers resulting from an extraordinary
 9.31 event that involves no physical damage to natural gas facilities;

10.1 (4) the estimated savings or estimated mitigation of rate impacts to utility customers if
10.2 the financing order is issued as requested in the application, calculated, as appropriate, by:

10.3 (i) comparing the costs to customers that are expected to result from implementing the
10.4 financing order and the estimated costs associated with implementing traditional utility
10.5 financing mechanisms with respect to the same undepreciated balance, expressed in net
10.6 present value terms; or

10.7 (ii) when the extraordinary event is a temporary significant increase in the wholesale
10.8 price of natural gas:

10.9 (A) estimating the mitigation of rate impacts to customers realized by extending the
10.10 period over which financing costs are to be amortized beyond the period that would otherwise
10.11 be practical or feasible for the utility; or

10.12 (B) calculating savings to customers realized by implementing the financing order
10.13 compared with financing the same costs at the utility's weighted average cost of capital as
10.14 determined by the commission in the utility's most recent general rate case, expressed in
10.15 net present value terms;

10.16 (5) a description of (i) the nonbypassable extraordinary event charge utility customers
10.17 would be required to pay in order to fully recover financing costs, and (ii) the method and
10.18 assumptions used to calculate the amount;

10.19 (6) a proposed methodology to allocate the revenue requirement for the extraordinary
10.20 event charge among the utility's customer classes;

10.21 (7) a description of a proposed adjustment mechanism to be implemented when necessary
10.22 to correct any overcollection or undercollection of extraordinary event charges, in order to
10.23 complete payment of scheduled principal and interest on extraordinary event bonds and
10.24 other financing costs in a timely fashion;

10.25 (8) a memorandum with supporting exhibits, from a securities firm that is experienced
10.26 in the marketing of bonds and that is approved by the commissioner of management and
10.27 budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher
10.28 rating or equivalent rating criteria of at least one nationally recognized securities rating
10.29 organization for issuances similar to the proposed extraordinary event bonds;

10.30 (9) an estimate of the timing of the issuance and the term of the extraordinary event
10.31 bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance
10.32 does not exceed 30 years;

11.1 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,
11.2 interest in extraordinary event property, including identification of an assignee, and
11.3 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
11.4 by the utility;

11.5 (11) identification of ancillary agreements that may be necessary or appropriate;

11.6 (12) one or more alternative financing scenarios in addition to the preferred scenario
11.7 contained in the application;

11.8 (13) the extent of damage to the utility's infrastructure caused by an extraordinary event
11.9 and the estimated costs to repair or replace the damaged infrastructure;

11.10 (14) a schedule of the proposed repairs to and replacement of damaged infrastructure;

11.11 (15) a description of the steps taken to provide customers interim natural gas service
11.12 while the damaged infrastructure is being repaired or replaced; and

11.13 (16) a description of the impacts on the utility's current workforce resulting from
11.14 implementing an infrastructure repair or replacement plan following an extraordinary event.

11.15 Subd. 2. Findings. After providing notice and holding a public hearing on an application
11.16 filed under subdivision 1, the commission may issue a financing order if the commission
11.17 finds that:

11.18 (1) the extraordinary event costs described in the application are reasonable;

11.19 (2) the proposed issuance of extraordinary event bonds and the imposition and collection
11.20 of extraordinary event charges:

11.21 (i) are just and reasonable;

11.22 (ii) are consistent with the public interest;

11.23 (iii) constitute a prudent and reasonable mechanism to finance the extraordinary event
11.24 costs; and

11.25 (iv) provide tangible and quantifiable benefits to customers that exceed the benefits that
11.26 would have been achieved absent the issuance of extraordinary event bonds; and

11.27 (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:

11.28 (i) significantly lower overall costs to customers or significantly mitigate rate impacts
11.29 to customers relative to traditional methods of financing; and

12.1 (ii) achieve significant customer savings or significant mitigation of rate impacts to
12.2 customers, as determined by the commission in a financing order, consistent with market
12.3 conditions at the time of sale and the terms of the financing order.

12.4 Subd. 3. Contents. (a) A financing order issued under this section must:

12.5 (1) determine the maximum amount of extraordinary event costs that may be financed
12.6 from proceeds of extraordinary event bonds issued pursuant to the financing order;

12.7 (2) describe the proposed customer billing mechanism for extraordinary event charges
12.8 and include a finding that the mechanism is just and reasonable;

12.9 (3) describe the financing costs that may be recovered through extraordinary event
12.10 charges and the period over which the costs may be recovered, which must end no earlier
12.11 than the date of final legal maturity of the extraordinary event bonds;

12.12 (4) describe the extraordinary event property that is created and that may be used to pay,
12.13 and secure the payment of, the extraordinary event bonds and financing costs authorized in
12.14 the financing order;

12.15 (5) authorize the utility to finance extraordinary event costs through the issuance of one
12.16 or more series of extraordinary event bonds. A utility is not required to secure a separate
12.17 financing order for each issuance of extraordinary event bonds or for each scheduled phase
12.18 of the replacement of natural gas facilities approved in the financing order;

12.19 (6) include a formula-based mechanism that must be used to make expeditious periodic
12.20 adjustments to the extraordinary event charge authorized by the financing order that are
12.21 necessary to correct for any overcollection or undercollection, or to otherwise guarantee
12.22 the timely payment of extraordinary event bonds, financing costs, and other required amounts
12.23 and charges payable in connection with extraordinary event bonds;

12.24 (7) specify the degree of flexibility afforded to the utility in establishing the terms and
12.25 conditions of the extraordinary event bonds, including but not limited to repayment schedules,
12.26 expected interest rates, and other financing costs;

12.27 (8) specify that the extraordinary event bonds must be issued as soon as feasible following
12.28 issuance of the financing order;

12.29 (9) require the utility, at the same time as extraordinary event charges are initially
12.30 collected and independent of the schedule to close and decommission any natural gas facility
12.31 replaced as the result of an extraordinary event, to remove the natural gas facility from the
12.32 utility's rate base and commensurately reduce the utility's base rates;

13.1 (10) specify a future ratemaking process to reconcile any difference between the projected
13.2 pretax costs included in the amount financed by extraordinary event bonds and the final
13.3 actual pretax costs incurred by the utility to retire or replace the natural gas facility;

13.4 (11) specify information regarding bond issuance and repayments, financing costs,
13.5 energy transaction charges, extraordinary event property, and related matters that the natural
13.6 gas utility is required to provide to the commission on a schedule determined by the
13.7 commission;

13.8 (12) allow and may require the creation of a utility's extraordinary event property to be
13.9 conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary
13.10 event property to an assignee and the pledge of the extraordinary event property to secure
13.11 the extraordinary event bonds;

13.12 (13) ensure that the structuring, marketing, and pricing of extraordinary event bonds
13.13 result in reasonable securitization bond charges and significant customer savings or rate
13.14 impact mitigation, consistent with market conditions and the terms of the financing order;

13.15 (14) specify that a utility financing the replacement of one or more natural gas facilities
13.16 after the natural gas facilities subject to the finance order are removed from the utility's rate
13.17 base is prohibited from:

13.18 (i) operating the natural gas facilities; or

13.19 (ii) selling the natural gas facilities to another entity to be operated as natural gas facilities;
13.20 and

13.21 (15) permit a utility to file with the commission, at least annually, proposed adjustments
13.22 to the extraordinary event charges approved in the financing order that are based on estimates
13.23 of natural gas consumption by rate class and other quantitative factors contained in the
13.24 financing order.

13.25 (b) A financing order issued under this section may:

13.26 (1) include conditions different from those requested in the application, including but
13.27 not limited to establishing a minimum securities rating for extraordinary event bonds, that
13.28 the commission determines are necessary to:

13.29 (i) promote the public interest; and

13.30 (ii) maximize the financial benefits or minimize the financial risks of the transaction to
13.31 customers and to directly impacted Minnesota workers and communities;

13.32 (2) specify the selection of one or more underwriters of the extraordinary event bonds;

14.1 (3) require a utility to file with the commission the final terms of the extraordinary event
14.2 bond issuance, including the pricing of the extraordinary event bonds, at a specified period
14.3 of time prior to closing the bond issuance; and

14.4 (4) specify that the commission may, after reviewing the filing made under clause (3),
14.5 prohibit the utility from issuing the extraordinary event bonds under the proposed terms.

14.6 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains
14.7 in effect until the extraordinary event bonds issued under the financing order and all financing
14.8 costs related to the bonds have been paid in full.

14.9 (b) A financing order remains in effect and unabated notwithstanding the bankruptcy,
14.10 reorganization, or insolvency of the utility to which the financing order applies or any
14.11 affiliate, successor, or assignee of the utility to which the financing order applies.

14.12 (c) Subject to judicial review under section 216B.52, a financing order is irrevocable
14.13 and is not reviewable by a future commission. The commission may not reduce, impair,
14.14 postpone, or terminate extraordinary event charges approved in a financing order, or impair
14.15 extraordinary event property or the collection or recovery of extraordinary event revenue.

14.16 (d) Notwithstanding paragraph (c), the commission may, on the commission's own
14.17 motion or at the request of a utility or any other person, commence a proceeding and issue
14.18 a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary
14.19 event bonds issued under the original financing order if:

14.20 (1) the commission makes all of the findings specified in subdivision 2 with respect to
14.21 the subsequent financing order; and

14.22 (2) the modification contained in the subsequent financing order does not in any way
14.23 impair the covenants and terms of the extraordinary event bonds being refinanced, retired,
14.24 or refunded.

14.25 Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),
14.26 the commission, in exercising the powers and carrying out the duties under this section, is
14.27 prohibited from:

14.28 (1) considering extraordinary event bonds issued under this section to be debt of the
14.29 utility other than for income tax purposes, unless it is necessary to consider the extraordinary
14.30 event bonds to be debt in order to achieve consistency with prevailing utility debt rating
14.31 methodologies;

14.32 (2) considering the extraordinary event charges paid under the financing order to be
14.33 revenue of the utility;

15.1 (3) considering the extraordinary event or financing costs specified in the financing
15.2 order to be the regulated costs or assets of the utility;

15.3 (4) determining that any prudent action taken by a utility that is consistent with the
15.4 financing order is unjust or unreasonable; or

15.5 (5) adjusting the extraordinary event charge based on a utility's submission under
15.6 subdivision 3, paragraph (a), clause (15), for any reason other than a computational or
15.7 clerical error.

15.8 (b) Nothing in this subdivision:

15.9 (1) affects the authority of the commission to apply any billing mechanism designed to
15.10 recover extraordinary event charges;

15.11 (2) prevents or precludes the commission from (i) investigating a utility's compliance
15.12 with the terms and conditions of a financing order, and (ii) requiring compliance with the
15.13 financing order; or

15.14 (3) prevents or precludes the commission from imposing regulatory sanctions against a
15.15 utility for failure to comply with the terms and conditions of a financing order or the
15.16 requirements of this section.

15.17 (c) The commission is prohibited from refusing to allow a utility to recover any costs
15.18 associated with the replacement of natural gas facilities solely because the utility has elected
15.19 to finance the natural gas facility replacement through a financing mechanism other than
15.20 extraordinary event bonds.

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

15.22 **Sec. 8. [216B.493] POSTORDER COMMISSION DUTIES.**

15.23 Subdivision 1. **Financing cost review.** Within 120 days after the date extraordinary
15.24 event bonds are issued, a utility subject to a financing order must file with the commission
15.25 the actual initial and ongoing financing costs, the final structure and pricing of the
15.26 extraordinary event bonds, and the actual extraordinary event charge.

15.27 Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this
15.28 section are not prudent or are inconsistent with the financing order, the commission may
15.29 apply any remedies available, provided that any remedy applied may not directly or indirectly
15.30 impair the security for the extraordinary event bonds.

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

16.1 **Sec. 9. [216B.494] USE OF OUTSIDE EXPERTS.**

16.2 (a) In carrying out the duties under sections 216B.492 to 216B.499, the commission
16.3 may:

16.4 (1) contract with outside consultants and counsel experienced in securitized utility
16.5 customer-backed bond financing similar to extraordinary event bonds; and

16.6 (2) hire and compensate additional temporary staff as needed.

16.7 Expenses incurred by the commission under this paragraph must be treated as financing
16.8 costs and included in the extraordinary event charge. The costs incurred under clause (1)
16.9 are not an obligation of the state and are assigned solely to the transaction.

16.10 (b) A utility presented with a written request from the commission for reimbursement
16.11 of the commission's expenses incurred under paragraph (a), accompanied by a detailed
16.12 account of those expenses, must remit full payment of the expenses to the commission
16.13 within 30 days of receiving the request.

16.14 (c) If a utility's application for a financing order is denied or withdrawn for any reason
16.15 and extraordinary event bonds are not issued, the commission's costs to retain expert
16.16 consultants under this section must be paid by the applicant utility and are deemed to be
16.17 prudent deferred expenses eligible for recovery in the utility's future rates.

16.18 (d) To facilitate participation in a commission proceeding associated with a utility filing
16.19 made under section 216B.492, the department and the commission may contract with outside
16.20 consultants and counsel experienced in securitized utility customer-backed bond financing
16.21 similar to extraordinary event bonds. Expenses incurred by the department and the
16.22 commission under this paragraph may be assessed under section 216B.62, subdivision 8.

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

16.24 **Sec. 10. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING**
16.25 **TREATMENT.**

16.26 (a) A utility that obtains a financing order and causes extraordinary event bonds to be
16.27 issued must:

16.28 (1) include on each customer's monthly natural gas bill:

16.29 (i) a statement that a portion of the charges represents extraordinary event charges
16.30 approved in a financing order;

17.1 (ii) the amount and rate of the extraordinary event charge as a separate line item titled
17.2 "extraordinary event charge"; and

17.3 (iii) if extraordinary event property has been transferred to an assignee, a statement that
17.4 the assignee is the owner of the rights to extraordinary event charges and that the utility or
17.5 other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

17.6 (2) file annually with the commission:

17.7 (i) a calculation of the impact of financing the retirement or replacement of natural gas
17.8 facilities on customer rates, itemized by customer class; and

17.9 (ii) evidence demonstrating that extraordinary event revenues are applied solely to the
17.10 repayment of extraordinary event bonds and other financing costs.

17.11 (b) Extraordinary event charges are nonbypassable and must be paid by all existing and
17.12 future customers receiving service from the utility or the utility's successors or assignees
17.13 under commission-approved rate schedules or special contracts.

17.14 (c) A utility's failure to comply with this section does not invalidate, impair, or affect
17.15 any financing order, extraordinary event property, extraordinary event charge, or
17.16 extraordinary event bonds, but does subject the utility to penalties under applicable
17.17 commission rules.

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

17.19 Sec. 11. **[216B.496] EXTRAORDINARY EVENT PROPERTY.**

17.20 Subdivision 1. **General.** (a) Extraordinary event property is an existing present property
17.21 right or interest in a property right, even though the imposition and collection of extraordinary
17.22 event charges depend on the utility collecting extraordinary event charges and on future
17.23 natural gas consumption. The property right or interest exists regardless of whether the
17.24 revenues or proceeds arising from the extraordinary event property have been billed, have
17.25 accrued, or have been collected.

17.26 (b) Extraordinary event property exists until all extraordinary event bonds issued under
17.27 a financing order are paid in full and all financing costs and other costs of the extraordinary
17.28 event bonds have been recovered in full.

17.29 (c) All or any portion of extraordinary event property described in a financing order
17.30 issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee
17.31 that is wholly owned, directly or indirectly, by the utility and is created for the limited
17.32 purpose of acquiring, owning, or administering extraordinary event property or issuing

18.1 extraordinary event bonds authorized by the financing order. All or any portion of
18.2 extraordinary event property may be pledged to secure extraordinary event bonds issued
18.3 under a financing order, amounts payable to financing parties and to counterparties under
18.4 any ancillary agreements, and other financing costs. Each transfer, sale, conveyance,
18.5 assignment, or pledge by a utility or an affiliate of extraordinary event property is a
18.6 transaction in the ordinary course of business.

18.7 (d) If a utility defaults on any required payment of charges arising from extraordinary
18.8 event property described in a financing order, a court, upon petition by an interested party
18.9 and without limiting any other remedies available to the petitioner, must order the
18.10 sequestration and payment of the revenues arising from the extraordinary event property to
18.11 the financing parties.

18.12 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary
18.13 event property specified in a financing order issued to a utility, and in the revenue and
18.14 collections arising from the property, is not subject to setoff, counterclaim, surcharge, or
18.15 defense by the utility or any other person, or in connection with the reorganization,
18.16 bankruptcy, or other insolvency of the utility or any other entity.

18.17 (f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other
18.18 insolvency proceeding; merger or acquisition; sale; other business combination; transfer by
18.19 operation of law; utility restructuring; or otherwise, must perform and satisfy all obligations
18.20 of, and has the same duties and rights under, a financing order as the utility to which the
18.21 financing order applies. A successor to a utility must perform the duties and exercise the
18.22 rights in the same manner and to the same extent as the utility, including collecting and
18.23 paying to any person entitled to receive revenues, collections, payments, or proceeds of
18.24 extraordinary event property.

18.25 Subd. 2. **Security interests in extraordinary event property.** (a) The creation,
18.26 perfection, and enforcement of any security interest in extraordinary event property to secure
18.27 the repayment of the principal and interest on extraordinary event bonds, amounts payable
18.28 under any ancillary agreement, and other financing costs are governed solely by this section.

18.29 (b) A security interest in extraordinary event property is created, valid, and binding
18.30 when:

18.31 (1) the financing order that describes the extraordinary event property is issued;

18.32 (2) a security agreement is executed and delivered; and

18.33 (3) value is received for the extraordinary event bonds.

19.1 (c) Once a security interest in extraordinary event property is created, the security interest
19.2 attaches without any physical delivery of collateral or any other act. The lien of the security
19.3 interest is valid, binding, and perfected against all parties having claims of any kind in tort,
19.4 contract, or otherwise against the person granting the security interest, regardless of whether
19.5 the parties have notice of the lien, upon the filing of a financing statement with the secretary
19.6 of state.

19.7 (d) The description or indication of extraordinary event property in a transfer or security
19.8 agreement and a financing statement is sufficient only if the description or indication refers
19.9 to this section and the financing order creating the extraordinary event property.

19.10 (e) A security interest in extraordinary event property is a continuously perfected security
19.11 interest and has priority over any other lien, created by operation of law or otherwise, which
19.12 may subsequently attach to the extraordinary event property unless the holder of the security
19.13 interest has agreed otherwise in writing.

19.14 (f) The priority of a security interest in extraordinary event property is not affected by
19.15 the commingling of extraordinary event property or extraordinary event revenue with other
19.16 money. An assignee, bondholder, or financing party has a perfected security interest in the
19.17 amount of all extraordinary event property or extraordinary event revenue that is pledged
19.18 to pay extraordinary event bonds, even if the extraordinary event property or extraordinary
19.19 event revenue is deposited in a cash or deposit account of the utility in which the
19.20 extraordinary event revenue is commingled with other money. Any other security interest
19.21 that applies to the other money does not apply to the extraordinary event revenue.

19.22 (g) Neither a subsequent commission order amending a financing order under section
19.23 216B.492, subdivision 4, nor application of an adjustment mechanism authorized by a
19.24 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or
19.25 priority of a security interest in or transfer of extraordinary event property.

19.26 (h) A valid and enforceable security interest in extraordinary event property is perfected
19.27 only when the security interest has attached and when a financing order has been filed with
19.28 the secretary of state in accordance with procedures established by the secretary of state.
19.29 The financing order must name the pledgor of the extraordinary event property as debtor
19.30 and identify the property.

19.31 Subd. 3. **Sales of extraordinary event property.** (a) A sale, assignment, or transfer of
19.32 extraordinary event property is an absolute transfer and true sale of, and not a pledge of or
19.33 secured transaction relating to, the seller's right, title, and interest in, to, and under the
19.34 extraordinary event property if the documents governing the transaction expressly state that

20.1 the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary
20.2 event property may be created when:

20.3 (1) the financing order creating and describing the extraordinary event property is
20.4 effective;

20.5 (2) the documents evidencing the transfer of the extraordinary event property are executed
20.6 and delivered to the assignee; and

20.7 (3) value is received.

20.8 (b) A transfer of an interest in extraordinary event property must be filed with the
20.9 secretary of state against all third persons and perfected under sections 336.3-301 to
20.10 336.3-312, including any judicial lien or other lien creditors or any claims of the seller or
20.11 creditors of the seller, other than creditors holding a prior security interest, ownership
20.12 interest, or assignment in the extraordinary event property previously perfected under this
20.13 subdivision or subdivision 2.

20.14 (c) The characterization of a sale, assignment, or transfer as an absolute transfer and
20.15 true sale, and the corresponding characterization of the property interest of the assignee, is
20.16 not affected or impaired by:

20.17 (1) commingling of extraordinary event revenue with other money;

20.18 (2) the retention by the seller of:

20.19 (i) a partial or residual interest, including an equity interest, in the extraordinary event
20.20 property, whether direct or indirect, or whether subordinate or otherwise; or

20.21 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed
20.22 on the collection of extraordinary event revenue;

20.23 (3) any recourse that the purchaser may have against the seller;

20.24 (4) any indemnification rights, obligations, or repurchase rights made or provided by
20.25 the seller;

20.26 (5) an obligation of the seller to collect extraordinary event revenues on behalf of an
20.27 assignee;

20.28 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other
20.29 purposes;

20.30 (7) any subsequent financing order amending a financing order under section 216B.492,
20.31 subdivision 4, paragraph (d); or

21.1 (8) any application of an adjustment mechanism under section 216B.492, subdivision
 21.2 3, paragraph (a), clause (6).

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

21.4 Sec. 12. **[216B.497] EXTRAORDINARY EVENT BONDS.**

21.5 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,
 21.6 administrators, guardians, trustees, and other fiduciaries may legally invest any money
 21.7 within the individual's or entity's control in extraordinary event bonds.

21.8 (b) Extraordinary event bonds issued under a financing order are not debt of or a pledge
 21.9 of the faith and credit or taxing power of the state, any agency of the state, or any political
 21.10 subdivision. Holders of extraordinary event bonds may not have taxes levied by the state
 21.11 or a political subdivision in order to pay the principal or interest on extraordinary event
 21.12 bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently
 21.13 obligate the state or a political subdivision to levy any tax or make any appropriation to pay
 21.14 principal or interest on the extraordinary event bonds.

21.15 (c) The state pledges to and agrees with holders of extraordinary event bonds, any
 21.16 assignee, and any financing parties that the state will not:

21.17 (1) take or permit any action that impairs the value of extraordinary event property; or

21.18 (2) reduce, alter, or impair extraordinary event charges that are imposed, collected, and
 21.19 remitted for the benefit of holders of extraordinary event bonds, any assignee, and any
 21.20 financing parties until any principal, interest, and redemption premium payable on
 21.21 extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or
 21.22 financing party under an ancillary agreement are paid in full.

21.23 (d) A person who issues extraordinary event bonds may include the pledge specified in
 21.24 paragraph (c) in the extraordinary event bonds, ancillary agreements, and documentation
 21.25 related to the issuance and marketing of the extraordinary event bonds.

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

21.27 Sec. 13. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO**
 21.28 **COMMISSION REGULATION.**

21.29 An assignee or financing party that is not already regulated by the commission does not
 21.30 become subject to commission regulation solely as a result of engaging in any transaction
 21.31 authorized by or described in sections 216B.491 to 216B.499.

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

22.2 Sec. 14. **[216B.499] EFFECT ON OTHER LAWS.**

22.3 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law
 22.4 regarding the attachment, assignment, perfection, effect of perfection, or priority of any
 22.5 security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499
 22.6 govern.

22.7 (b) Nothing in this section precludes a utility for which the commission has initially
 22.8 issued a financing order from applying to the commission for:

22.9 (1) a subsequent financing order amending the financing order under section 216B.492,
 22.10 subdivision 4, paragraph (d); or

22.11 (2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding
 22.12 series of extraordinary event bonds.

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

22.14 Sec. 15. Minnesota Statutes 2020, section 216B.50, subdivision 1, is amended to read:

22.15 Subdivision 1. **Commission approval required.** No public utility shall sell, acquire,
 22.16 lease, or rent any plant as an operating unit or system in this state for a total consideration
 22.17 in excess of ~~\$100,000~~ \$1,000,000, or merge or consolidate with another public utility or
 22.18 transmission company operating in this state, without first being authorized so to do by the
 22.19 commission. Upon the filing of an application for the approval and consent of the
 22.20 commission, the commission shall investigate, with or without public hearing. The
 22.21 commission shall hold a public hearing, upon such notice as the commission may require.
 22.22 If the commission finds that the proposed action is consistent with the public interest, it
 22.23 shall give its consent and approval by order in writing. In reaching its determination, the
 22.24 commission shall take into consideration the reasonable value of the property, plant, or
 22.25 securities to be acquired or disposed of, or merged and consolidated.

22.26 This section does not apply to the purchase of property to replace or add to the plant of
 22.27 the public utility by construction.

22.28 Sec. 16. Minnesota Statutes 2020, section 216B.62, subdivision 8, is amended to read:

22.29 Subd. 8. **Audit investigation costs; account, appropriation.** The audit investigation
 22.30 account is created as a separate account in the special revenue fund in the state treasury. If
 22.31 the commission, in a proceeding upon its own motion, on complaint, or upon an application

23.1 to it, determines that it is necessary, in order to carry out its duties imposed under this chapter
23.2 or chapter 216, 216A, 216E, 216F, or 216G, to conduct an investigation or audit of any
23.3 public utility operations, practices, or policies requiring specialized technical professional
23.4 investigative services for the inquiry, the commission may seek or request the commissioner
23.5 of commerce to seek authority from the commissioner of management and budget to incur
23.6 costs reasonably attributable to the specialized services. If funding for the investigation or
23.7 audit is approved by the commissioner of management and budget, the commission shall
23.8 carry out the investigation or the commissioner of commerce shall carry out the investigation
23.9 in the manner directed by the commission, and the commission or commissioner, as
23.10 applicable, shall render separate bills to the public utility for the costs incurred for such
23.11 technical professional investigative services. The bill constitutes notice of the assessment
23.12 and demand for payment. The amount assessed must be paid by the public utility to the
23.13 commissioner of commerce within 30 days after the date of assessment. Money received
23.14 under this subdivision must be deposited in the state treasury and credited to the audit
23.15 investigation account, and is appropriated to the commissioner of commerce or the
23.16 commission, as applicable, for the purposes of this subdivision. An assessment made under
23.17 this subdivision for activities conducted under section 216B.494 does not count toward the
23.18 cap on assessments under this section.

23.19 Sec. 17. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision
23.20 to read:

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

23.23 (b) "Low-income conservation program" means a utility program that offers energy
23.24 conservation services to low-income households under sections 216B.2403, subdivision 5,
23.25 and 216B.241, subdivision 7.

23.26 (c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision
23.27 20.

23.28 (d) "Weatherization assistance program" means the federal program described in Code
23.29 of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households
23.30 reduce energy use in a cost-effective manner.

23.31 (e) "Weatherization assistance services" means the energy conservation measures installed
23.32 in households under the weatherization assistance program.

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

24.1 Sec. 18. Minnesota Statutes 2020, section 216C.264, subdivision 5, is amended to read:

24.2 Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state
24.3 grants in a manner consistent with the goal of producing the maximum number of weatherized
24.4 units. Supplementary state grants ~~are provided primarily for the payment of~~ may be used:

24.5 (1) to address physical deficiencies in a residence that increase heat loss, including
24.6 deficiencies that prohibit the residence from being eligible to receive federal weatherization
24.7 assistance;

24.8 (2) to install eligible preweatherization measures established by the commissioner, as
24.9 required under section 216B.241, subdivision 7, paragraph (g);

24.10 (3) to increase the number of weatherized residences;

24.11 (4) to conduct outreach activities to make income-eligible households aware of available
24.12 weatherization services, to assist applicants in filling out applications for weatherization
24.13 assistance, and to provide translation services where necessary;

24.14 (5) to enable projects in multifamily buildings to proceed even if the project cannot
24.15 comply with the federal requirement that projects must be completed within the same federal
24.16 fiscal year in which the project is begun;

24.17 (6) to expand weatherization training opportunities in existing and new training programs;

24.18 (7) to pay additional labor costs for the federal weatherization program; and

24.19 (8) as an incentive for the increased production of weatherized units.

24.20 (b) Criteria for the allocation of state grants to local agencies include existing local
24.21 agency production levels, emergency needs, and the potential for maintaining or increasing
24.22 acceptable levels of production in the area.

24.23 (c) An eligible local agency may receive advance funding for 90 days' production, but
24.24 thereafter must receive grants solely on the basis of program criteria.

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

24.26 Sec. 19. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision
24.27 to read:

24.28 Subd. 7. **Supplemental weatherization assistance grants.** The commissioner must
24.29 provide grants to weatherization service providers to address physical deficiencies and
24.30 install weatherization and preweatherization measures in residential buildings occupied by
24.31 eligible low-income households.

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

25.2 Sec. 20. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision
25.3 to read:

25.4 Subd. 8. **Training grants program.** (a) The commissioner must establish a
25.5 weatherization training grant program to award grants through a competitive process to
25.6 educational institutions, certified training centers, labor organizations, and nonprofits to
25.7 assist with the costs associated with training and developing programs for careers in the
25.8 weatherization industry.

25.9 (b) In order to receive grant funds, a written application must be submitted to the
25.10 commissioner on a form developed by the commissioner.

25.11 (c) When awarding grants under this subdivision, the commissioner must prioritize
25.12 applications that:

25.13 (1) provide the highest quality training to prepare for in-demand careers;

25.14 (2) train workers to provide weatherization services that meet federal Building
25.15 Performance Institute certification requirements or Standard Work Specification
25.16 requirements, as required by the program; and

25.17 (3) leverage nonstate funds or in-kind contributions.

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

25.19 Sec. 21. Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1, is amended
25.20 to read:

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

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

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

25.26 (d) "School" means: (1) a school that operates as part of an independent or special school
25.27 district; (2) a Tribal contract school; or ~~(2)~~ (3) a state college or university that is under the
25.28 jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

25.29 (e) "School district" means an independent or special school district.

25.30 (f) "Solar energy system" means photovoltaic or solar thermal devices.

26.1 (g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section
26.2 216B.2411, subdivision 2, paragraph (d).

26.3 (h) "State colleges and universities" has the meaning given in section 136F.01, subdivision
26.4 4.

26.5 Sec. 22. Minnesota Statutes 2021 Supplement, section 216C.376, subdivision 5, is amended
26.6 to read:

26.7 Subd. 5. **Program funding.** (a) In 2022, the public utility subject to section 116C.779
26.8 must withhold \$8,000,000 from the transfer made under section 116C.779, subdivision 1,
26.9 paragraph (e), to pay for assistance provided by the program under this section. In 2024,
26.10 the amount that must be withheld is \$8,000,000. The money withheld under this paragraph
26.11 must be used to pay for financial assistance awarded under this section and the costs to
26.12 administer this section. Any money that remains unexpended ~~on June 30, 2027,~~ five years
26.13 after the money is withheld cancels to the renewable development account.

26.14 (b) The renewable energy credits associated with the electricity generated by a solar
26.15 energy system installed under this section are the property of the public utility that is subject
26.16 to this section for the life of the system, regardless of the duration of the financial assistance
26.17 provided by the public utility under this section.

26.18 Sec. 23. **[216C.391] STATE ENERGY COMPETITIVENESS ACCOUNT.**

26.19 Subdivision 1. **State energy competitiveness account.** The state energy competitiveness
26.20 account is created in the special revenue fund of the state treasury. Money in the account
26.21 is available until June 30, 2028, and is appropriated to the commissioner for the purposes
26.22 specified in this section. The commissioner is the fiscal agent and must manage the account.

26.23 Subd. 2. **Use of funds; purpose.** Money in the state energy competitiveness account
26.24 must be used only to:

26.25 (1) meet match requirements for federal funds provided to the state by the United States
26.26 Department of Energy or other federal entity;

26.27 (2) meet match requirements to increase competitiveness to capture federally designated,
26.28 energy-related formula or competitive funds; and

26.29 (3) award grants to eligible entities under subdivision 3.

26.30 Subd. 3. **Grants to eligible entities.** The commissioner may award state grants to eligible
26.31 entities, as defined by the federal funding source, with priority given in the following order:

- 27.1 (1) federal formula funds directed to the state that require a match;
- 27.2 (2) federal formula funds directed to local units of government and Tribal governments
- 27.3 that require a match;
- 27.4 (3) federal formula funds directed to institutions of higher education that require a match;
- 27.5 (4) federal formula or competitive funds for which state funds allow utilities or businesses
- 27.6 to competitively pursue funding; and
- 27.7 (5) all other competitive or formula grant opportunities for which state funds enhance
- 27.8 or enable leveraging federal funds.
- 27.9 Subd. 4. **Administration.** The commissioner must develop applications and procedures
- 27.10 to implement this section.
- 27.11 Subd. 5. **Legislative oversight.** (a) Within ten days after the commissioner begins a
- 27.12 process to allocate funds for a grant application from the state energy competitiveness
- 27.13 account under this section, the commissioner must notify the Legislative Advisory
- 27.14 Commission established under section 3.30 that money has been allocated to a grant
- 27.15 application. The notification must include the total amount of the allocation, the purpose
- 27.16 of the proposed expenditure, the time period of the proposed expenditure, and the balance
- 27.17 of unallocated money under this section remaining after the allocation specified in the
- 27.18 notification.
- 27.19 (b) Once the commissioner of commerce has submitted the notification required under
- 27.20 paragraph (a), the commissioner may allocate funds in the state energy competitiveness
- 27.21 account for a grant application submitted under this section. For the purposes of federal
- 27.22 review and evaluation criteria, allocated money is appropriated and committed to the uses
- 27.23 specified in the notification submitted under paragraph (a). Once allocated, money under
- 27.24 this section is unavailable for reallocation to other application match requirements unless
- 27.25 the commissioner receives formal notice that an application is no longer under consideration
- 27.26 or withdraws an application.
- 27.27 (c) Money in the state energy competitiveness account is only available to meet federal
- 27.28 match requirements under subdivision 2 or 3 once the notice of allocation is submitted for
- 27.29 review by the Legislative Advisory Commission and the provisions of section 3.3005,
- 27.30 subdivision 2 or 6, have been satisfied.
- 27.31 (d) The requirements of paragraph (c) do not apply to federal funds that do not pass
- 27.32 through the state treasury.

28.1 Subd. 6. **Report.** By February 15, beginning in 2023 and each year thereafter until 2028
 28.2 or until all money in the state energy competitiveness account has been expended, the
 28.3 commissioner must submit a report to the chairs and ranking minority members of the
 28.4 legislative committees with jurisdiction over energy. The report must identify:

28.5 (1) the number of grants and amounts awarded under this section during the previous
 28.6 year;

28.7 (2) the unobligated balance of the state energy competitiveness account;

28.8 (3) programmatic changes recommended to enhance Minnesota's competitiveness in
 28.9 vying for federal funds;

28.10 (4) anticipated expenditures on additional funding opportunities or activities; and

28.11 (5) the amount and purpose of federal money received pursuant to the availability of
 28.12 matching money under this section.

28.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 28.14 expires October 1, 2028.

28.15 Sec. 24. Minnesota Statutes 2020, section 216C.435, subdivision 8, is amended to read:

28.16 **Subd. 8. Qualifying commercial real property.** "Qualifying commercial real property"
 28.17 means a multifamily residential dwelling, ~~or~~ a commercial or industrial building, or farmland,
 28.18 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,
 28.19 after review of an energy audit ~~or,~~ renewable energy system feasibility study, or agronomic
 28.20 assessment, as defined in section 216C.436, subdivision 1b, can ~~be benefited by~~ benefit
 28.21 from the installation of cost-effective energy improvements or land and water improvements,
 28.22 as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes
 28.23 new construction.

28.24 Sec. 25. Minnesota Statutes 2020, section 216C.436, is amended by adding a subdivision
 28.25 to read:

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

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

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

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

29.2 (1) an improvement to farmland that:

29.3 (i) is permanent;

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

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

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

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

29.14 (e) "Resiliency" means the ability of farmland to maintain and enhance profitability,
 29.15 soil health, and water quality.

29.16 Sec. 26. Minnesota Statutes 2020, section 216C.436, subdivision 2, is amended to read:

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

29.18 (1) impose requirements and conditions on financing arrangements to ensure timely
 29.19 repayment;

29.20 (2) require an energy audit ~~or~~, renewable energy system feasibility study, or agronomic
 29.21 or soil health assessment to be conducted on the qualifying commercial real property and
 29.22 reviewed by the implementing entity prior to approval of the financing;

29.23 (3) require the inspection of all installations and a performance verification of at least
 29.24 ten percent of the cost-effective energy improvements or land and water improvements
 29.25 financed by the program;

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

29.28 (5) require that all cost-effective energy improvements or land and water improvements
 29.29 be made to a qualifying commercial real property prior to, or in conjunction with, an
 29.30 applicant's repayment of financing for cost-effective energy improvements or land and water
 29.31 improvements for that property;

30.1 (6) have cost-effective energy improvements or land and water improvements financed
 30.2 by the program performed by a licensed contractor as required by chapter 326B or other
 30.3 law or ordinance;

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

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

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

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

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

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

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

30.23 Sec. 27. Minnesota Statutes 2020, section 237.55, is amended to read:

30.24 **237.55 ANNUAL REPORT ON TELECOMMUNICATIONS ACCESS.**

30.25 The commissioner of commerce must prepare a report for presentation to the Public
 30.26 Utilities Commission by ~~January~~ March 31 of each year. Each report must review the
 30.27 accessibility of telecommunications services to persons who have communication disabilities,
 30.28 describe services provided, account for annual revenues and expenditures for each aspect
 30.29 of the fund to date, and include predicted program future operation.

31.1 Sec. 28. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED**
31.2 **PLANT.**

31.3 (a) As a part of the next resource plan filing under Minnesota Statutes, section 216B.2422,
31.4 subdivision 2, but no later than December 31, 2025, the public utility that owns an electric
31.5 generation facility that is powered by coal, scheduled for retirement in 2028, and located
31.6 within the St. Croix National Scenic Riverway must provide, to the extent known, the public
31.7 utility's plan and a detailed timeline to decommission and demolish the electric generation
31.8 facility and remediate pollution at the electric generation facility site.

31.9 (b) The public utility must also provide a copy of the plan and timeline to the governing
31.10 body of the municipality where the electric generation facility is located on the same date
31.11 the plan and timeline are submitted to the Public Utilities Commission.

31.12 (c) If a resource plan is not filed or required before December 31, 2025, the plan and
31.13 timeline must be submitted to the Public Utilities Commission and the municipality as a
31.14 separate filing by December 31, 2025.

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

31.16 Sec. 29. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**
31.17 **COMMERCE SUPPORT.**

31.18 (a) The Department of Commerce may provide technical support and subject matter
31.19 expertise to assist and help facilitate any efforts taken by the 11 federally recognized Indian
31.20 tribes in Minnesota to establish a tribal advocacy council on energy.

31.21 (b) When providing support to a tribal advocacy council on energy, the Department of
31.22 Commerce may assist the council to:

31.23 (1) assess and evaluate common tribal energy issues, including (i) identifying and
31.24 prioritizing energy issues, (ii) facilitating idea sharing between the tribes to generate solutions
31.25 to energy issues, and (iii) assisting decision making with respect to resolving energy issues;

31.26 (2) develop new statewide energy policies or proposed legislation, including (i) organizing
31.27 stakeholder meetings, (ii) gathering input and other relevant information, (iii) assisting with
31.28 policy proposal development, evaluation, and decision making, and (iv) helping facilitate
31.29 actions taken to submit, and obtain approval for or have enacted, policies or legislation
31.30 approved by the council;

31.31 (3) make efforts to raise awareness and provide educational opportunities with respect
31.32 to tribal energy issues by (i) identifying information resources, (ii) gathering feedback on

32.1 issues and topics the council identifies as areas of interest, and (iii) identifying topics for
32.2 educational forums and helping facilitate the forum process; and

32.3 (4) identify, evaluate, and disseminate successful energy-related practices, and develop
32.4 mechanisms or opportunities to implement the successful practices.

32.5 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized
32.6 Indian tribes in Minnesota to establish a tribal advocacy council on energy, nor does it
32.7 require or obligate any one of the 11 federally recognized Indian tribes in Minnesota to
32.8 participate in or implement a decision or support an effort made by an established tribal
32.9 advocacy council on energy.

32.10 (d) Any support provided by the Department of Commerce to a tribal advocacy council
32.11 on energy under this section may be provided only upon request of the council and is limited
32.12 to issues and areas where the Department of Commerce's expertise and assistance is
32.13 requested.

32.14 **Sec. 30. ENERGY APPROPRIATIONS; GENERAL FUND.**

32.15 Subdivision 1. **Solar for schools.** \$4,150,000 in fiscal year 2023 is appropriated from
32.16 the general fund to the commissioner of commerce for grants under the solar for schools
32.17 program established under Minnesota Statutes, section 216C.375. This appropriation must
32.18 be expended on schools located outside the electric service territory of the public utility that
32.19 is subject to Minnesota Statutes, section 116C.779. This appropriation is available until
32.20 June 30, 2025. The base amount for the appropriation under this subdivision in fiscal year
32.21 2024 is \$3,800,000. The base amount for the appropriation under this subdivision in fiscal
32.22 year 2025 is \$0.

32.23 Subd. 2. **Supplemental state weatherization grants.** (a) \$2,350,000 in fiscal year 2023
32.24 is appropriated from the general fund to the commissioner of commerce for supplemental
32.25 state weatherization assistance grants under Minnesota Statutes, section 216C.264,
32.26 subdivision 7. This appropriation is available until June 30, 2027. This is a onetime
32.27 appropriation. The base for the appropriation under this subdivision in fiscal year 2024 is
32.28 \$5,000,000. The base for the appropriation under this subdivision in fiscal year 2025 is
32.29 \$9,000,000.

32.30 (b) Ten percent of the appropriation under paragraph (a) is allocated to training grants
32.31 under Minnesota Statutes, section 216C.264, subdivision 8. Up to ten percent of the
32.32 appropriation under paragraph (a) may be used to supplement utility spending on
32.33 preweatherization measures as part of a low-income conservation program, as defined under

33.1 Minnesota Statutes, section 216C.264, subdivision 1a. No more than one percent of the
33.2 appropriation under paragraph (a) may be used for weatherization course development.

33.3 Subd. 3. **Infrastructure Investment and Jobs Act.** \$1,370,000 in fiscal year 2023 is
33.4 appropriated from the general fund to the commissioner of commerce for the following
33.5 activities related to the state energy competitiveness account under Minnesota Statutes,
33.6 section 216C.391, and Public Law 117-58, the Infrastructure Investment and Jobs Act (IIJA):
33.7 (1) for reasonable costs incurred by the department of commerce to pursue and administer
33.8 energy-related IIJA federal funds; (2) to assist eligible entities, as defined under Minnesota
33.9 Statutes, section 216C.391, subdivision 3, to access competitive IIJA energy-related federal
33.10 funds; and (3) to assist eligible grantees to pursue and manage energy-related IIJA federal
33.11 funds. This is a onetime appropriation.

33.12 Subd. 4. **State energy competitiveness account.** \$14,880,000 in fiscal year 2023 is
33.13 appropriated from the general fund to the commissioner of commerce for deposit in the
33.14 state energy competitiveness account established under Minnesota Statutes, section 216C.391,
33.15 subdivision 1. This appropriation is available until June 30, 2028. The base for the
33.16 appropriation under this subdivision in fiscal year 2024 is \$4,500,000. The base for the
33.17 appropriation under this subdivision in fiscal year 2025 is \$0.

33.18 Sec. 31. **ENERGY APPROPRIATIONS; RENEWABLE DEVELOPMENT**
33.19 **ACCOUNT.**

33.20 Subdivision 1. **Granite Falls hydroelectric generating facility.** Notwithstanding
33.21 Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,290,000 in fiscal
33.22 year 2023 is appropriated from the renewable development account established under
33.23 Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for
33.24 a grant to the city of Granite Falls for repair and overage costs related to the city's existing
33.25 hydroelectric generating facility. This is a onetime appropriation. Any amount of the
33.26 appropriation under this subdivision that remains unexpended on June 30, 2024, must be
33.27 returned to the renewable development account.

33.28 Subd. 2. **Community energy transition grants.** (a) Notwithstanding Minnesota Statutes,
33.29 section 116C.779, subdivision 1, paragraph (j), \$3,500,000 in fiscal year 2023 is appropriated
33.30 from the renewable development account established under Minnesota Statutes, section
33.31 116C.779, subdivision 1, to the commissioner of employment and economic development
33.32 for community energy transition grants under Minnesota Statutes, section 116J.55. This
33.33 appropriation is available only for grants to eligible communities located within the electric

34.1 service territory of the public utility subject to Minnesota Statutes, section 116C.779. This
34.2 is a onetime appropriation and is available until June 30, 2029.

34.3 (b) The base for the appropriation under this subdivision in fiscal year 2024 is \$1,500,000
34.4 from the general fund and is available only for grants to eligible communities located outside
34.5 the electric service territory of the public utility subject to Minnesota Statutes, section
34.6 116C.779. The base for the appropriation under this subdivision in fiscal year 2025 is \$0.

34.7 Subd. 3. **Area C Contingency account.** Notwithstanding Minnesota Statutes, section
34.8 116C.779, subdivision 1, paragraph (j), \$3,000,000 in fiscal year 2023 is appropriated from
34.9 the renewable development account established under Minnesota Statutes, section 116C.779,
34.10 subdivision 1, for deposit in the Area C contingency account under Minnesota Statutes,
34.11 section 116C.7793, subdivision 2, to disburse to the owner of a solar energy generating
34.12 system installed on land on the former Ford Motor Company in St. Paul known as Area C
34.13 for the uses identified under Minnesota Statutes, section 116C.7793. This is a onetime
34.14 appropriation. This appropriation is available until five years after the Pollution Control
34.15 Agency issues a corrective action determination regarding the remediation of Area C. Any
34.16 unexpended money remaining in the account at the conclusion of the five-year period cancels
34.17 to the renewable development account.

34.18 Subd. 4. **National Sports Center solar array.** Notwithstanding Minnesota Statutes,
34.19 section 116C.779, subdivision 1, paragraph (j), \$3,500,000 in fiscal year 2023 is appropriated
34.20 from the renewable development account established under Minnesota Statutes, section
34.21 116C.779, subdivision 1, to the Minnesota Amateur Sports Commission to install solar
34.22 arrays. This appropriation may be used to install solar arrays on an ice rink and a maintenance
34.23 facility at the National Sports Center in Blaine. This is a onetime appropriation.

34.24 Subd. 5. **State energy competitiveness account.** Notwithstanding Minnesota Statutes,
34.25 section 116C.779, subdivision 1, paragraph (j), \$5,750,000 in fiscal year 2023 is appropriated
34.26 from the renewable development account established under Minnesota Statutes, section
34.27 116C.779, subdivision 1, to the commissioner of commerce for deposit in the state energy
34.28 competitiveness account established under Minnesota Statutes, section 216C.391, subdivision
34.29 1. This appropriation is available until June 30, 2028. The appropriation under this
34.30 subdivision must be used to obtain federal funds that benefit Minnesota ratepayers receiving
34.31 electric service from the utility that owns a nuclear-powered electric generating plant in this
34.32 state, the Prairie Island Indian community, of Prairie Island Indian community members.
34.33 The base for the appropriation under this subdivision in fiscal year 2024 is \$0.