

1.1 A bill for an act  
1.2 relating to energy; establishing a nonprofit corporation to provide financing and  
1.3 leverage private investment for clean energy and other projects; requiring a report;  
1.4 appropriating money; proposing coding for new law in Minnesota Statutes, chapter  
1.5 216C.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[216C.441] MINNESOTA GREEN FINANCE AUTHORITY.**

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

1.10 (b) "Advisory task force" means the advisory task force of the Minnesota Green Finance  
1.11 Authority.

1.12 (c) "Authority" means the Minnesota Green Finance Authority.

1.13 (d) "Clean energy project" has the meaning given to "qualified project" in paragraph (l),  
1.14 clauses (1) to (4).

1.15 (e) "Credit enhancement" means a pool of capital set aside to cover potential losses on  
1.16 loans made by private lenders, including, but not limited to, loan loss reserves and loan  
1.17 guarantees.

1.18 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision  
1.19 1, paragraph (f).

1.20 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into  
1.21 electricity through electrochemical reactions.

2.1 (h) "Greenhouse gas emissions" has the meaning given to "statewide greenhouse gas  
2.2 emissions" in section 216H.01, subdivision 2.

2.3 (i) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if  
2.4 a customer defaults on a loan, up to an agreed upon percentage of loans originated by the  
2.5 private lender.

2.6 (j) "Microgrid system" means an electrical grid serving a discrete geographical area  
2.7 from distributed energy resources that can operate independently temporarily from the  
2.8 central electric grid.

2.9 (k) "Qualified project" means:

2.10 (1) a project, technology, product, service, or measure that:

2.11 (i) reduces energy use while providing the same level and quality of service or output  
2.12 obtained before the application of the project;

2.13 (ii) shifts the use of electricity by retail customers in response to changes in the price of  
2.14 electricity that vary over time, or other incentives designed to shift electricity demand from  
2.15 times when market prices are high or when system reliability is jeopardized; or

2.16 (iii) significantly reduces greenhouse gas emissions relative to those produced before  
2.17 application of the project, excluding projects that generate power from the combustion of  
2.18 fossil fuels;

2.19 (2) the development, construction, deployment, alteration, or repair of any:

2.20 (i) project, technology, product, service, or measure that generates electric power from  
2.21 renewable energy; or

2.22 (ii) distributed generation system, energy storage system, smart grid technology, microgrid  
2.23 system, fuel cell system, or combined heat and power system;

2.24 (3) the installation, construction, or use of end-use electric technology that replaces  
2.25 existing fossil-fuel based technology;

2.26 (4) a project, technology, product, service, or measure that supports the development  
2.27 and deployment of electric vehicle charging stations and associated infrastructure;

2.28 (5) agriculture projects that reduce net greenhouse gas emissions or improve climate  
2.29 resiliency, including, but not limited to, reforestation, afforestation, forestry management,  
2.30 and regenerative agriculture;

3.1 (6) the construction or enhancement of infrastructure that is planned, designed, and  
3.2 operates in a way that anticipates, prepares for, and adapts to current and projected changing  
3.3 climate conditions so that the infrastructure withstands, responds to, and more readily  
3.4 recovers from disruptions caused by those climate conditions; and

3.5 (7) the development, construction, deployment, alteration, or repair of any project,  
3.6 technology, product, service, or measure that:

3.7 (i) reduces water use while providing the same or better level and quality of service or  
3.8 output obtained before application of the water-saving approach; or

3.9 (ii) protects, restores, or preserves the quality of groundwater and surface waters,  
3.10 including, but not limited to, actions that further the purposes of the Clean Water Legacy  
3.11 Act, as provided in section 114D.10, subdivision 1.

3.12 (l) "Regenerative agriculture" means the deployment of farming methods that reduce  
3.13 agriculture's contribution to climate change by increasing the soil's ability to absorb  
3.14 atmospheric carbon and convert it to soil carbon.

3.15 (m) "Renewable energy" means energy generated from the following sources:

3.16 (1) solar;

3.17 (2) wind;

3.18 (3) geothermal;

3.19 (4) hydro;

3.20 (5) trees or other vegetation;

3.21 (6) anaerobic digestion of organic waste streams; and

3.22 (7) fuel cells using energy sources listed in this paragraph.

3.23 (n) "Smart grid" means a digital technology that allows for two-way communication  
3.24 between a utility and its customers that enables the utility to control power flow and load  
3.25 in real time.

3.26 Subd. 2. **Establishment; purpose.** (a) By October 15, 2021, the Minnesota Green  
3.27 Finance Authority Task Force established in this section must establish the Minnesota Green  
3.28 Finance Authority as a nonprofit corporation under chapter 317A and must seek designation  
3.29 as a charitable tax-exempt organization under section 501(c)(3) of the Internal Revenue  
3.30 Code of 1986, as amended.

4.1 (b) When incorporated, the authority's purpose is to accelerate the deployment of clean  
4.2 energy and other qualified projects by reducing the upfront and total cost of their adoption,  
4.3 which it achieves by leveraging existing public sources and additional private sources of  
4.4 capital through the strategic deployment of its public funds in the form of loans, credit  
4.5 enhancements, and other financing mechanisms. The initial directors of the nonprofit  
4.6 corporation must include at least a majority of the members of the task force and must  
4.7 include the commissioner of commerce, or the commissioner's designee, and the  
4.8 commissioner of employment and economic development, or the commissioner's designee.  
4.9 The task force shall engage independent legal counsel with relevant experience in nonprofit  
4.10 corporation law and clean energy financing.

4.11 (c) The Minnesota Green Finance Authority shall:

4.12 (1) identify underserved markets for qualified projects in Minnesota, develop programs  
4.13 to overcome market impediments, and provide access to financing to serve those projects  
4.14 and underserved markets;

4.15 (2) use authority funds strategically to leverage private investment in qualified projects,  
4.16 achieving a high ratio of private to public funds invested through funding mechanisms that  
4.17 support, enhance, and complement private investment;

4.18 (3) coordinate with existing government- and utility-based programs to make the most  
4.19 efficient use of the authority's funds and ensure that financing terms and conditions offered  
4.20 are well-suited to qualified projects, and that the authority's activities add to and complement  
4.21 the efforts of these partners;

4.22 (4) stimulate demand for qualified projects by serving as a customer's single point of  
4.23 access for the provision of technical information on energy conservation and renewable  
4.24 energy measures, for contractors who install such measures and for financing to reduce the  
4.25 upfront and total costs to borrowers, including through:

4.26 (i) serving as a clearinghouse for information about federal, state, and utility financial  
4.27 assistance for qualifying projects in targeted underserved markets, including coordinating  
4.28 efforts with the energy conservation programs administered by the customer's utility under  
4.29 section 216B.241 and other programs offered to low-income households;

4.30 (ii) forming partnerships with contractors and educating them regarding the authority's  
4.31 financing programs;

4.32 (iii) coordinating multiple contractors on projects that install multiple qualifying  
4.33 technologies; and

5.1 (iv) developing innovative marketing strategies to stimulate project owner interest in  
5.2 targeted underserved markets;

5.3 (5) develop rules, policies, and procedures specifying the eligibility of borrowers, and  
5.4 other terms and conditions of financial support offered by the authority;

5.5 (6) develop consumer protection standards governing its investments to ensure the  
5.6 authority and partners provide financial support in a responsible and transparent manner  
5.7 that is in the financial interest of participating project owners;

5.8 (7) develop and administer policies for collecting reasonable fees for authority services,  
5.9 sufficient to support ongoing authority activities;

5.10 (8) develop and adopt a workplan to accomplish all of the activities required of the  
5.11 authority, and update the workplan on an annual basis; and

5.12 (9) establish and maintain a comprehensive website providing access to all authority  
5.13 programs and financial products, including rates, terms and conditions of all financing  
5.14 support programs, unless disclosure of such information constitutes a trade secret or  
5.15 confidential commercial or financial information.

5.16 Subd. 3. **Additional authorized activities.** The authority is authorized to:

5.17 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter  
5.18 317A;

5.19 (2) develop and employ the following financing methods in support of qualified projects:

5.20 (i) credit enhancement mechanisms that reduce financial risk for private lenders by  
5.21 providing assurance that a limited portion of a loan will be assumed by the authority, by  
5.22 means of a loan loss reserve, loan guarantee, or other mechanism;

5.23 (ii) co-investment, in which the authority invests directly in a clean energy project  
5.24 through the provision of senior or subordinated debt, equity, or other mechanisms, in  
5.25 conjunction with a private financier's investment, and

5.26 (iii) serve as an aggregator of many small and geographically dispersed qualified projects,  
5.27 in which the authority may provide direct lending, investment, or other financial support,  
5.28 in order to diversify risk;

5.29 (3) serve as the designated state entity for application for and acceptance of federal funds  
5.30 authorized by Congress under a federal climate bank, federal green bank, or other similar  
5.31 entity, provided that the commissioner of commerce authorizes such application; and

6.1 (4) seek to qualify as a Community Development Financial Institution under United  
6.2 States Code, title 12, section 4702, in which case the authority would be treated as a qualified  
6.3 community development entity for the purposes of sections 45D and 1400(m) of the Internal  
6.4 Revenue Code.

6.5 Subd. 4. **Advisory task force; membership.** (a) The advisory task force of the Minnesota  
6.6 Green Finance Authority is established and shall consist of ..... members, as follows:

6.7 (1) the commissioner of commerce, or the commissioner's designee;

6.8 (2) the commissioner of employment and economic development, or the commissioner's  
6.9 designee;

6.10 (3) ..... additional members appointed by the governor;

6.11 (4) ..... additional members appointed by the speaker of the house of representatives;  
6.12 and

6.13 (5) ..... additional members appointed by the president of the senate.

6.14 (b) The members appointed to the advisory task force under paragraph (a), clauses (3)  
6.15 to (5), must have expertise in matters relating to energy conservation, clean energy, economic  
6.16 development, banking, law, finance, or other matters relevant to the work of the advisory  
6.17 task force. When appointing a member to the advisory task force, consideration must be  
6.18 given to whether the advisory task force members collectively reflect the geographical and  
6.19 ethnic diversity of this state.

6.20 Subd. 5. **Report; audit.** By June 30, beginning in 2022, and each year thereafter, the  
6.21 authority shall submit a comprehensive annual report on its activities to the governor and  
6.22 to the chairs and ranking minority members of the senate and house committees with primary  
6.23 jurisdiction over energy policy. The report must contain, at a minimum, information on:

6.24 (1) the amount of authority capital invested, by project type;

6.25 (2) the amount of private capital leveraged as a result of authority investments, by project  
6.26 type;

6.27 (3) the number of qualified projects supported, by type of project, and location within  
6.28 the state;

6.29 (4) the estimated number of jobs created and tax revenues generated as a result of the  
6.30 authority's activities;

6.31 (5) the number of clean energy projects financed in low- and moderate-income  
6.32 households; and

7.1 (6) financial statements of the authority.

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

7.3 Sec. 2. **APPROPRIATION.**

7.4 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),  
7.5 \$..... in fiscal year 2022 is appropriated from the renewable development account established  
7.6 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of ..... for  
7.7 transfer to the advisory task force of the Minnesota Green Finance Authority established in  
7.8 section 1. This is a onetime appropriation. Of this amount, up to \$50,000 shall be made  
7.9 available to the Minnesota Green Finance Authority Task Force for start-up expenses,  
7.10 including, but not limited to, expenses incurred prior to incorporation.

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