

Subject Energy Omnibus

Authors Long

Analyst Bob Eleff

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Article 1: Energy Conservation and Storage

Section Description – Article 1: Energy Conservation and Storage

- 1 **[16B.86] State building energy conservation improvement revolving loan account.**
Establishes an account managed by the commissioner of administration that provides revolving loans for energy conservation in state buildings.
- 2 **[16B.87] Award and repayment of state building energy improvement conservation loans.**
Describes the content on a loan application. Requires loans to be made at or below the market interest rate, including zero interest, with a term no longer than seven years.
- 3 **[216B.1698] Innovative clean technologies.**
Authorizes a public utility to petition the commission to invest in projects deploying innovative clean energy technologies. Caps investment at \$6 million over three consecutive years for a public utility with more than 200,000 retail customers in Minnesota, and \$3 million for smaller public utilities.
- 4 **[216B.2401] Energy savings and optimization policy goal.**
Increases the annual state energy savings goal from 1.5 to 2.5 percent, and requires the commissioner of commerce to report annually to the legislature on actual savings and recommendations to increase them.
- 5 **[216B.2402] Definitions.**
Replaces definitions governing utility Conservation Improvement Programs (CIP) currently found in section 216B.241.
- 6 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
Redrafts statutes governing utility CIP activities for municipal utilities and cooperative electric associations, now defined collectively as consumer-owned utilities. Changes include allowing utilities to operate under CIP plans that may extend up to three years, and to meet energy savings goals on average over that time rather than annually. Certain “efficient fuel-switching improvements”—substituting electricity or natural gas for a customer’s current fuel—may contribute to energy savings goals. A

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- utility's minimum spending on conservation programs for low-income customers is doubled.
- 7 - 20 Redrafts statutes governing utility CIP activities for public utilities. Increases the annual energy savings goal for electric utilities from 1.5 to 1.75 percent, and lowers the goal for natural gas utilities from 1.5 to 1.0 percent. Requires energy conservation activities in public schools. Increases an electric utility's minimum spending on conservation programs for low-income customers from 0.1 to 0.4 percent of annual gross operating revenues; for a natural gas utility, the increase is from 0.4 to 0.8 percent. Fuel-switching programs may not contribute to energy-savings goals, but the net benefits associated with the program may be counted toward a utility's overall CIP net benefits. The Public Utilities Commission (PUC) may approve a financial incentive to encourage investment in load management programs that shift energy from peak demand periods.
- 21 **[216B.241] Energy conservation improvement.**
Subd. 14. Minnesota efficient technology accelerator. Authorizes a nonprofit organization to file a proposal with the commissioner of commerce to collaborate with technology manufacturers to accelerate the development of energy efficient technologies whose deployment will result in cost-efficient energy savings for Minnesota consumers. Public utilities with more than 30,000 customers must make annual contributions to the program's budget, capped at 2 percent of the utility's CIP spending in the program's first two years, 3.5 percent in the program's third and fourth years, and 3.5 percent thereafter.
- 22 **[216B.2412] Decoupling of energy sales from revenues.**
Subd. 3. Pilot programs. Deletes an annual PUC report on pilot decoupling programs.
- 23 **[216B.2422] Resource planning; renewable energy.**
Subd. 7a. Energy storage systems; installation. Requires the commission to order a public utility to install one or more energy storage systems if found to be reasonable, prudent, and in the public interest.
- 24 **[216B.2427] Energy storage system; application.**
Describes required contents of a utility's application to the PUC to install an energy storage system.
- 25 **[216C.05] Findings and purpose.**
Subd. 2. Energy policy goals. Adds a state goal to reduce greenhouse gas emissions in existing commercial and residential buildings by 50 percent by 2035.

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- 26 **[216C.402] Rebuild right grant program.**
Establishes a program to award grants to owners of buildings that were damaged or destroyed during the civil unrest in May-June 2020 to achieve stringent energy efficiency standards (at a minimum, Sustainable Building 2030 standards) or to install renewable energy technologies.
- 27 **[326B.106]**
Subd. 1. Adoption of code. Requires the commissioner of labor and industry to adopt each new commercial energy code published by the American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) or a more stringent code, which must increase energy efficiency by at least 8 percent with each new code adopted.
- 28 **Supplementing weatherization services.**
Permits the state to implement preweatherization measures in low-income households in order to allow those households to receive federal weatherization assistance.
- 29 **Task force on expanding the provision of weatherization services.**
Establishes a task force to examine additional sources of revenue for the weatherization program.
- 30 **Transfer.**
Funds the state building revolving loan account under section 1.
- 31 **Appropriations.**

Article 2: Energy Transition

Section Description – Article 2: Energy Transition

- 1-3 Establishes an Energy Transition Office in the Department of Employment and Economic Development to assist communities and workers experiencing economic dislocation as a result of the retirement of an electric generating plant. Establishes an advisory committee to develop an energy transition plan for each impacted facility.
- 4 **[116J.5501] Minnesota Innovation Finance Authority.**
Establishes a nonprofit corporation to accelerate the deployment of energy conservation and renewable energy projects, climate adaptation projects, electric vehicle infrastructure, agriculture projects that reduce greenhouse gas emissions,

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- and others by leveraging public and private sources of capital through the strategic utilization of limited public funds and innovative financing mechanisms.
- 5 **[216B.16] Rate change; procedure; hearing.**
 Subd. 1. Factors considered; generally. Technical.
- 6 **[216B.16] Rate change; procedure; hearing.**
 Subd. 13. Economic and community development. Specifies that a public utility may recover from ratepayers' expenses to employ local workers to construct energy generating utilities.
- 7 **[216B.1645] Power purchase contract or investment.**
 Subd. 1. Commission authority. Authorizes the PUC to approve purchases of or investments in renewable energy that exceed the level of state mandates and standards.
- 8 **[216B.1645] Power purchase contract or investment.**
 Subd. 2. Cost recovery. Authorizes the PUC to allow recovery of reasonable utility expenses to employ local workers to construct energy generating utilities.
- 9-22 **[216B.1691] Renewable energy objectives.**
Increases the proportion of a utility's electricity that must be generated by renewable sources from 25 to 40 percent in 2025, and to 55 percent in 2035. Establishes requirements for the proportion of carbon-free generation resources: 65 percent by 2025; 80 percent by 2030; 90 percent by 2035; and 100 percent by 2040.
- 23-31 **[216B.2422] Resource planning; renewable energy.**
Requires utility resource plan filings with the PUC to include plans to meet 100 percent of a utility's future energy needs through a combination of clean and carbon-free resources, and to describe the utility's efforts to minimize the economic dislocation experienced by workers that result from generating plant retirements. Requires the PUC to use greenhouse gas emissions values calculated in a recent federal government study when evaluating the addition of new generating facilities, and requires utilities to use lifecycle analyses in quantifying and monetizing those emissions. Establishes as state policy that a combination of clean energy resources is the favored method to meet electricity demand in Minnesota.

Requires the commission, when it disapproves the construction or purchase of renewable or clean energy resources, to establish by clear and convincing evidence that those resources are not affordable or reliable, and describes factors it must consider in making those determinations. Requires the commission to make a written determination of its findings regarding reliability and affordability. Allows a

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utility retiring a generating facility the entitlement to own at least a portion of its replacement capacity, provided the utility reduces greenhouse gas emissions by 80 percent or more by 2030 or 2035, depending on the size of the utility.

32-33 [216B.2427] Natural gas utility innovation plans.

Authorizes a natural gas utility to file a plan with the PUC to obtain innovative resources that displace conventional natural gas, including renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon dioxide capture, strategic electrification, and others. Programs must be cost-effective and reduce greenhouse gas emissions. Plans have a term of five years. Sets caps on annual plan costs at approximately \$18 million in the initial plan, to \$55 million for the third and subsequent plans. The initial innovation plan must include programs to provide audits to small and medium-sized businesses, target industrial facilities that cannot easily electrify, conduct deep energy retrofits and install cold-climate electric air-source heat pumps in residences, and expand district heating systems.

34 [216B.247] Beneficial building electrification.

Establishes a state goal to promote uses of electricity in the building sector, and to target the benefits of that policy to low-income communities.

35 [216B.248] Public utility beneficial building electrification.

Authorizes a public utility to file a plan with the PUC to promote electrification in residential and commercial buildings. Plans must maximize consumer savings, enhance service reliability, reduce greenhouse gas emissions, and support the integration of renewable and carbon-free resources.

36-45 [216B.491 – 216B.4991] Securitization.

Authorizes an electric utility that has received PUC approval to retire a generating facility to file an application with the commission to issue energy transition bonds to finance the undepreciated value of the retiring facility, as a strategy to lower the costs of the retirement to customers. Specifies details of the application and PUC review process. Requires a portion of bond proceeds to be deposited in an account to provide assistance to workers displaced by the facility retirement.

46 [216E.03] Designating sites and routes.

Requires the PUC to issue site permits for the construction of an electric generating facility of 50 MW or greater capacity or the repowering of such a facility only to those whose contractors and subcontractors pay workers on the project no less than the prevailing wage, as defined in section 177.42. The commission may also require as a condition of issuing a site permit participation in an apprenticeship program registered with the state or federal government.

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47 [216F.04] Site permit.

Requires the PUC to issue site permits for the construction of a wind generating facility of 25 MW or greater capacity or the repowering of such a facility only to those whose contractors and subcontractors pay workers on the project no less than the prevailing wage, as defined in section 177.42. The commission may also require as a condition of issuing a site permit participation in an apprenticeship program registered with the state or federal government.

48 Public Utilities Commission; evaluation of the role of natural gas utilities in achieving state greenhouse gas reduction goals.

Requires the PUC to initiate a proceeding no later than August 1, 2021, to evaluate changes in the natural gas regulatory system that may be needed in order for the state to achieve its greenhouse gas emissions reduction goals.

49 Appropriations.

Article 3: Climate Change

Section Description – Article 3: Climate Change

1 [16B.312] Construction materials; environmental analysis.

Requires the commissioner of administration to establish maximum acceptable global warming potentials for certain construction materials used to construct or renovate a state building. Requires bidders on such projects to include global warming potentials for those materials in their bids, unless the commissioner determines that to do so would cause hardship. Establishes a pilot program in which vendors may voluntarily report on the lifecycle greenhouse gas emissions of certain products selected by the department.

2 [216H.02] Greenhouse gas emissions control.

Amends the goals to require a 45 percent reduction (from a 2005 base) by 2030 and reaching net zero emissions by 2050.

3 [239.7912] Future Fuels Act.

Requires the commissioner of commerce to begin rulemaking to establish a standard that annually reduces the maximum amount of carbon in transportation fuels, so that by 2035, the level is at least 20 percent below the 2018 level. The commissioner must establish a program of tradeable credits and deficits.

Section Description – Article 3: Climate Change

- 4 **Integrating greenhouse gas reductions into state activities; plan.**
Requires the governor’s Climate Change Subcabinet to submit to the legislature no later than February 15, 2022, a preliminary Climate Transition Plan for incorporating the state’s greenhouse gas reduction goals into all state agency activities.
- 5 **Small-area climate model projections for Minnesota.**
Requests the University of Minnesota Board of Regents to conduct a study to develop climate change projections to the end of this century for areas as small as three square miles.
- 6 **Appropriations.**

Article 4: Electric Vehicles

Section Description – Article 4: Electric Vehicles

- 1 **[16C.135] Purchases of fuel and vehicles by state agencies.**
Subd. 3. Vehicle purchases. Establishes a vehicle purchasing hierarchy for state vehicles, with electric vehicles as the first choice, unless the preferred vehicle cannot perform as required or has a life-cycle cost of ownership more than 10 percent greater than the next highest vehicle preference type.
- 2 **[16C.137] Minimizing energy use; renewable fuels.**
Requires state agencies to purchase vehicles according to the hierarchy established in section 16C.135.
- 3 **[168.27] Motor vehicle dealers; violations; penalties.**
Subd. 2a. Dealer training; electric vehicles. Requires a licensed dealership operating under a manufacturer’s franchise to maintain at least one employee who has completed a training course on electric vehicles sponsored by a Minnesota dealership association.
- 4 **[216B.1615] Electric vehicle deployment program.**
Requires a public utility to file a plan with the PUC every three years, beginning June 1, 2022, to maximize the benefits of electrifying transportation in its service area. Describes factors the commission must consider in evaluating the plan.
- 5 **[216B.1616] Electric school bus deployment program.**
Authorizes a public utility to file a plan with the PUC to promote deployment of electric school buses.

Section Description – Article 4: Electric Vehicles

- 6 **[216C.401] Electric vehicle rebates.**
Provides for rebates of \$2,000 for purchase or lease of a new electric vehicle and \$500 for a used electric vehicle. Defines eligible vehicles and purchasers/lessees. This section expires June 30, 2025.
- 7 **[216C.402] Grant program; manufacturers' certification of auto dealers to sell electric vehicles.**
Establishes a grant program to defray the cost (up to \$40,000) of manufacturer-required training dealership employees must undergo, and equipment a dealership must purchase, in order to be able to sell the manufacturer's electric vehicles.
- 8 **Electric vehicle charging stations; installations in state and regional parks.**
Establishes a grant program in the Department of Natural Resources to fund the installation of electric vehicle charging stations in state and regional parks.
- 9 **Electric vehicle charging stations; installations at county government centers.**
Establishes a grant program in the Department of Commerce to fund the installation of electric vehicle charging stations in parking lots at county government centers.
- 10 **Metropolitan Council; electric bus purchases.**
Requires the Metropolitan Council to purchase electric buses, using the appropriation provided to pay the incremental cost above comparable diesel buses, until the appropriation is exhausted.
- 11 **Appropriation.**

Article 5: Solar Energy

Section Description – Article 5: Solar Energy

- 1 **[216B.164] Cogeneration and small power production.**
Subd. 12. Customer's access to electricity usage data. Requires a utility to provide a customer with the customer's usage data, if accompanied by evidence that the data is needed with respect to the interconnection of a distributed energy resource by the customer.
- 2 **[216B.1641] Community solar garden.**
Exempts a solar facility located more than 100 feet from the nearest residential property from the requirement to be located in the same county as the subscriber or in a contiguous county. Sets the rate at which subscribers are compensated by a utility as the three-year average of the value of solar rate, if the latter is used. Adds

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- several consumer protection provisions to this section. Allows a garden to be designated a community access project if certain conditions are met, allowing subscribers to be compensated by the utility at the retail rate and to retain renewable energy credits generated by the garden unless the owner has made other arrangements.
- 3 **[216C.375] Solar for schools program.**
Establishes a program in the Department of Commerce to award grants to schools for the installation of solar energy generating systems on or adjacent to school buildings. The systems may not exceed the smaller of 40 kw or 120 percent of the school's annual electricity consumption, and must be located outside the electric service territory of the public utility that owns a nuclear generating plant in the state. No more than 50 percent of grants may be awarded to schools where the proportion of students eligible for free and reduced-price lunches is less than 50 percent.
- 4 **[216C.376] Solar for schools program for certain utility service territory.**
Authorizes the public utility that owns a nuclear generating plant in the state to file a plan with the PUC by October 1, 2021, to provide financial assistance to schools for the installation of solar energy generating systems on or adjacent to school buildings. No more than 50 percent of grants may be awarded to schools where the proportion of students eligible for free and reduced-price lunches is less than 50 percent.
- 5 **[216E.01] Definitions.**
Subd. 9a. Solar energy generating system. Amends the definition of solar energy generating system to include associated transmission lines operating at 100 kilovolts or less.
- 6-9 **[500.216 – 515B.3-102] Limits on certain residential solar systems prohibited.**
Prohibits a private entity from refusing to permit a roof-mounted solar energy system to be installed by the owner of a single-family dwelling. The private entity may impose reasonable restrictions on the installation, provided the restrictions do not increase the cost of the solar system by more than \$2,000.
- 10 **Photovoltaic demand credit rider.**
Requires public utilities to file a rider with the PUC by October 1, 2021, that reimburses demand metered customers with solar energy systems for overcharges made on the demand charge.
- 11 **Siting solar energy generating systems on prime farmlands.**
Requires the PUC to amend a current rule to allow siting a solar generating system on prime farmland if: (1) the site has been identified as a sensitive groundwater area by the DNR; (2) the owner agrees to operate the site to comply with section 216B.1642

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with regard to making it a pollinator- and bird-friendly habitat; and (3) the system does not disrupt agricultural uses.

12 Department of Administration; master solar contract program.

Requires the Department of Administration to, no later than February 1, 2022, announce an open request for proposals for a new on-site solar photovoltaic master contract.

13 Appropriations.

Article 6: Miscellaneous

Section Description – Article 6: Miscellaneous

1 [115B.40] Program.

Subd. 1. Response to releases. Authorizes the commissioner of the PCA to implement reuse and redevelopment strategies on landfills that have been cleaned of chemical contamination.

2 [116C.779] Funding for renewable development.

Subd. 1. Renewable development account. Makes a proposer's commitment to diversify its workforce and vendors a factor the advisory group must consider in making grant awards under this section. Grantees must file a diversity report annually.

3-7 [216B.096 – 216B.097] Cold weather rule.

Extends the Cold Weather Rule period, during which utilities may not disconnect customers who enter into and are compliant with an agreement with the utility to pay arrearages. The new period begins two weeks earlier (October 1) and ends two weeks later (April 30).

8 [216B.164] Cogeneration and small power production.

Subd. 4. Purchases; wheeling costs. Strikes language in the net metering statute defining "full avoided capacity and energy costs" as the utility's least cost renewable energy facility or the bid of a competing least cost renewable energy facility.

9-10 [216B.2424] Biomass power mandate.

Provides for the extension of a contract between the public utility that owns a nuclear generating plant and the St. Paul district heating and cooling system.

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- 11 **[216B.243] Certificate of need for large energy facility.**
 Subd. 8. Exemptions. Exempts wind and solar systems from the requirement to obtain a certificate of need for projects that have been ordered by the PUC in an integrated resource plan proceeding.
- 12 **[216B.62] Regulatory expenses.**
 Subd. 3b. Assessment for department and regional duties. Strikes the June 30, 2021, sunset date for this subdivision, allowing the Department of Commerce to assess utilities up to \$500,000 annually to fund the department’s regional and national regulatory activities.
- 13 **[216B.631] Compensation for participants in proceedings.**
 Amends the existing intervenor compensation language in section 216B.16, subdivision 10. Extends compensation to proceedings other than general rate cases. Restricts compensation to participants whose position is adopted in a commission order. Sets annual compensation caps for individual organizations and utilities.
- 14 **[216C.51] Utility diversity reporting.**
 Requires utilities to report annually to the commissioner of commerce regarding its plan to diversify its workforce and vendors.
- 15 **[216E.03] Designating sites and routes.**
 Subd. 7. Consideration in designating sites and routes. Adds factors the commission must consider in awarding a site or route permit for a large electric generating plant or transmission line to include the protection and enhancement of environmental quality and the project’s impact on socioeconomic factors.
- 16 **[216E.04] Alternative review of applications.**
 Subd. 2. Applicable projects. Extends from 5 to 30 miles the length of a high-voltage transmission line of more than 200 kilovolts in this state that may apply for a site or route permit under the PUC’s less stringent alternative review process.
- 17 **[216F.012] Size election.**
 Deletes the requirement for the commission to issue an annual report on variances from setback requirements granted by the commission for wind projects adjacent to state lands in the outdoor recreation system.
- 18 **[216F.084] Wind turbine lighting systems.**
 Requires a wind energy generating system issued a site permit or site permit amendment after July 1, 2021, to install a light-mitigating technology that minimizes the duration or intensity of the lighting system and that meets Federal Aviation

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- Administration requirements on all wind turbines, unless doing so is technically infeasible, imposes a significant financial burden on the applicant, or the technology cannot be delivered by the vendor within a reasonable amount of time.
- 19 **Tribal advocacy council on energy; Department of Commerce support.**
Requires the Department of Commerce to provide support to federally recognized Indian Tribes in the state to establish and operate an advocacy council on energy.
- 20 **Pilot project; reporting requirements.**
Requires the commissioner of the PCA to report to the legislature regarding a solar energy generating project sited on a closed landfill under section 21, subdivision 3.
- 21 **Appropriations.**
- 22 **Repealer.**
Repeals provisions: (1) sunsetting the Petrofund program; (2) governing the existing intervenor compensation program at the PUC, which is replaced by article 6, section 13; and (3) the 2017 provision allowing a public utility to construct an electric generating plant powered by natural gas on land it already owns, at its sole discretion.



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