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Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

18.20

16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.

18.22

Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the following terms have the meanings given them.

18.24

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

18.26

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

18.28

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

277.1

ARTICLE 12

277.2

ENERGY MISCELLANEOUS

114.12

Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

114.13

16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.

114.15

Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the following terms have the meanings given.

114.17

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

114.19

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

114.21

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

18.30 (e) "Project" means the energy conservation improvements financed by a loan made
 18.31 under this section.

19.1 (f) "State building" means an existing building owned by the state of Minnesota.

19.2 Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation
 19.3 improvement revolving loan account is established as a ~~special~~ separate account in the state
 19.4 treasury. The commissioner shall manage the account and shall credit to the account
 19.5 investment income, repayments of principal and interest, and any other earnings arising
 19.6 from assets of the account. Money in the account is appropriated to the commissioner of
 19.7 administration to make loans to ~~finance agency projects that will result in either reduced~~
 19.8 ~~operating costs or increased revenues, or both, for a state agency~~ state agencies to implement
 19.9 energy conservation and energy efficiency improvements in state buildings under section
 19.10 16B.87.

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

19.12 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

19.13 **16B.87 AWARD AND REPAYMENT OF PRODUCTIVITY STATE BUILDING**
 19.14 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

19.15 Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation
 19.16 Improvement Loan Committee consists of the commissioners of administration, management
 19.17 and budget, and ~~revenue commerce~~. The commissioner of administration serves as chair of
 19.18 the committee. The members serve without compensation or reimbursement for expenses.

19.19 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
 19.20 provided developed by the commissioner of administration; that requires an applicant to
 19.21 submit the following information:

19.22 (1) a description of the proposed project, including existing equipment, structural
 19.23 elements, operating characteristics, and other conditions affecting energy use that the energy
 19.24 conservation improvements financed by the loan modify or replace;

19.25 (2) the total estimated project cost and the loan amount sought;

19.26 (3) a detailed project budget;

19.27 (4) projections of the proposed project's expected energy and monetary savings;

19.28 (5) information demonstrating the agency's ability to repay the loan; and

19.29 (6) any additional information requested by the commissioner.

114.23 (e) "Project" means the energy conservation improvements financed by a loan made
 114.24 under this section.

114.25 (f) "State building" means an existing building owned by the state of Minnesota.

114.26 Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation
 114.27 improvement revolving loan account is established as a ~~special~~ separate account in the state
 114.28 treasury. The commissioner shall manage the account and shall credit to the account
 114.29 investment income, repayments of principal and interest, and any other earnings arising
 114.30 from assets of the account. Money in the account is appropriated to the commissioner of
 114.31 administration to make loans to ~~finance agency projects that will result in either reduced~~
 115.1 ~~operating costs or increased revenues, or both, for a state agency~~ state agencies to implement
 115.2 energy conservation and energy efficiency improvements in state buildings under section
 115.3 16B.87.

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

115.5 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

115.6 **16B.87 AWARD AND REPAYMENT OF PRODUCTIVITY STATE BUILDING**
 115.7 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

115.8 Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation
 115.9 Improvement Loan Committee consists of the commissioners of administration, management
 115.10 and budget, and ~~revenue commerce~~. The commissioner of administration serves as chair of
 115.11 the committee. The members serve without compensation or reimbursement for expenses.

115.12 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
 115.13 provided developed by the commissioner of administration; that requires an applicant to
 115.14 submit the following information:

115.15 (1) a description of the proposed project, including existing equipment, structural
 115.16 elements, operating characteristics, and other conditions affecting energy use that the energy
 115.17 conservation improvements financed by the loan modify or replace;

115.18 (2) the total estimated project cost and the loan amount sought;

115.19 (3) a detailed project budget;

115.20 (4) projections of the proposed project's expected energy and monetary savings;

115.21 (5) information demonstrating the agency's ability to repay the loan;

115.22 (6) a description of the energy conservation programs offered by the utility providing
 115.23 service to the state building from which the applicant seeks additional funding for the project;
 115.24 and

115.25 (7) any additional information requested by the commissioner.

19.30 (b) The committee shall review applications for loans and shall award a loan based upon
19.31 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~
20.1 ~~other terms of the loan. The time for repayment of a loan may not exceed five years. Priority~~
20.2 ~~in granting awards shall be given to projects for state buildings located within the retail~~
20.3 ~~electric service area of the public utility that is subject to section 116C.779.~~

20.4 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
20.5 according to the terms of the loan agreement. The principal and interest must be paid to the
20.6 commissioner of administration, who shall deposit it in the ~~productivity state building energy~~
20.7 ~~conservation improvement revolving loan fund account. Payments of loan principal and~~
20.8 ~~interest must begin no later than one year after the project is completed.~~

115.26 (b) The committee shall review applications for loans and shall award a loan based upon
115.27 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~
115.28 ~~other terms of the loan. The time for repayment of a loan may not exceed five years. A loan~~
115.29 ~~made under this section must:~~

115.30 (1) be at or below the market rate of interest, including a zero interest loan; and
115.31 (2) have a term no longer than seven years.
116.1 (c) In making awards, the committee shall give preference to:
116.2 (1) applicants that have sought funding for the project through energy conservation
116.3 projects offered by the utility serving the state building that is the subject of the application;
116.4 and
116.5 (2) to the extent feasible, applications for state buildings located within the electric retail
116.6 service area of the utility that is subject to section 116C.779.

116.7 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
116.8 according to the terms of the loan agreement. The principal and interest must be paid to the
116.9 commissioner of administration, who shall deposit it in the ~~productivity state building energy~~
116.10 ~~conservation improvement revolving loan fund account. Payments of loan principal and~~
116.11 ~~interest must begin no later than one year after the project is completed.~~

231.4 Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL
231.5 ANALYSIS.**

231.6 Subdivision 1. **Title.** This section may be known and cited as the "Buy Clean and Buy
231.7 Fair Minnesota Act."

231.8 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings
231.9 given.

231.10 (a) "Carbon steel" means steel in which the main alloying element is carbon and whose
231.11 properties are chiefly dependent on the percentage of carbon present.

231.12 (b) "Department" means the Department of Administration.

231.13 (c) "Eligible material category" means:

231.14 (1) carbon steel rebar;

231.15 (2) structural steel;

231.16 (3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

231.17 (4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph
231.18 (f), that is installed as part of an eligible project.

- 231.19 (d) "Eligible project" means:
- 231.20 (1) new construction of a state building larger than 50,000 gross square feet of occupied
231.21 or conditioned space; or
- 231.22 (2) renovation of more than 50,000 gross square feet of occupied or conditioned space
231.23 in a state building whose renovation cost exceeds 50 percent of the building's assessed value.
- 231.24 (e) "Environmental product declaration" means a supply chain specific type III
231.25 environmental product declaration that:
- 231.26 (1) contains a lifecycle assessment of the environmental impacts of manufacturing a
231.27 specific product by a specific firm, including the impacts of extracting and producing the
231.28 raw materials and components that compose the product;
- 231.29 (2) is verified and registered by a third party; and
- 232.1 (3) meets the applicable standards developed and maintained for such assessments by
232.2 the International Organization for Standardization (ISO).
- 232.3 (f) "Global warming potential" has the meaning given in section 216H.10, subdivision
232.4 5.
- 232.5 (g) "Greenhouse gas" has the meaning given to statewide greenhouse gas emissions in
232.6 section 216H.01, subdivision 2.
- 232.7 (h) "Lifecycle" means an analysis that includes the environmental impacts of all stages
232.8 of a specific product's production, from mining and processing the product's raw materials
232.9 to the process of manufacturing the product.
- 232.10 (i) "Rebar" means a steel reinforcing bar or rod encased in concrete.
- 232.11 (j) "State building" means a building whose construction or renovation is funded wholly
232.12 or partially from the proceeds of bonds issued by the state of Minnesota.
- 232.13 (k) "Structural steel" means steel that is classified by the shapes of its cross-sections,
232.14 such as I, T, and C shapes.
- 232.15 (l) "Supply chain specific" means an environmental product declaration that includes
232.16 specific data for the production processes of the materials and components composing a
232.17 product that contribute at least 80 percent of the product's lifecycle global warming potential,
232.18 as defined in International Organization for Standardization standard 21930.
- 232.19 Subd. 3. Standard; maximum global warming potential. (a) No later than September
232.20 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming
232.21 potential for each eligible material used in an eligible project, in accordance with the
232.22 following requirements:
- 232.23 (1) the commissioner shall, after considering nationally or internationally recognized
232.24 databases of environmental product declarations for an eligible material category, establish

232.25 the maximum acceptable global warming potential at the industry average global warming
232.26 potential for that eligible material category; and

232.27 (2) the commissioner may set different maximums for different specific products within
232.28 each eligible material category.

232.29 The global warming potential shall be provided in a manner that is consistent with criteria
232.30 in an environmental product declaration.

232.31 (b) No later than September 1, 2025, and every three years thereafter, the commissioner
232.32 shall review the maximum acceptable global warming potential for each eligible materials
233.1 category and for specific products within an eligible materials category established under
233.2 paragraph (a). The commissioner may adjust those values downward for any eligible material
233.3 category or product to reflect industry improvements if the commissioner, based on the
233.4 process described in paragraph (a), clause (1), determines that the industry average has
233.5 declined. The commissioner must not adjust the maximum acceptable global warming
233.6 potential upward for any eligible material category or product.

233.7 Subd. 4. Bidding process. (a) Except as provided in paragraph (c), the department shall
233.8 require in a specification for bids for an eligible project that the global warming potential
233.9 reported by a bidder in the environmental product declaration for any eligible material
233.10 category must not exceed the maximum acceptable global warming potential for that eligible
233.11 material category or product established under subdivision 2. The department may require
233.12 in a specification for bids for an eligible project a global warming potential for any eligible
233.13 material that is lower than the maximum acceptable global warming potential for that
233.14 material established under subdivision 2.

233.15 (b) Except as provided in paragraph (c), a successful bidder for a contract must not use
233.16 or install any eligible material on the project until the commissioner has provided notice to
233.17 the bidder in writing that the commissioner has determined that a supply chain-specific
233.18 environmental product declaration submitted by the bidder for that material meets the
233.19 requirements of this subdivision.

233.20 (c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the
233.21 commissioner determines that complying with the provisions of paragraph (a) would create
233.22 financial hardship for the bidder. The commissioner shall make a determination of hardship
233.23 if the commissioner finds that:

233.24 (1) the bidder has made a good faith effort to obtain the data required in an environmental
233.25 product declaration; and

233.26 (2) the bidder has provided all the data obtained in pursuit of an environmental product
233.27 declaration to the commissioner; and

233.28 (3) based on a detailed estimate of the costs of obtaining an environmental product
233.29 declaration, and taking into consideration the bidder's annual gross revenues, complying
233.30 with paragraph (a) would cause the bidder financial hardship; or

233.31 (4) complying with paragraph (a) would disrupt the bidder's ability to perform contractual
233.32 obligations.

234.1 **Subd. 5. Pilot program.** (a) No later than July 1, 2022, the department must establish
234.2 a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse
234.3 gas emissions, including greenhouse gas emissions from mining raw materials, of products
234.4 selected by the department from among the products the department procures. The pilot
234.5 program must encourage but must not require a product vendor to submit the following data
234.6 for each selected product that represents at least 90 percent of the total cost of the materials
234.7 or components used in the selected product:

234.8 (1) the quantity of the product purchased by the department;

234.9 (2) a current environmental product declaration for the product;

234.10 (3) the name and location of the product's manufacturer;

234.11 (4) a copy of the product vendor's Supplier Code of Conduct, if any;

234.12 (5) names and locations of the product's actual production facilities; and

234.13 (6) an assessment of employee working conditions at the product's actual production
234.14 facilities.

234.15 (b) The department must construct a publicly accessible database posted on the
234.16 department's website containing the data reported under this subdivision. The data must be
234.17 reported in a manner that precludes, directly, or in combination with other publicly available
234.18 data, the identification of the product manufacturer.

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

242.3 Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

242.4 **Subd. 3. Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when
242.5 purchasing a motor vehicle for the central motor pool or for use by an agency, the
242.6 commissioner or the agency shall purchase a motor vehicle that is capable of being powered
242.7 by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity
242.8 and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of
242.9 other vehicles and if the vehicle is capable the motor vehicle in conformity with the following
242.10 hierarchy of preferences:

242.11 (1) an electric vehicle;

242.12 (2) a hybrid electric vehicle;

242.13 (3) a vehicle capable of being powered by cleaner fuels; and
242.14 (4) a vehicle powered by gasoline or diesel fuel.
242.15 (b) The commissioner may only reject a vehicle type that is higher on the hierarchy of
242.16 preferences if:
242.17 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;
242.18 or
242.19 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
242.20 percent higher than the next lower preference vehicle type.
242.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.
242.22 Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:
242.23 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,
242.24 technically, and economically feasible, subject to the specific needs of the department and
242.25 responsible management of agency finances:
242.26 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
242.27 enforcement vehicles~~s~~, are purchased in conformity with the hierarchy of preferences
242.28 established in section 16C.135, subdivision 3;
242.29 (i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;
243.1 (ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles
243.2 per gallon for highway usage, including but not limited to hybrid electric cars and
243.3 hydrogen-powered vehicles; or
243.4 (iii) are powered solely by electricity;
243.5 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and
243.6 hydrogen from agricultural products; and
243.7 (3) increase its use of web-based Internet applications and other electronic information
243.8 technologies to enhance the access to and delivery of government information and services
243.9 to the public, and reduce the reliance on the department's fleet for the delivery of such
243.10 information and services.
243.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.
277.3 Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:
277.4 Subdivision 1. **Response to releases.** The commissioner may take any environmental
277.5 response action, including emergency action, related to a release or threatened release of a
277.6 hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility
277.7 that the commissioner deems reasonable and necessary to protect the public health or welfare
277.8 or the environment under the standards required in sections 115B.01 to 115B.20. The

20.9 Sec. 3. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

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

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

20.25 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
20.26 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
20.27 plant must transfer to the renewable development account \$500,000 each year for each dry
20.28 cask containing spent fuel that is located at the Prairie Island power plant for each year the
20.29 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
20.30 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
20.31 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
20.32 part of a year.

20.33 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
20.34 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
21.1 plant must transfer to the renewable development account \$350,000 each year for each dry
21.2 cask containing spent fuel that is located at the Monticello nuclear power plant for each
21.3 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
21.4 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear

277.9 commissioner may undertake studies necessary to determine reasonable and necessary
277.10 environmental response actions at individual facilities. The commissioner may develop
277.11 general work plans for environmental studies, presumptive remedies, and generic remedial
277.12 designs for facilities with similar characteristics, as well as implement reuse and
277.13 redevelopment strategies. Prior to selecting environmental response actions for a facility,
277.14 the commissioner shall hold at least one public informational meeting near the facility and
277.15 provide for receiving and responding to comments related to the selection. The commissioner
277.16 shall design, implement, and provide oversight consistent with the actions selected under
277.17 this subdivision.

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

277.19 Sec. 2. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

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

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

278.3 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
278.4 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
278.5 plant must transfer to the renewable development account \$500,000 each year for each dry
278.6 cask containing spent fuel that is located at the Prairie Island power plant for each year the
278.7 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
278.8 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
278.9 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
278.10 part of a year.

278.11 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
278.12 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
278.13 plant must transfer to the renewable development account \$350,000 each year for each dry
278.14 cask containing spent fuel that is located at the Monticello nuclear power plant for each
278.15 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
278.16 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear

21.5 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
21.6 any part of a year.

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

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

21.20 (g) If the commission approves a new or amended power purchase agreement, or the
21.21 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
21.22 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
21.23 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
21.24 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
21.25 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
21.26 30 days after the commission approves the new or amended power purchase agreement, or
21.27 the termination of the power purchase agreement, and on each June 1 thereafter through
21.28 2021, to assist the transition required by the new, amended, or terminated power purchase
21.29 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
21.30 to the renewable development account as provided in paragraphs (b) and (e).

21.31 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
21.32 and (g) is limited to the amount deposited into the renewable development account, and its
21.33 predecessor, the renewable development account, established under this section, that was
21.34 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
21.35 10.

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

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

278.17 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
278.18 any part of a year.

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

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

278.31 (g) If the commission approves a new or amended power purchase agreement, or the
278.32 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
278.33 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
278.34 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
279.1 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
279.2 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
279.3 30 days after the commission approves the new or amended power purchase agreement, or
279.4 the termination of the power purchase agreement, and on each June 1 thereafter through
279.5 2021, to assist the transition required by the new, amended, or terminated power purchase
279.6 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
279.7 to the renewable development account as provided in paragraphs (b) and (e).

279.8 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
279.9 and (g) is limited to the amount deposited into the renewable development account, and its
279.10 predecessor, the renewable development account, established under this section, that was
279.11 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
279.12 10.

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

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

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

22.11 (2) to encourage grid modernization, including, but not limited to, projects that implement

22.12 electricity storage, load control, and smart meter technology; and

22.13 (3) to stimulate other innovative energy projects that reduce demand and increase system

22.14 efficiency and flexibility.

22.15 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service

22.16 from the utility that owns a nuclear-powered electric generating plant in this state or the

22.17 Prairie Island Indian community or its members.

22.18 The utility that owns a nuclear generating plant is eligible to apply for grants under this

22.19 subdivision.

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

22.21 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph

22.22 (c), clauses (1), (2), (4), and (5); and

22.23 (2) "grid modernization" means:

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

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

22.26 and

22.27 (iii) increasing energy conservation opportunities by facilitating communication between

22.28 the utility and its customers through the use of two-way meters, control technologies, energy

22.29 storage and microgrids, technologies to enable demand response, and other innovative

22.30 technologies.

22.31 (l) A renewable development account advisory group that includes, among others,

22.32 representatives of the public utility and its ratepayers, and includes at least one representative

23.1 of the Prairie Island Indian community appointed by that community's tribal council, shall

23.2 develop recommendations on account expenditures. Except as otherwise provided herein,

23.3 members of the advisory group shall be chosen by the public utility. The public utility may

23.4 design a request for proposal in conjunction with the advisory group. The advisory group

23.5 must design a request for proposal and evaluate projects submitted in response to a request

23.6 for proposals. The advisory group must utilize an independent third-party expert to evaluate

23.7 proposals submitted in response to a request for proposal, including all proposals made by

23.8 the public utility. A request for proposal for research and development under paragraph (j),

23.9 clause (1), may be limited to or include a request to higher education institutions located in

23.10 Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for

23.11 multiple projects may include a provision that exempts the projects from the third-party

23.12 expert review and instead provides for project evaluation and selection by a merit peer

23.13 review grant system. In the process of determining request for proposal scope and subject

23.14 and in evaluating responses to request for proposals, the advisory group must strongly

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

279.23 (2) to encourage grid modernization, including, but not limited to, projects that implement

279.24 electricity storage, load control, and smart meter technology; and

279.25 (3) to stimulate other innovative energy projects that reduce demand and increase system

279.26 efficiency and flexibility.

279.27 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service

279.28 from the utility that owns a nuclear-powered electric generating plant in this state or the

279.29 Prairie Island Indian community or its members.

279.30 The utility that owns a nuclear generating plant is eligible to apply for grants under this

279.31 subdivision.

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

280.1 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph

280.2 (c), clauses (1), (2), (4), and (5); and

280.3 (2) "grid modernization" means:

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

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

280.6 and

280.7 (iii) increasing energy conservation opportunities by facilitating communication between

280.8 the utility and its customers through the use of two-way meters, control technologies, energy

280.9 storage and microgrids, technologies to enable demand response, and other innovative

280.10 technologies.

280.11 (l) A renewable development account advisory group that includes, among others,

280.12 representatives of the public utility and its ratepayers, and includes at least one representative

280.13 of the Prairie Island Indian community appointed by that community's Tribal council, shall

280.14 develop recommendations on account expenditures. The advisory group must design a

280.15 request for proposal and evaluate projects submitted in response to a request for proposals.

280.16 The advisory group must utilize an independent third-party expert to evaluate proposals

280.17 submitted in response to a request for proposal, including all proposals made by the public

280.18 utility. A request for proposal for research and development under paragraph (j), clause (1),

280.19 may be limited to or include a request to higher education institutions located in Minnesota

280.20 for multiple projects authorized under paragraph (j), clause (1). The request for multiple

280.21 projects may include a provision that exempts the projects from the third-party expert review

280.22 and instead provides for project evaluation and selection by a merit peer review grant system.

280.23 In the process of determining request for proposal scope and subject and in evaluating

280.24 responses to request for proposals, the advisory group must strongly consider, where

280.25 reasonable;

23.15 consider, where reasonable, potential benefit to Minnesota citizens and businesses and the
 23.16 utility's ratepayers.

23.17 (m) The cost of acquiring the services of the independent third-party expert described
 23.18 in paragraph (l) and any other costs incurred in administering the advisory group and its
 23.19 actions as required by this section, not to exceed \$150,000, shall be paid from funds withheld
 23.20 by the public utility under paragraph (e).

23.21 ~~(m)~~ (n) The advisory group shall submit funding recommendations to the public utility,
 23.22 which has full and sole authority to determine which expenditures shall be submitted by
 23.23 ~~the advisory group~~ to the legislature commission. The commission may approve proposed
 23.24 expenditures, may disapprove proposed expenditures that it finds not to be in compliance
 23.25 with this subdivision or otherwise not in the public interest, and may, if agreed to by the
 23.26 public utility, modify proposed expenditures. The commission shall, by order, submit its
 23.27 funding recommendations to the legislature as provided under paragraph ~~(m)~~ (o).

23.28 ~~(m)~~ (o) The commission shall present its recommended appropriations from the account
 23.29 to the senate and house of representatives committees with jurisdiction over energy policy
 23.30 and finance annually by February 15. Expenditures from the account must be appropriated
 23.31 by law. In enacting appropriations from the account, the legislature:

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

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

24.3 ~~(q)~~ (q) A request for proposal for renewable energy generation projects must, when
 24.4 feasible and reasonable, give preference to projects that are most cost-effective for a particular
 24.5 energy source.

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

24.11 ~~(s)~~ (s) By February 1, 2018, and each February 1 thereafter, the commissioner of
 24.12 management and budget shall submit a written report regarding the availability of funds in
 24.13 and obligations of the account to the chairs and ranking minority members of the senate
 24.14 and house committees with jurisdiction over energy policy and finance, the public utility,
 24.15 and the advisory group.

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

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

280.30 (m) The advisory group shall submit funding recommendations to the public utility,
 280.31 which has full and sole authority to determine which expenditures shall be submitted by
 280.32 the advisory group to the legislature. The commission may approve proposed expenditures,
 280.33 may disapprove proposed expenditures that it finds not to be in compliance with this
 281.1 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
 281.2 modify proposed expenditures. The commission shall, by order, submit its funding
 281.3 recommendations to the legislature as provided under paragraph (n).

281.4 (n) The commission shall present its recommended appropriations from the account to
 281.5 the senate and house of representatives committees with jurisdiction over energy policy and
 281.6 finance annually by February 15 following any year in which the commission has acted on
 281.7 recommendations submitted by the advisory group and the public utility. Expenditures from
 281.8 the account must be appropriated by law. In enacting appropriations from the account, the
 281.9 legislature:

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

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

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

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

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

24.16 ~~(t)~~ A project receiving funds from the account must produce a written final report
24.17 that includes sufficient detail for technical readers and a clearly written summary for
24.18 nontechnical readers. The report must include an evaluation of the project's financial,
24.19 environmental, and other benefits to the state and the public utility's ratepayers.

24.20 ~~(u)~~ Final reports, any mid-project status reports, and renewable development account
24.21 financial reports must be posted online on a public website designated by the commissioner
24.22 of commerce.

24.23 ~~(v)~~ All final reports must acknowledge that the project was made possible in whole
24.24 or part by the Minnesota renewable development account, noting that the account is financed
24.25 by the public utility's ratepayers.

24.26 ~~(w)~~ Of the amount in the renewable development account, priority must be given to
24.27 making the payments required under section 216C.417.

24.28 Sec. 4. Minnesota Statutes 2020, section 116C.7792, is amended to read:

24.29 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

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

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

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

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

25.12 (1) \$10,000,000 in 2021; ~~and~~

25.13 (2) \$10,000,000 in 2022;

25.14 ~~(3) \$5,000,000 in 2023; and~~

25.15 ~~(4) \$5,000,000 in 2024.~~

281.27 (r) A project receiving funds from the account must produce a written final report that
281.28 includes sufficient detail for technical readers and a clearly written summary for nontechnical
281.29 readers. The report must include an evaluation of the project's financial, environmental, and
281.30 other benefits to the state and the public utility's ratepayers. A project receiving funds from
281.31 the account must submit a report that meets the requirements of section 216C.51, subdivisions
281.32 3 and 4, each year the project funded by the account is in progress.

282.1 (s) Final reports, any mid-project status reports, and renewable development account
282.2 financial reports must be posted online on a public website designated by the commissioner
282.3 of commerce.

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

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

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

25.19 (f) Any unspent amount remaining on January 1, ~~2023~~ 2025, must be transferred to the
25.20 renewable development account.

25.21 (g) A solar energy system receiving a production incentive under this section must be
25.22 sized to less than 120 percent of the customer's on-site annual energy consumption when
25.23 combined with other distributed generation resources and subscriptions provided under
25.24 section 216B.1641 associated with the premise. The production incentive must be paid for
25.25 ten years commencing with the commissioning of the system.

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

163.10 Section 1. **[116J.5491] ENERGY TRANSITION OFFICE.**

163.11 Subdivision 1. **Definitions.** (a) For purposes of sections 116J.5491 to 116J.5493, the
163.12 following terms have the meanings given.

163.13 (b) "Impacted facility" means an electric generating unit that is or was owned by a public
163.14 utility, as defined in section 216B.02, subdivision 4, and that:

163.15 (1) is currently operating and (i) is scheduled to cease operations, or (ii) whose cessation
163.16 of operations has been proposed in an integrated resource plan filed with the Public Utilities
163.17 Commission under section 216B.2422; or

163.18 (2) ceased operations or was removed from the local property tax base no earlier than
163.19 five years before the effective date of this section.

163.20 (c) "Impacted community" means a municipality, Tribal government, or county in which
163.21 an impacted facility is located.

163.22 (d) "Impacted worker" means a Minnesota resident:

163.23 (1) employed at an impacted facility and who is facing the loss of employment as a result
163.24 of the impacted facility's retirement; or

163.25 (2) employed by a company that, under contract, regularly performs construction,
163.26 maintenance, or repair work at an impacted facility, and who is facing the loss of employment
163.27 or of work opportunities as a result of the impacted facility's retirement.

163.28 Subd. 2. **Office established; director.** (a) The Energy Transition Office is established
163.29 in the Department of Employment and Economic Development.

164.1 (b) The director of the Energy Transition Office is appointed by the governor. The
164.2 director must be qualified by experience in issues related to energy, economic development,
164.3 and the environment.

164.4 (c) The office may employ staff necessary to carry out the duties required in this section.

164.5 Subd. 3. **Purpose.** The purpose of the office is to:

164.6 (1) address economic dislocations experienced by impacted workers after an impacted
164.7 facility is retired;

164.8 (2) implement recommendations of the Minnesota energy transition plan developed in
164.9 section 1161.5493;

164.10 (3) improve communication among local, state, federal, and private entities regarding
164.11 impacted facility retirement planning and implementation;

164.12 (4) address local tax and fiscal issues related to the impacted facility's retirement and
164.13 develop strategies to reduce economic dislocations of impacted communities and impacted
164.14 workers; and

164.15 (5) assist the establishment and implementation of economic support programs, including
164.16 but not limited to property tax revenue replacement, community energy transition programs,
164.17 and economic development tools, for impacted communities and impacted workers.

164.18 Subd. 4. **Duties.** The office is authorized to:

164.19 (1) administer programs to support impacted communities and impacted workers;

164.20 (2) coordinate resources at local, state, and federal levels to support impacted communities
164.21 and impacted workers that are subject to significant economic transition;

164.22 (3) coordinate the development of a statewide policy on impacted communities and
164.23 impacted workers;

164.24 (4) deliver programs and resources to impacted communities and impacted workers;

164.25 (5) support impacted workers by establishing benefits and educating impacted workers
164.26 on applying for benefits;

164.27 (6) act as a liaison among impacted communities, impacted workers, and state agencies;

164.28 (7) assist state agencies to (i) address local tax, land use, economic development, and
164.29 fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support
164.30 impacted communities and impacted workers;

165.1 (8) review existing programs supporting impacted workers and identify gaps that need
165.2 to be addressed;

165.3 (9) support the activities of the energy transition advisory committee members;

165.4 (10) monitor transition efforts in other states and localities;

165.5 (11) identify impacted facility closures and estimate job losses and the effect on impacted
165.6 communities and impacted workers;

165.7 (12) maintain communication regarding closure dates with all affected parties; and

165.8 (13) monitor and participate in administrative proceedings that affect the office's activities,
165.9 including matters before the Public Utilities Commission, the Department of Commerce,
165.10 the Department of Revenue, and other entities.

165.11 Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy
165.12 Transition Office must submit a written report to the chairs and ranking minority members
165.13 of the legislative committees with jurisdiction over energy, economic development, and tax
165.14 policy and finance on the office's activities during the previous year.

165.15 (b) The report must contain:

165.16 (1) a list of impacted facility closures, projected associated job losses, and the effect on
165.17 impacted communities and impacted workers;

165.18 (2) recommendations to support impacted communities and impacted workers;

165.19 (3) information on the administration of assistance programs administered by the office;
165.20 and

165.21 (4) updates on implementation of the Minnesota energy transition plan.

165.22 Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of
165.23 the state that constitute donations to the state. Funds received under this subdivision are
165.24 appropriated to the commissioner of employment and economic development to support
165.25 the purposes of the office.

165.26 Sec. 2. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

165.27 Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is
165.28 established to develop a statewide energy transition plan and to advise the governor, the
165.29 commissioner, and the legislature on transition issues, established transition programs,
165.30 economic initiatives, and transition policy.

166.1 Subd. 2. Membership. (a) The advisory committee consists of 18 voting members and
166.2 seven ex officio nonvoting members.

166.3 (b) The voting members of the advisory committee are appointed by the commissioner
166.4 of employment and economic development, except as specified below:

166.5 (1) two members of the senate, one appointed by the majority leader of the senate and
166.6 one appointed by the minority leader of the senate;

166.7 (2) two members of the house of representatives, one appointed by the speaker of the
166.8 house of representatives and one appointed by the minority leader of the house of
166.9 representatives;

166.10 (3) one representative of the Prairie Island Indian community;

166.11 (4) four representatives of impacted communities, of which two must represent counties
166.12 and two must represent municipalities, and, to the extent possible, of the impacted facilities
166.13 in those communities, at least one must be a coal plant, at least one must be a nuclear plant,
166.14 and at least one must be a natural gas plant;

166.15 (5) three representatives of impacted workers at impacted facilities;

166.16 (6) one representative of impacted workers employed by companies that, under contract,
166.17 regularly perform construction, maintenance, or repair work at an impacted facility;

166.18 (7) one representative with professional economic development or workforce retraining
166.19 experience;

166.20 (8) two representatives of utilities that operate an impacted facility;

166.21 (9) one representative from a nonprofit organization with expertise and experience
166.22 delivering energy efficiency and conservation programs; and

166.23 (10) one representative from the Coalition of Utility Cities.

166.24 (c) The ex officio nonvoting members of the advisory committee consist of:

166.25 (1) the governor or the governor's designee;

166.26 (2) the commissioner of employment and economic development or the commissioner's
166.27 designee;

166.28 (3) the commissioner of commerce, or the commissioner's designee;

166.29 (4) the commissioner of labor and industry or the commissioner's designee;

166.30 (5) the commissioner of revenue or the commissioner's designee;

167.1 (6) the executive secretary of the Public Utilities Commission or the secretary's designee;
167.2 and

167.3 (7) the commissioner of the Pollution Control Agency or the commissioner's designee.

167.4 Subd. 3. Initial appointments and first meeting. The appointing authorities must
167.5 appoint the members of the advisory committee by August 1, 2021. The commissioner of
167.6 employment and economic development must convene the first meeting by September 1,
167.7 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

167.8 Subd. 4. Officers. The committee must elect a chair and vice-chair from among the
167.9 voting members for terms of two years.

167.10 Subd. 5. Open meetings. Advisory committee meetings are subject to chapter 13D.

167.11 Subd. 6. Conflict of interest. An advisory committee member is prohibited from
167.12 discussing or voting on issues relating to an organization in which the member has either a
167.13 direct or indirect financial interest.

167.14 Subd. 7. Gifts; grants; donations. The advisory committee may accept gifts and grants
167.15 on behalf of the state and that constitute donations to the state. Funds received under this
167.16 subdivision are appropriated to the commissioner of employment and economic development
167.17 to support the activities of the advisory committee.

167.18 Subd. 8. Meetings. The advisory committee must meet monthly until the energy transition
167.19 plan is submitted to the governor and the legislature. The chair may call additional meetings
167.20 as necessary.

167.21 Subd. 9. Staff. The Department of Employment and Economic Development shall serve
167.22 as staff for the advisory committee.

167.23 Subd. 10. Expiration. This section expires the day after the Minnesota energy transition
167.24 plan required under section 116J.5493 is submitted to the legislature and the governor.

167.25 Sec. 3. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

167.26 (a) By July 1, 2022, the Energy Transition Advisory Committee established in section
167.27 116J.5492 must submit a statewide energy transition plan to the governor and the chairs
167.28 and ranking minority members of the legislative committees having jurisdiction over
167.29 economic development and energy.

167.30 (b) The energy transition plan must, at a minimum, for each impacted facility:

168.1 (1) identify the timing and location of impacted facility retirements and projected job
168.2 losses in communities;

168.3 (2) analyze the estimated fiscal impact of impacted facility retirements on local
168.4 governments;

168.5 (3) describe the statutes and administrative processes that govern how retired utility
168.6 property impacts a local government tax base;

168.7 (4) review existing state programs that might support impacted communities and impacted
168.8 workers, and a projection of how effective or ineffective the programs might be in responding
168.9 to the effects of impacted facility retirements; and

168.10 (5) recommend how to effectively respond to the economic effects of impacted facility
168.11 retirements.

168.12 Sec. 4. **[116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.**

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

168.15 (b) "Authority" means the Minnesota Innovation Finance Authority.

168.16 (c) "Clean energy project" has the meaning given to qualified project in paragraph (j),
168.17 clauses (1) to (4).

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

168.21 (e) "Energy storage system" has the meaning given in section 216B.2422, subdivision
168.22 1, paragraph (f).

168.23 (f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
168.24 electricity through electrochemical reactions.

168.25 (g) "Greenhouse gas emissions" has the meaning given to statewide greenhouse gas
168.26 emissions in section 216H.01, subdivision 2.

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

169.1 (i) "Microgrid system" means an electrical grid that serves a discrete geographical area
169.2 from distributed energy resources and can operate independently from the central electric
169.3 grid on a temporary basis.

169.4 (j) "Qualified project" means:

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

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

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

169.11 (iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions
169.12 produced before implementing the project, excluding projects that generate power from the
169.13 combustion of fossil fuels;

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

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

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

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

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

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

169.26 (6) the construction or enhancement of infrastructure that is planned, designed, and
169.27 operated in a manner that anticipates, prepares for, and adapts to current and projected
169.28 changing climate conditions so that the infrastructure withstands, responds to, and more
169.29 readily recovers from disruptions caused by the current and projected changing climate
169.30 conditions; and

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

170.1 (i) reduces water use while providing the same or better level and quality of service or
170.2 output that was obtained before implementing the water-saving approach; or

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

170.6 (k) "Regenerative agriculture" means the deployment of farming methods that reduce
170.7 agriculture's contribution to climate change by increasing the soil's ability to absorb
170.8 atmospheric carbon and convert the atmospheric carbon to soil carbon.

170.9 (l) "Renewable energy" means energy generated from the following sources:

170.10 (1) solar;

170.11 (2) wind;

170.12 (3) geothermal;

170.13 (4) hydro;
170.14 (5) trees or other vegetation;
170.15 (6) anaerobic digestion of organic waste streams; and
170.16 (7) fuel cells using energy sources listed in this paragraph.
170.17 (m) "Smart grid" means a digital technology that allows for two-way communication
170.18 between a utility and the utility's customers that enables the utility to control power flow
170.19 and load in real time.
170.20 (n) "Task force" means the task force of the Minnesota Innovation Finance Authority.
170.21 Subd. 2. **Establishment; purpose.** (a) By October 15, 2021, the Minnesota Innovation
170.22 Finance Authority Task Force established in this section must establish the Minnesota
170.23 Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek
170.24 designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal
170.25 Revenue Code of 1986, as amended.
170.26 (b) When incorporated, the authority's purpose is to accelerate the deployment of clean
170.27 energy and other qualified projects by reducing the upfront and total cost of adoption, which
170.28 the authority achieves by leveraging existing public sources and additional private sources
170.29 of capital through the strategic deployment of public funds in the form of loans, credit
170.30 enhancements, and other financing mechanisms. The initial directors of the nonprofit
170.31 corporation must include at least a majority of the members of the task force and must
171.1 include, as nonvoting ex officio members, the commissioner of commerce or the
171.2 commissioner's designee and the commissioner of employment and economic development
171.3 or the commissioner's designee. The task force must engage independent legal counsel with
171.4 relevant experience in nonprofit corporation law and clean energy financing.
171.5 (c) The Minnesota Innovation Finance Authority must:
171.6 (1) identify underserved markets for qualified projects in Minnesota, develop programs
171.7 to overcome market impediments, and provide access to financing to serve the projects and
171.8 underserved markets;
171.9 (2) strategically use authority funds to leverage private investment in qualified projects,
171.10 achieving a high ratio of private to public funds invested through funding mechanisms that
171.11 support, enhance, and complement private investment;
171.12 (3) coordinate with existing government- and utility-based programs to make the most
171.13 efficient use of the authority's funds, ensure that financing terms and conditions offered are
171.14 well-suited to qualified projects, and ensure the authority's activities add to and complement
171.15 the efforts of these partners;
171.16 (4) stimulate demand for qualified projects by serving as a single point of access for a
171.17 customer to obtain technical information on energy conservation and renewable energy

171.18 measures, for contractors who install energy conservation and renewable energy measures,
171.19 and for financing to reduce the upfront and total costs to borrowers, including through:

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

171.24 (ii) forming partnerships with contractors and educating contractors regarding the
171.25 authority's financing programs;

171.26 (iii) coordinating multiple contractors on projects that install multiple qualifying
171.27 technologies; and

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

171.30 (5) develop rules, policies, and procedures specifying borrower eligibility and other
171.31 terms and conditions of financial support offered by the authority;

172.1 (6) develop consumer protection standards governing the authority's investments to
172.2 ensure the authority and partners provide financial support in a responsible and transparent
172.3 manner that is in the financial interest of participating project owners;

172.4 (7) develop and administer policies to collect reasonable fees for authority services that
172.5 are sufficient to support ongoing authority activities;

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

172.8 (9) establish and maintain a comprehensive website providing access to all authority
172.9 programs and financial products, including rates, terms, and conditions of all financing
172.10 support programs, unless disclosure of the information constitutes a trade secret or
172.11 confidential commercial or financial information.

172.12 Subd. 3. Additional authorized activities. The authority is authorized to:

172.13 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter
172.14 317A;

172.15 (2) develop and employ the following financing methods to support qualified projects:

172.16 (i) credit enhancement mechanisms that reduce financial risk for private lenders by
172.17 providing assurance that a limited portion of a loan is assumed by the authority by means
172.18 of a loan loss reserve, loan guarantee, or other mechanism;

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

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

172.25 (3) serve as the designated state entity to apply for and accept federal funds authorized
172.26 by Congress under a federal climate bank, federal green bank, or other similar entity, provided
172.27 that the commissioner of commerce authorizes the application; and

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

173.1 Subd. 4. **Task force; membership.** (a) The task force of the Minnesota Innovation
173.2 Finance Authority is established and consists of nine members as follows:

173.3 (1) the commissioner of commerce or the commissioner's designee, as a nonvoting ex
173.4 officio member;

173.5 (2) the commissioner of employment and economic development or the commissioner's
173.6 designee, as a nonvoting ex officio member;

173.7 (3) three additional members appointed by the governor;

173.8 (4) two additional members appointed by the speaker of the house of representatives;
173.9 and

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

173.11 (b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must
173.12 have expertise in matters relating to energy conservation, clean energy, economic
173.13 development, banking, law, finance, or other matters relevant to the work of the task force.
173.14 When appointing a member to the task force, consideration must be given to whether the
173.15 task force members collectively reflect the geographical and ethnic diversity of Minnesota.

173.16 (c) Task force members must be appointed by August 15, 2021.

173.17 (d) The task force expires when the authority is established as a nonprofit corporation
173.18 under chapter 317A.

173.19 Subd. 5. **Report.** By June 30, 2022, and by June 30 each year thereafter, the authority
173.20 must submit a comprehensive annual report on the authority's activities to the governor and
173.21 to the chairs and ranking minority members of the legislative committees with primary
173.22 jurisdiction over energy policy. The report must contain, at a minimum, information on:

173.23 (1) the amount of authority capital invested, by project type;
173.24 (2) the amount of private capital leveraged as a result of authority investments, by project
173.25 type;
173.26 (3) the number of qualified projects supported, by project type, and the location of the
173.27 projects within Minnesota;
173.28 (4) the estimated number of jobs created and tax revenue generated as a result of the
173.29 authority's activities;
173.30 (5) the number of clean energy projects financed in low- and moderate-income
173.31 households; and
174.1 (6) the authority's financial statements.
174.2 **EFFECTIVE DATE.** This section is effective the day following final enactment.
243.12 Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to
243.13 read:
243.14 Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed
243.15 under this chapter that operates under an agreement or franchise from a manufacturer and
243.16 sells electric vehicles must maintain at least one employee who is certified as having
243.17 completed a training course offered by a Minnesota motor vehicle dealership association
243.18 that addresses at least the following elements:
243.19 (1) fundamentals of electric vehicles;
243.20 (2) electric vehicle charging options and costs;
243.21 (3) publicly available electric vehicle incentives;
243.22 (4) projected maintenance and fueling costs for electric vehicles;
243.23 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
243.24 vehicles;
243.25 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and
243.26 (7) best practices to sell electric vehicles.
243.27 (b) This subdivision does not apply to a licensed dealer selling new electric vehicles of
243.28 a manufacturer's own brand, but who is not operating under a franchise agreement with the
243.29 manufacturer.
243.30 (c) For the purposes of this section, "electric vehicle" has the meaning given in section
243.31 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).
244.1 **EFFECTIVE DATE.** This section is effective January 1, 2022.

282.9 Sec. 3. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

282.10 Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them
282.11 in this subdivision.

282.12 (b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of
282.13 the following year.

282.14 (c) "Customer" means a residential customer of a utility.

282.15 (d) "Disconnection" means the involuntary loss of utility heating service as a result of
282.16 a physical act by a utility to discontinue service. Disconnection includes installation of a
282.17 service or load limiter or any device that limits or interrupts utility service in any way.

282.18 (e) "Household income" means the combined income, as defined in section 290A.03,
282.19 subdivision 3, of all residents of the customer's household, computed on an annual basis.
282.20 Household income does not include any amount received for energy assistance.

282.21 (f) "Reasonably timely payment" means payment within five working days of agreed-upon
282.22 due dates.

282.23 (g) "Reconnection" means the restoration of utility heating service after it has been
282.24 disconnected.

282.25 (h) "Summary of rights and responsibilities" means a commission-approved notice that
282.26 contains, at a minimum, the following:

282.27 (1) an explanation of the provisions of subdivision 5;

282.28 (2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

282.29 (3) a third-party notice;

282.30 (4) ways to avoid disconnection;

283.1 (5) information regarding payment agreements;

283.2 (6) an explanation of the customer's right to appeal a determination of income by the
283.3 utility and the right to appeal if the utility and the customer cannot arrive at a mutually
283.4 acceptable payment agreement; and

283.5 (7) a list of names and telephone numbers for county and local energy assistance and
283.6 weatherization providers in each county served by the utility.

283.7 (i) "Third-party notice" means a commission-approved notice containing, at a minimum,
283.8 the following information:

283.9 (1) a statement that the utility will send a copy of any future notice of proposed
283.10 disconnection of utility heating service to a third party designated by the residential customer;

283.11 (2) instructions on how to request this service; and

283.12 (3) a statement that the residential customer should contact the person the customer
283.13 intends to designate as the third-party contact before providing the utility with the party's
283.14 name.

283.15 (j) "Utility" means a public utility as defined in section 216B.02, and a cooperative
283.16 electric association electing to be a public utility under section 216B.026. Utility also means
283.17 a municipally owned gas or electric utility for nonresident consumers of the municipally
283.18 owned utility and a cooperative electric association when a complaint in connection with
283.19 utility heating service during the cold weather period is filed under section 216B.17,
283.20 subdivision 6 or 6a.

283.21 (k) "Utility heating service" means natural gas or electricity used as a primary heating
283.22 source, including electricity service necessary to operate gas heating equipment, for the
283.23 customer's primary residence.

283.24 (l) "Working days" means Mondays through Fridays, excluding legal holidays. The day
283.25 of receipt of a personally served notice and the day of mailing of a notice shall not be counted
283.26 in calculating working days.

283.27 Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

283.28 **Subd. 3. Utility obligations before cold weather period.** Each year, between ~~September~~
283.29 + ~~August 15~~ and October ~~15~~, each utility must provide all customers, personally, by first
283.30 class mail, or electronically for those requesting electronic billing, a summary of rights and
283.31 responsibilities. The summary must also be provided to all new residential customers when
283.32 service is initiated.

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

284.2 Sec. 5. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

284.3 **Subdivision 1. Application; notice to residential customer.** (a) A municipal utility or
284.4 a cooperative electric association must not disconnect and must reconnect the utility service
284.5 of a residential customer during the period between October ~~15~~ and April ~~30~~ if the
284.6 disconnection affects the primary heat source for the residential unit and all of the following
284.7 conditions are met:

284.8 (1) The household income of the customer is at or below 50 percent of the state median
284.9 household income. A municipal utility or cooperative electric association utility may (i)
284.10 verify income on forms it provides or (ii) obtain verification of income from the local energy
284.11 assistance provider. A customer is deemed to meet the income requirements of this clause
284.12 if the customer receives any form of public assistance, including energy assistance, that
284.13 uses an income eligibility threshold set at or below 50 percent of the state median household
284.14 income.

284.15 (2) A customer enters into and makes reasonably timely payments under a payment
284.16 agreement that considers the financial resources of the household.

284.17 (3) A customer receives referrals to energy assistance, weatherization, conservation, or
284.18 other programs likely to reduce the customer's energy bills.

284.19 (b) A municipal utility or a cooperative electric association must, between August 15
284.20 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

284.21 Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

284.22 Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting
284.23 service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30,
284.24 a municipal utility or cooperative electric association must provide the following information
284.25 to a customer:

- 284.26 (1) a notice of proposed disconnection;
- 284.27 (2) a statement explaining the customer's rights and responsibilities;
- 284.28 (3) a list of local energy assistance providers;
- 284.29 (4) forms on which to declare inability to pay; and
- 284.30 (5) a statement explaining available time payment plans and other opportunities to secure
284.31 continued utility service.

285.1 Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

285.2 Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be
285.3 involuntarily disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with
285.4 subdivision 1, the disconnection must not occur:

- 285.5 (1) on a Friday, unless the customer declines to enter into a payment agreement offered
285.6 that day in person or via personal contact by telephone by a municipal utility or cooperative
285.7 electric association;
- 285.8 (2) on a weekend, holiday, or the day before a holiday;
- 285.9 (3) when utility offices are closed; or

285.10 (4) after the close of business on a day when disconnection is permitted, unless a field
285.11 representative of a municipal utility or cooperative electric association who is authorized
285.12 to enter into a payment agreement, accept payment, and continue service, offers a payment
285.13 agreement to the customer.

285.14 Further, the disconnection must not occur until at least 20 days after the notice required
285.15 in subdivision 2 has been mailed to the customer or 15 days after the notice has been
285.16 personally delivered to the customer.

285.17 (b) If a customer does not respond to a disconnection notice, the customer must not be
285.18 disconnected until the utility investigates whether the residential unit is actually occupied.
285.19 If the unit is found to be occupied, the utility must immediately inform the occupant of the

285.20 provisions of this section. If the unit is unoccupied, the utility must give seven days' written
285.21 notice of the proposed disconnection to the local energy assistance provider before making
285.22 a disconnection.

285.23 (c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection,
285.24 as provided by the utility's established appeal procedure, the utility must not disconnect
285.25 until the appeal is resolved.

174.3 Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

174.4 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers
174.5 under this chapter to determine just and reasonable rates for public utilities, shall give due
174.6 consideration to the public need for adequate, efficient, and reasonable service and to the
174.7 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing
174.8 the service, including adequate provision for depreciation of its utility property used and
174.9 useful in rendering service to the public, and to earn a fair and reasonable return upon the
174.10 investment in such property. In determining the rate base upon which the utility is to be
174.11 allowed to earn a fair rate of return, the commission shall give due consideration to evidence
174.12 of the cost of the property when first devoted to public use, to prudent acquisition cost to
174.13 the public utility less appropriate depreciation on each, to construction work in progress, to
174.14 offsets in the nature of capital provided by sources other than the investors, and to other
174.15 expenses of a capital nature. For purposes of determining rate base, the commission shall
174.16 consider the original cost of utility property included in the base and shall make no allowance
174.17 for its estimated current replacement value. If the commission orders a generating facility
174.18 to terminate its operations before the end of the facility's physical life in order to comply
174.19 with a specific state or federal energy ~~statute or~~ policy, the commission may allow the public
174.20 utility to recover any positive net book value of the facility as determined by the commission.

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

174.22 Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

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

174.27 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
174.28 initiated at the Public Utilities Commission on or after that date.

244.2 Sec. 4. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

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

244.5 (b) "Battery exchange station" means a physical location deploying equipment that
244.6 enables a used electric vehicle battery to be removed and exchanged for a fresh electric
244.7 vehicle battery.

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

244.9 (d) "Electric vehicle charging station" means a physical location deploying equipment
244.10 that:

244.11 (1) transfers electricity to an electric vehicle battery; or

244.12 (2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel
244.13 cell to convert the hydrogen to electricity.

244.14 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
244.15 exchange stations, and any associated machinery, equipment, and infrastructure necessary
244.16 to support the operation of electric vehicles and to make electricity from a public utility's
244.17 electric distribution system available to electric vehicle charging stations or battery exchange
244.18 stations.

244.19 (f) "Electrolysis" means the process of using electricity to split water into hydrogen and
244.20 oxygen.

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

244.23 (h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

244.24 **Subd. 2. Transportation electrification plan; contents.** (a) By June 1, 2022, and by
244.25 June 1 every three years thereafter, a public utility serving retail electric customers in a city
244.26 of the first class, as defined in section 410.01, must file a transportation electrification plan
244.27 with the commission that is designed to maximize the overall benefits of electrified
244.28 transportation while minimizing overall costs and to promote:

244.29 (1) the purchase of electric vehicles by the public utility's customers; and

244.30 (2) the deployment of electric vehicle infrastructure in the public utility's service territory.

245.1 (b) A transportation electrification plan may include but is not limited to the following
245.2 elements:

245.3 (1) programs to educate and increase the awareness and benefits of electric vehicles and
245.4 electric vehicle charging equipment to potential users and deployers, including individuals,
245.5 electric vehicle dealers, single-family and multifamily housing developers and property
245.6 management companies, and vehicle fleet managers;

245.7 (2) utility investments and incentives to facilitate the deployment of electric vehicles,
245.8 customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure,
245.9 and other electric utility infrastructure;

245.10 (3) research and demonstration projects to publicize and measure the value electric
245.11 vehicles provide to the electric grid;

245.12 (4) rate structures or programs, including time-varying rates and charging optimization
245.13 programs, that encourage electric vehicle charging that optimizes electric grid operation;
245.14 and

245.15 (5) programs to increase access to the benefits of electricity as a transportation fuel by
245.16 low-income customers and communities, including the installation of electric vehicle
245.17 infrastructure in neighborhoods with a high proportion of low- or moderate-income
245.18 households, the deployment of electric vehicle infrastructure in community-based locations
245.19 or multifamily residences, car share programs, and electrification of public transit vehicles.

245.20 (c) A public utility must give priority under this section to making investments in
245.21 communities whose governing body has enacted a resolution or goal supporting electric
245.22 vehicle adoption.

245.23 (d) A public utility must work with local communities to identify suitable high-density
245.24 locations, consistent with a community's local development plans, where electric vehicle
245.25 infrastructure may be strategically deployed.

245.26 Subd. 3. **Transportation electrification plan; review and implementation.** The
245.27 commission must review a transportation electrification plan filed under this section within
245.28 180 days of receiving the plan. The commission may approve, modify, or reject a
245.29 transportation electrification plan. When reviewing a public utility's transportation
245.30 electrification plan, the commission must consider whether the programs and expenditures:

245.31 (1) improve electric grid operation and the integration of renewable energy sources;
245.32 (2) increase access to the benefits of electricity as a transportation fuel in low-income
245.33 and rural communities;

246.1 (3) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and
246.2 emissions of other air pollutants that impair the environment and public health;

246.3 (4) stimulate private capital investment and the creation of skilled jobs as a consequence
246.4 of widespread electric vehicle deployment;

246.5 (5) educate potential customers about the benefits of electric vehicles;
246.6 (6) support increased consumer choice with respect to electrical vehicle charging options
246.7 and related infrastructure; and

246.8 (7) are transparent and incorporate sufficient and frequent public reporting of program
246.9 activities to facilitate changes in program design and commission policy with respect to
246.10 electric vehicles.

246.11 Subd. 4. Cost recovery. (a) Notwithstanding any other provision of this chapter, the
246.12 commission may approve, with respect to any prudent and reasonable investment made by
246.13 a public utility to administer and implement a transportation electrification plan approved
246.14 under subdivision 3:

246.15 (1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

246.16 (2) performance-based incentives; or

246.17 (3) placing the investment, including rebates, in the public utility's rate base and allowing
246.18 the public utility to earn a rate of return on the investment at (i) the public utility's average
246.19 weighted cost of capital, including the rate of return on equity, approved by the commission
246.20 in the public utility's most recent general rate case, or (ii) another rate determined by the
246.21 commission.

246.22 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the
246.23 commission must approve recovery costs for expenses reasonably incurred by a public
246.24 utility to provide public advertisement as part of a transportation electrification plan approved
246.25 by the commission under subdivision 3.

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

246.27 **Sec. 5. [216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

246.30 (b) "Battery exchange station" means a physical location where equipment is deployed
246.31 that enables a used electric vehicle battery to be exchanged for a fully charged battery.

247.1 (c) "Electric school bus" means an electric vehicle that is a school bus.

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

247.3 (e) "Electric vehicle charging station" means a physical location deploying equipment
247.4 that delivers electricity to a battery in an electric vehicle.

247.5 (f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
247.6 exchange stations, and any other infrastructure necessary to make electricity from a public
247.7 utility's electric distribution system available to electric vehicle charging stations or battery
247.8 exchange stations.

247.9 (g) "Poor air quality" means:

247.10 (1) ambient air levels that air monitoring data reveals approach or exceed state or federal
247.11 air quality standards or chronic health inhalation risk benchmarks for any of the following
247.12 pollutants:

247.13 (i) total suspended particulates;
247.14 (ii) particulate matter less than ten microns wide (PM-10);
247.15 (iii) particulate matter less than 2.5 microns wide (PM-2.5);
247.16 (iv) sulfur dioxide; or
247.17 (v) nitrogen dioxide; or
247.18 (2) levels of asthma among children that significantly exceed the statewide average.
247.19 (h) "School bus" has the meaning given in section 169.011, subdivision 71.
247.20 Subd. 2. **Program.** (a) A public utility may file with the commission a program to
247.21 promote deployment of electric school buses.
247.22 (b) The program may include but is not limited to the following elements:
247.23 (1) a school district may purchase one or more electric school buses;
247.24 (2) the public utility may provide a rebate to the school district for the incremental cost
247.25 the school district incurs to purchase one or more electric school buses compared with
247.26 fossil-fuel-powered school buses;
247.27 (3) at the request of a school district, the public utility may deploy on the school district's
247.28 real property electric vehicle infrastructure required for charging electric school buses;
248.1 (4) for any electric school bus purchased by a school district with a rebate provided by
248.2 the public utility, the school district must enter into a contract with the public utility under
248.3 which the school district:
248.4 (i) accepts any and all liability for operation of the electric school bus;
248.5 (ii) accepts responsibility to maintain and repair the electric school bus; and
248.6 (iii) must allow the public utility the option to own the electric school bus's battery at
248.7 the time the battery is retired from the electric school bus; and
248.8 (5) in collaboration with a school district, prioritize the deployment of electric school
248.9 buses in areas of the school district that suffer from poor air quality.
248.10 Subd. 3. **Program review and implementation.** The commission must approve, modify,
248.11 or reject a proposal for a program filed under this section within 180 days of the date the
248.12 proposal is received, based on the proposal's likelihood to, through prudent and reasonable
248.13 utility investments:

248.14 (1) accelerate deployment of electric school buses in the public utility's service territory,
248.15 particularly in areas with poor air quality; and

248.16 (2) reduce emissions of greenhouse gases and particulates compared to those produced
248.17 by fossil-fuel-powered school buses.

248.18 **Subd. 4. Cost recovery.** (a) The commission may allow any prudent and reasonable
248.19 investment made by a public utility on electric vehicle infrastructure installed on a school
248.20 district's real property, or a rebate provided under subdivision 2, to be placed in the public
248.21 utility's rate base and earn a rate of return as determined by the commission.

248.22 (b) Notwithstanding any other provision of this chapter, the commission may approve
248.23 a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable
248.24 investments made by a public utility to implement and administer a program approved by
248.25 the commission under subdivision 3.

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

285.26 Sec. 8. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

285.27 **Subd. 4. Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph
285.28 (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or
285.29 more as well as qualifying facilities as defined in subdivision 3 and net metered facilities
285.30 under subdivision 3a, if interconnected to a cooperative electric association or municipal
285.31 utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect
285.32 to be governed by its provisions.

286.1 (b) The utility to which the qualifying facility is interconnected shall purchase all energy
286.2 and capacity made available by the qualifying facility. The qualifying facility shall be paid
286.3 the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the
286.4 commission, or as determined through competitive bidding approved by the commission.
286.5 The full avoided capacity and energy costs to be paid a qualifying facility that generates
286.6 electric power by means of a renewable energy source are the utility's least cost renewable
286.7 energy facility or the bid of a competing supplier of a least cost renewable energy facility,
286.8 whichever is lower, unless the commission's resource plan order, under section 216B.2422,
286.9 subdivision 2, provides that the use of a renewable resource to meet the identified capacity
286.10 need is not in the public interest.

286.11 (c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at
286.12 the qualifying facility's or the utility's request, provide wheeling or exchange agreements
286.13 wherever practicable to sell the qualifying facility's output to any other Minnesota utility
286.14 having generation expansion anticipated or planned for the ensuing ten years. The
286.15 commission shall establish the methods and procedures to insure that except for reasonable
286.16 wheeling charges and line losses, the qualifying facility receives the full avoided energy
286.17 and capacity costs of the utility ultimately receiving the output.

286.18 (d) The commission shall set rates for electricity generated by renewable energy.

257.7 Section 1. Minnesota Statutes 2020, section 216B.164, is amended by adding a subdivision
257.8 to read:

257.9 Subd. 12. Customer's access to electricity usage data. A utility shall provide a
257.10 customer's electricity usage data to the customer within ten days of receipt of a request from
257.11 the customer that is accompanied by evidence that the energy usage data is relevant to the
257.12 interconnection of a qualifying facility on behalf of the customer. For the purposes of this
257.13 subdivision, "electricity usage data" includes but is not limited to the total amount of
257.14 electricity used by a customer monthly, usage by time period if the customer operates under
257.15 a tariff where costs vary by time-of-use, and usage data that is used to calculate a customer's
257.16 demand charge.

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

257.18 Sec. 2. Minnesota Statutes 2020, section 216B.1641, is amended to read:

257.19 **216B.1641 COMMUNITY SOLAR GARDEN.**

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

257.22 (b) "Subscribed energy" means electricity generated by the community solar garden that
257.23 is attributable to a subscriber's subscription.

257.24 (c) "Subscriber" means a retail customer who owns one or more subscriptions of a
257.25 community solar garden interconnected with the retail customer's utility.

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

257.27 Subd. 2. Solar garden; project requirements. (a) The public utility subject to section
257.28 116C.779 shall file by September 30, 2013, a plan with the commission to operate a
257.29 community solar garden program which shall begin operations within 90 days after
257.30 commission approval of the plan. Other public utilities may file an application at their
257.31 election. The community solar garden program must be designed to offset the energy use
258.1 of not less than five subscribers in each community solar garden facility of which no single
258.2 subscriber has more than a 40 percent interest. The owner of the community solar garden
258.3 may be a public utility or any other entity or organization that contracts to sell the output
258.4 from the community solar garden to the utility under section 216B.164. There shall be no
258.5 limitation on the number or cumulative generating capacity of community solar garden
258.6 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or
258.7 other limitations provided in law or regulations.

258.8 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
258.9 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
258.10 electricity generated in proportion to the size of their subscription. The solar garden must
258.11 have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription
258.12 shall be sized to represent at least 200 watts of the community solar garden's generating
258.13 capacity and to supply, when combined with other distributed generation resources serving

258.14 the premises, no more than 120 percent of the average annual consumption of electricity
258.15 by each subscriber at the premises to which the subscription is attributed.

258.16 (c) The solar generation facility must be located in the service territory of the public
258.17 utility filing the plan. Subscribers must be retail customers of the public utility and, unless
258.18 the facility has a minimum setback of 100 feet from the nearest residential property, must
258.19 be located in the same county or a county contiguous to where the facility is located.

258.20 (d) The public utility must purchase from the community solar garden all energy generated
258.21 by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the
258.22 most recent three-year average of the rate calculated under section 216B.164, subdivision
258.23 10, or, until that rate for the public utility has been approved by the commission, the
258.24 applicable retail rate. A public utility may only purchase energy generated by the solar
258.25 garden at the rate calculated under section 216B.164, subdivision 10, if the owner of the
258.26 community solar garden has certified to the utility that no child labor or slave labor was
258.27 used to extract the materials that compose the community garden's solar panels. A solar
258.28 garden is eligible for any incentive programs offered under section 116C.7792. A subscriber's
258.29 portion of the purchase shall be provided by a credit on the subscriber's bill.

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

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

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

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

259.6 (4) be consistent with the public interest;

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

259.9 (6) include a program implementation schedule;

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

259.11 (8) identify the means by which the program will be promoted;;

259.12 (9) require that residential subscribers have a right to cancel a community solar garden
259.13 subscription within three business days, as provided under section 325G.07;

259.14 (10) require that the following information is provided by the solar garden owner in
259.15 writing to any prospective subscriber asked to make a prepayment to the solar garden owner
259.16 prior to the delivery of subscribed energy by the solar garden:

259.17 (i) an estimate of the annual generation of subscribed energy, based on the methodology
259.18 approved by the commission; and

259.19 (ii) an estimate of the length of time required to fully recover a subscriber's prepayments
259.20 made to the owner of the solar garden prior to the delivery of subscribed energy, calculated
259.21 using the formula developed by the commission under paragraph (d); and

259.22 (11) require new residential subscription agreements that require a prepayment to allow
259.23 the subscriber to transfer the subscription to other new or current subscribers, or to cancel
259.24 the subscription, on commercially reasonable terms; and

259.25 (12) require an owner of a solar garden to submit a report that meets the requirements
259.26 of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

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

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

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

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

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

260.7 Subd. 4. **Community access project; eligibility.** (a) An owner of a community solar
260.8 garden may apply to the utility to be designated as a community access project at any time:

260.9 (1) before the owner makes an initial payment under an interconnection agreement
260.10 entered into with a public utility; or

260.11 (2) if the owner made an initial payment under an interconnection agreement between
260.12 January 1, 2021, and the effective date of this act, before commercial operation begins.

260.13 (b) The utility must designate a solar garden as a community access project if the owner
260.14 of a solar garden commits in writing to meet the following conditions:

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

260.17 (2) the contract between the owner of the solar garden and the public utility that purchases
260.18 the garden's electricity, and any agreement between the utility or owner of the solar garden
260.19 and subscribers, states that the owner of the solar garden does not discriminate against or
260.20 screen subscribers based on income or credit score and that any customer of a utility with
260.21 a community solar garden plan approved by the commission under subdivision 3 is eligible
260.22 to become a subscriber;

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

260.25 (4) the agreement between the owner of the solar garden and subscribers states that the
260.26 owner must adequately publicize and convene at least one meeting annually to provide an
260.27 opportunity for subscribers to pose questions to the manager or owner.

260.28 Subd. 5. Community access project; financial arrangements. (a) If a solar garden is
260.29 approved by the utility as a community access project:

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

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

261.5 (3) all renewable energy credits generated by the community access project belong to
261.6 subscribers unless the owner of the solar garden:

261.7 (i) contracts to:
261.8 (A) sell the credits to a third party; or
261.9 (B) sell or transfer the credits to the utility; and

261.10 (ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a
261.11 subscription.

261.12 (b) If at any time after commercial operation begins a solar garden approved by the
261.13 utility as a community access project fails to meet the conditions under subdivision 4, the
261.14 solar garden is no longer subject to the provisions of this subdivision and subdivision 6,
261.15 and must operate under the program rules established by the commission for a solar garden
261.16 that does not qualify as a community access project.

261.17 (c) An owner of a solar garden whose designation as a community access project is
261.18 revoked under this subdivision may reapply to the commission at any time to have the
261.19 designation as a community access project reinstated under subdivision 4.

261.20 Subd. 6. Community access project; reporting. The owner of a community access
261.21 project must include the following information in an annual report to the community access
261.22 project subscribers and the utility:

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

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

261.28 (3) an estimate of the proportion of low- and moderate-income subscribers, and a
261.29 description of one or more of the following methods used to make the estimate:

261.30 (i) evidence provided by a subscriber that the subscriber or a member of the subscriber's
261.31 household receives assistance from any of the following sources:

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

262.2 (B) federal Section 8 housing assistance;

262.3 (C) medical assistance;

262.4 (D) the federal Supplemental Nutrition Assistance Program; or

262.5 (E) the federal National School Lunch Program;

262.6 (ii) characterization of the census tract where the subscriber resides as low- or
262.7 moderate-income by the Federal Financial Institutions Examination Council; or

262.8 (iii) other methods approved by the commission.

262.9 Subd. 7. Commission order. Within 180 days of the effective date of this section, the
262.10 commission must issue an order addressing the requirements of this section.

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

174.29 Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

174.30 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public
174.31 Utilities Commission shall approve or disapprove power purchase contracts, investments,
174.32 or expenditures entered into or made by the utility to satisfy the wind and biomass mandates
175.1 contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable
175.2 and solar energy objectives and standards set forth in section 216B.1691, and to provide
175.3 additional clean energy resources beyond the proportions required by the mandates and
175.4 standards, including reasonable investments and expenditures, net of revenues, made to:

175.5 (1) transmit the electricity generated from sources developed under those sections that
175.6 is ultimately used to provide service to the utility's retail customers, including studies
175.7 necessary to identify new transmission facilities needed to transmit electricity to Minnesota

175.8 retail customers from generating facilities constructed to satisfy the renewable energy
175.9 objectives and standards, provided that the costs of the studies have not been recovered
175.10 previously under existing tariffs and the utility has filed an application for a certificate of
175.11 need or for certification as a priority project under section 216B.2425 for the new
175.12 transmission facilities identified in the studies;

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

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

175.16 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
175.17 initiated at the Public Utilities Commission on or after that date.

175.18 Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

175.19 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the
175.20 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section
175.21 116C.779 ~~shall be, and the expenses incurred to employ local workers to construct and~~
~~maintain generation facilities that supply power to the utility's customers are recoverable~~
175.23 ~~from the ratepayers of the utility; to the extent they the expenses or expenditures are not~~
175.24 ~~offset by utility revenues attributable to the contracts, investments, or expenditures, and if~~
175.25 ~~the expenses or expenditures are deemed reasonable by the commission. Upon petition by~~
175.26 ~~a public utility, the commission shall approve or approve as modified a rate schedule~~
175.27 ~~providing for the automatic adjustment of charges to recover the expenses or costs approved~~
175.28 ~~by the commission under subdivision 1, which, in the case of transmission expenditures,~~
175.29 ~~are limited to the portion of actual transmission costs that are directly allocable to the need~~
175.30 ~~to transmit power from the renewable sources of energy. The commission may not approve~~
175.31 ~~recovery of the costs for that portion of the power generated from sources governed by this~~
175.32 ~~section that the utility sells into the wholesale market.~~

176.1 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
176.2 initiated at the Public Utilities Commission on or after that date.

176.3 Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

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

176.7 (1) solar;

176.8 (2) wind;

176.9 (3) hydroelectric with a capacity of less than 100 megawatts;

176.10 (4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from
176.11 the resources listed in this paragraph; or

176.12 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
176.13 system; the predominantly organic components of wastewater effluent, sludge, or related
176.14 by-products from publicly owned treatment works, but not including incineration of
176.15 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an
176.16 energy recovery facility used to capture the heat value of mixed municipal solid waste or
176.17 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

176.18 (b) "Electric utility" means a public utility providing electric service, a generation and
176.19 transmission cooperative electric association, a municipal power agency, or a power district.

176.20 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
176.21 an electric utility to retail customers of the electric utility or to a distribution utility for
176.22 distribution to the retail customers of the distribution utility. "Total retail electric sales"
176.23 does not include the sale of hydroelectricity supplied by a federal power marketing
176.24 administration or other federal agency, regardless of whether the sales are directly to a
176.25 distribution utility or are made to a generation and transmission utility and pooled for further
176.26 allocation to a distribution utility.

176.27 (d) "Carbon-free" means a technology that generates electricity without emitting carbon
176.28 dioxide.

176.29 (e) "Area of concern for environmental justice" means an area in Minnesota that meets
176.30 one or more of the following conditions:

176.31 (1) 50 percent or more of the population is nonwhite, based on the most recent data
176.32 published by the United States Census Bureau;

177.1 (2) 40 percent or more of the households have an income at or below 185 percent of the
177.2 federal poverty level, based on the most recent data published by the United States Census
177.3 Bureau; or

177.4 (3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

177.6 Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision
177.7 to read:

177.8 Subd. 1a. Exception; solid waste incinerators. (a) An energy recovery facility used to
177.9 capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed
177.10 municipal solid waste as a primary fuel is not an eligible energy technology, as defined in
177.11 subdivision 1, if:

177.12 (1) air pollutants emitted by the facility are deposited in an environmental justice area;
177.13 and

177.14 (2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

177.15 (b) For the purposes of this subdivision, "environmental justice area" has the meaning
177.16 given to area of concern for environmental justice under subdivision 1, paragraph (e).

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

177.18 Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

177.19 Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in paragraph
177.20 (b), Each electric utility shall generate or procure sufficient electricity generated by an
177.21 eligible energy technology to provide its retail customers in Minnesota, or the retail customers
177.22 of a distribution utility to which the electric utility provides wholesale electric service, so
177.23 that at least the following standard percentages of the electric utility's total retail electric
177.24 sales to retail customers in Minnesota are generated by eligible energy technologies by the
177.25 end of the year indicated:

177.26 (1) 2012 12 percent

177.27 (2) 2016 17 percent

177.28 (3) 2020 20 percent

177.29 (4) 2025 ~~25~~ 40 percent

177.30 (5) 2035 55 percent.

178.1 (b) An electric utility that owned a nuclear generating facility as of January 1, 2007,
178.2 must meet the requirements of this paragraph rather than paragraph (a). An electric utility
178.3 subject to this paragraph must generate or procure sufficient electricity generated by an
178.4 eligible energy technology to provide its retail customers in Minnesota or the retail customer
178.5 of a distribution utility to which the electric utility provides wholesale electric service so
178.6 that at least the following percentages of the electric utility's total retail electric sales to
178.7 retail customers in Minnesota are generated by eligible energy technologies by the end of
178.8 the year indicated:

178.9 (1) 2010 15 percent

178.10 (2) 2012 18 percent

178.11 (3) 2016 25 percent

178.12 (4) 2020 30 percent.

178.13 Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind
178.14 energy conversion systems and the remaining five percent by other eligible energy
178.15 technology. Of the 25 percent that must be generated by wind or solar, no more than one

178.16 percent may be solar generated and the remaining 24 percent or greater must be wind
178.17 generated.

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

178.19 Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

178.20 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay
178.21 the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in
178.22 part, if the commission determines it is in the public interest to do so. The commission,
178.23 when requested to modify or delay implementation of a standard, must consider:

178.24 (1) the impact of implementing the standard on its customers' utility costs, including the
178.25 economic and competitive pressure on the utility's customers;

178.26 (2) the environmental costs that would be incurred as a result of a delay or modification,
178.27 based on the full range of environmental cost values established in section 216B.2422,
178.28 subdivision 3;

178.29 (2) (3) the effects of implementing the standard on the reliability of the electric system;

178.30 (3) (4) technical advances or technical concerns;

178.31 (4) (5) delays in acquiring sites or routes due to rejection or delays of necessary siting
178.32 or other permitting approvals;

179.1 (5) (6) delays, cancellations, or nondelivery of necessary equipment for construction or
179.2 commercial operation of an eligible energy technology facility;

179.3 (6) (7) transmission constraints preventing delivery of service; and

179.4 (7) (8) other statutory obligations imposed on the commission or a utility; and

179.5 (9) impacts on areas of concern for environmental justice.

179.6 The commission may modify or delay implementation of a standard obligation under
179.7 clauses (1) to (3) (4) only if it finds implementation would cause significant rate impact,
179.8 requires significant measures to address reliability, or raises significant technical issues.

179.9 The commission may modify or delay implementation of a standard obligation under clauses
179.10 (4) (5) to (6) (7) only if it finds that the circumstances described in those clauses were due
179.11 to circumstances beyond an electric utility's control and make compliance not feasible.

179.12 (b) When evaluating transmission capacity constraints under paragraph (a), clause (7),
179.13 the commission must consider whether the utility has:

179.14 (1) undertaken reasonable measures under the utility's control and consistent with the
179.15 utility's obligations under local, state, and federal laws and regulations, and the utility's
179.16 obligations as a member of a regional transmission organization or independent system
179.17 operator, to acquire sites, necessary permit approvals, and necessary equipment to develop

179.18 and construct new transmission lines or upgrade existing transmission lines to transmit
179.19 electricity generated by eligible energy technologies; and

179.20 (2) taken all reasonable operational measures to maximize cost-effective electricity
179.21 delivery from eligible energy technologies in advance of transmission availability.

179.22 ~~(b)~~(c) When considering whether to delay or modify implementation of a standard
179.23 obligation, the commission must give due consideration to a preference for electric generation
179.24 through use of eligible energy technology and to the achievement of the standards set by
179.25 this section.

179.26 ~~(e)~~(d) An electric utility requesting a modification or delay in the implementation of a
179.27 standard must file a plan to comply with its standard obligation in the same proceeding ~~that~~
179.28 in which it is requesting requests the delay.

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

179.30 Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

179.31 Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing
179.32 the criteria and standards ~~by which it will used to~~ measure an electric utility's efforts to meet
180.1 the renewable energy ~~objectives of subdivision 2~~ standards under subdivisions 2a, 2f, and
180.2 2g, and to determine whether the utility is ~~making the required good faith effort achieving~~
180.3 the standards. In this order, the commission shall include criteria and standards that protect
180.4 against undesirable impacts on the reliability of the utility's system and economic impacts
180.5 on the utility's ratepayers and that consider technical feasibility.

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

180.7 Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

180.8 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must
180.9 submit to the commission and the legislative committees with primary jurisdiction over
180.10 energy policy a report containing an estimation of the rate impact of activities of the electric
180.11 utility necessary to comply with this section. In consultation with the Department of
180.12 Commerce, the commission shall determine a uniform reporting system to ensure that
180.13 individual utility reports are consistent and comparable, and shall, by order, require each
180.14 electric utility subject to this section to use that reporting system. The rate impact estimate
180.15 must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall
180.16 also be for the impact on the electric utility's retail rates. Those activities include, without
180.17 limitation, energy purchases, generation facility acquisition and construction, and
180.18 transmission improvements. ~~An initial report must be submitted within 150 days of May~~
180.19 ~~28, 2011. After the initial report,~~ A report must be updated and submitted as part of each
180.20 integrated resource plan or plan modification filed by the electric utility under section
180.21 216B.2422. The reporting obligation of an electric utility under this subdivision expires
180.22 December 31, 2025, ~~for an electric utility subject to subdivision 2a, paragraph (a), and~~
180.23 ~~December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b)~~ 2040.

26.1 Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

26.2 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
26.3 and 2b, each public utility shall generate or procure sufficient electricity generated by solar
26.4 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
26.5 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
26.6 generated by solar energy.

26.7 (b) For a public utility with more than 200,000 retail electric customers, at least ten
26.8 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
26.9 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

26.10 (c) A public utility with between 50,000 and 200,000 retail electric customers:

26.11 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
26.12 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
26.13 less; and

26.14 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
26.15 of 40 kilowatts or less to a community solar garden program operated by the public utility
26.16 that has been approved by the commission.

26.17 (d) The solar energy standard established in this subdivision is subject to all the provisions
26.18 of this section governing a utility's standard obligation under subdivision 2a.

26.19 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
26.20 electric sales in Minnesota be generated by solar energy.

26.21 (f) For the purposes of calculating the total retail electric sales of a public utility under
26.22 this subdivision, there shall be excluded retail electric sales to customers that are:

26.23 (1) an iron mining extraction and processing facility, including a scaram mining facility
26.24 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

26.25 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
26.26 manufacturer.

26.27 Those customers may not have included in the rates charged to them by the public utility
26.28 any costs of satisfying the solar standard specified by this subdivision.

26.29 (g) A public utility may not use energy used to satisfy the solar energy standard under
26.30 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
26.31 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
26.32 solar standard under this subdivision.

27.1 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
27.2 with a solar photovoltaic device installed and generating electricity in Minnesota after

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

180.25 Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

180.26 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
180.27 and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by
180.28 solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020,
180.29 at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota
180.30 is generated by solar energy.

180.31 (b) For a public utility with more than 200,000 retail electric customers, at least ten
180.32 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
180.33 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

181.1 (c) A public utility with between 50,000 and 200,000 retail electric customers:

181.2 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
181.3 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
181.4 less; and

181.5 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
181.6 of 40 kilowatts or less to a community solar garden program operated by the public utility
181.7 that has been approved by the commission.

181.8 (d) The solar energy standard established in this subdivision is subject to all the provisions
181.9 of this section governing a utility's standard obligation under subdivision 2a.

181.10 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
181.11 electric sales in Minnesota be generated by solar energy.

181.12 (f) For the purposes of calculating the total retail electric sales of a public utility under
181.13 this subdivision, there shall be excluded retail electric sales to customers that are:

181.14 (1) an iron mining extraction and processing facility, including a scaram mining facility
181.15 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

181.16 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
181.17 manufacturer.

181.18 Those customers may not have included in the rates charged to them by the public utility
181.19 any costs of satisfying the solar standard specified by this subdivision.

181.20 (g) A public utility may not use energy used to satisfy the solar energy standard under
181.21 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
181.22 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
181.23 solar standard under this subdivision.

181.24 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
181.25 with a solar photovoltaic device installed and generating electricity in Minnesota after

27.3 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
27.4 under this subdivision.

27.5 (i) Beginning July 1, 2014, and each By July 1 through 2020, each, 2021, a public utility
27.6 ~~shall~~ must file a final report with the commission reporting its ~~detailing the utility's progress~~
27.7 ~~in~~ toward achieving the solar energy standard established under this subdivision.

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

181.26 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
181.27 under this subdivision.

181.28 (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file
181.29 a report with the commission reporting its progress in achieving the solar energy standard
181.30 established under this subdivision.

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

182.1 Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision
182.2 to read:

182.3 **Subd. 2g. Carbon-free standard.** In addition to the requirements under subdivisions
182.4 2a and 2f, each electric utility must generate or procure sufficient electricity generated from
182.5 a carbon-free energy technology to provide the utility's retail customers in Minnesota, or
182.6 the retail customers of a distribution utility to which the electric utility provides wholesale
182.7 electric service, so that at least the following standard percentages of the electric utility's
182.8 total retail electric sales to retail customers in Minnesota are generated from carbon-free
182.9 energy technologies by the end of the year indicated:

182.10 (1) 2025 65 percent
182.11 (2) 2030 80 percent
182.12 (3) 2035 90 percent
182.13 (4) 2040 100 percent.

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

182.15 Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

182.16 **Subd. 3. Utility plans filed with commission.** (a) Each electric utility shall report on
182.17 its plans, activities, and progress with regard to the ~~objectives and standards of standard~~
182.18 ~~obligations under~~ this section in its filings under section 216B.2422 or in a separate report
182.19 submitted to the commission every two years, whichever is more frequent, demonstrating
182.20 to the commission the utility's effort to comply with this section. In its resource plan or a
182.21 separate report, each electric utility shall provide a description of:

182.22 (1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~
182.23 ~~standard obligations;~~
182.24 (2) efforts taken to meet the ~~objective and standards~~ ~~standard obligations~~;
182.25 (3) any obstacles encountered or anticipated in meeting the ~~objective or standards~~; and
182.26 ~~standard obligations;~~

182.27 (4) potential solutions to the obstacles;
182.28 (5) the number of Minnesotans employed to construct facilities designed to meet the
182.29 utility's standard obligations under this section;
182.30 (6) efforts taken to retain and retrain workers employed at electric generating facilities
182.31 that the utility has ceased operating or designated to cease operating for new positions
182.32 constructing or operating facilities to meet a utility's standard obligation;
183.1 (7) impacts of facilities designed to meet the utility's standard obligations under this
183.2 section on areas of concern for environmental justice; and
183.3 (8) efforts to increase the diversity of both its workforce and vendors.
183.4 (b) The commissioner shall compile the information provided to the commission under
183.5 paragraph (a), and report to the chairs of the house of representatives and senate committees
183.6 with jurisdiction over energy and environment policy issues as to the progress of utilities
183.7 in the state, including the progress of each individual electric utility, in increasing the amount
183.8 of renewable energy provided to retail customers, with any recommendations for regulatory
183.9 or legislative action, by January 15 of each odd-numbered year.
183.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.
183.11 Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:
183.12 Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the
183.13 commission, by rule or order, shall establish by January 1, 2008, a program for tradable
183.14 renewable energy credits for electricity generated by eligible energy technology. The credits
183.15 must represent energy produced by an eligible energy technology, as defined in subdivision
183.16 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour
183.17 of eligible energy technology generated or procured by an electric utility if it is produced
183.18 by an eligible energy technology. The program must permit a credit to be used only once.
183.19 The program must treat all eligible energy technology equally and shall not give more or
183.20 less credit to energy based on the state where the energy was generated or the technology
183.21 with which the energy was generated. The commission must determine the period in which
183.22 the credits may be used for purposes of the program.
183.23 (b) In lieu of generating or procuring energy directly to satisfy the eligible energy
183.24 technology objective or a standard of obligation under this section, an electric utility may
183.25 utilize renewable energy credits allowed under the program to satisfy the objective or
183.26 standard.
183.27 (c) The commission shall facilitate the trading of renewable energy credits between
183.28 states.
183.29 (d) The commission shall require all electric utilities to participate in a
183.30 commission-approved credit-tracking system or systems. Once a credit-tracking system is
183.31 in operation, the commission shall issue an order establishing protocols for trading credits.

183.32 (e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable
183.33 energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.

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

184.2 Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

184.3 Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel
184.4 combustion through fuel blending or co-firing under paragraph (b) may only count toward
184.5 a utility's ~~objectives or standards~~ standard obligation if the generation facility:

184.6 (1) was constructed in compliance with new source performance standards promulgated
184.7 under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a
184.8 generation facility of that type; or

184.9 (2) employs the maximum achievable or best available control technology available for
184.10 a generation facility of that type.

184.11 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,
184.12 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage
184.13 of electricity that is attributable to a fuel listed in that clause can be counted toward an
184.14 electric utility's ~~renewable energy objectives~~ standard obligation.

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

184.16 Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

184.17 Subd. 7. **Compliance.** The commission must regularly investigate whether an electric
184.18 utility is in compliance with its ~~good faith objective under subdivision 2 and~~ standard
184.19 obligation under subdivision subdivisions 2a, 2f, and 2g. If the commission finds
184.20 noncompliance, it may order the electric utility to construct facilities, purchase energy
184.21 generated by eligible energy technology, purchase renewable energy credits, or engage in
184.22 other activities to achieve compliance. If an electric utility fails to comply with an order
184.23 under this subdivision, the commission may impose a financial penalty on the electric utility
184.24 in an amount not to exceed the estimated cost of the electric utility to achieve compliance.
184.25 The penalty may not exceed the lesser of the cost of constructing facilities or purchasing
184.26 credits. The commission must deposit financial penalties imposed under this subdivision
184.27 in the energy and conservation account established in the special revenue fund under section
184.28 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other
184.29 authority of the commission to enforce this section.

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

185.1 Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

185.2 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its
185.3 statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that

185.4 maximizes net benefits to all Minnesota citizens; balancing throughout the state, including
185.5 but not limited to:

185.6 (1) the creation of high-quality jobs in Minnesota paying wages that support families;
185.7 (2) recognition of the rights of workers to organize and unionize;
185.8 (3) ensuring that workers have the necessary tools, opportunities, and economic assistance
185.9 to adapt successfully during the energy transition, particularly in areas of concern for
185.10 environmental justice;

185.11 (4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and
185.12 the opportunity to participate fully in the clean energy economy;

185.13 (5) ensuring that statewide air emissions are reduced, particularly in areas of concern
185.14 for environmental justice; and

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

185.17 (b) The commission must also implement this section in a manner that balances factors
185.18 such as local ownership of or participation in energy production, development and ownership
185.19 of eligible energy technology facilities by independent power producers, Minnesota utility
185.20 ownership of eligible energy technology facilities, the costs of energy generation to satisfy
185.21 the renewable standard and carbon-free standards, and the reliability of electric service to
185.22 Minnesotans.

185.23 (c) When making investments to meet the requirements under this section, utilities are
185.24 encouraged to locate new energy generating facilities in Minnesota communities where
185.25 fossil-fuel generating plants have been retired or are scheduled for retirement.

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

185.27 Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

185.28 **Subd. 10. Utility acquisition of resources.** A competitive resource acquisition process
185.29 established by the commission prior to June 1, 2007, shall not apply to a utility for the
185.30 construction, ownership, and operation of generation facilities used to satisfy the requirements
185.31 of this section unless, upon a finding that it is in the public interest, the commission issues
185.32 an order on or after June 1, 2007, that requires compliance by a utility with a competitive
186.1 resource acquisition process. A utility that owns a nuclear generation facility and intends
186.2 to construct, own, or operate facilities under this section shall file with the commission ~~on~~
186.3 ~~or before March 1, 2008, as part of the utility's filing under section 216B.2422~~ a renewable
186.4 energy plan setting forth the manner in which the utility proposes to meet the requirements
186.5 of this section. ~~The utility shall update the plan as necessary in its filing under section~~
186.6 ~~216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing
186.7 and comment, that the plan is not in the public interest. As part of its determination of public
186.8 interest, the commission shall consider the plan's impact on balancing the state's interest in:

186.9 (1) promoting the policy of economic development in rural areas through the development
186.10 of renewable energy projects, as expressed in subdivision 9;

186.11 (2) maintaining the reliability of the state's electric power grid; and

186.12 (3) minimizing cost impacts on ratepayers.

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

116.12 Sec. 3. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

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

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

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

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

116.18 (b) A public utility may petition the commission for authorization to invest in a project
116.19 or projects to deploy one or more innovative clean technologies to further the development,
116.20 commercialization, and deployment of innovative clean technologies that benefit the public
116.21 utility's customers.

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

116.23 (1) the technologies proposed are innovative clean technologies;

116.24 (2) the investment in an innovative clean energy technology is likely to provide benefits
116.25 to customers that exceed the technology's cost;

116.26 (3) the public utility is meeting its energy conservation goals under section 216B.241;
116.27 and

116.28 (4) the project complies with the spending limits under paragraph (d).

116.29 (d) Over any three consecutive years, a public utility must not spend more on innovative
116.30 clean technologies under this section than:

117.1 (1) for a public utility providing service to 200,000 or more retail Minnesota customers,
117.2 \$6,000,000; or

117.3 (2) for a public utility providing service to fewer than 200,000 retail Minnesota customers,
117.4 \$3,000,000.

117.5 (e) The commission may authorize a public utility to file a rate schedule containing
117.6 provisions that automatically adjust charges for public utility service in direct relation to
117.7 changes in prudent costs incurred by a public utility under this section, up to the amounts
117.8 allowed under paragraph (d). To the extent the public utility investment under this section

117.9 is for a capital asset, the utility may request that the asset be included in the utility's rate
117.10 base.

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

117.12 Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

117.13 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

117.14 (a) The legislature finds that energy savings are an energy resource, and that cost-effective
117.15 energy savings are preferred over all other energy resources. In addition, the legislature
117.16 finds that optimizing the timing and method used by energy consumers to manage energy
117.17 use provides significant benefits to the consumers and to the utility system as a whole. The
117.18 legislature further finds that cost-effective energy savings and load management programs
117.19 should be procured systematically and aggressively in order to reduce utility costs for
117.20 businesses and residents, improve the competitiveness and profitability of businesses, create
117.21 more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution
117.22 and emissions that cause climate change. Therefore, it is the energy policy of the state of
117.23 Minnesota to achieve annual energy savings ~~equal equivalent~~ to at least ~~4.5~~ 2.5 percent of
117.24 annual retail energy sales of electricity and natural gas through ~~cost effective energy~~
117.25 ~~conservation improvement programs and rate design, energy efficiency achieved by energy~~
117.26 ~~consumers without direct utility involvement, energy codes and appliance standards, programs~~
117.27 ~~designed to transform the market or change consumer behavior, energy savings resulting~~
117.28 ~~from efficiency improvements to the utility infrastructure and system, and other efforts to~~
117.29 ~~promote energy efficiency and energy conservation, multiple measures, including but not~~
117.30 limited to:

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

117.33 (2) rate design;

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

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

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

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

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

118.8 (b) A utility is encouraged to design and offer to customers load management programs
118.9 that enable: (1) customers to maximize the economic value gained from the energy purchased
118.10 from the customer's utility service provider; and (2) utilities to optimize the infrastructure

118.11 and generation capacity needed to effectively serve customers and facilitate the integration
118.12 of renewable energy into the energy system.

118.13 (c) The commissioner must provide a reasonable estimate of progress made toward the
118.14 statewide energy-savings goal under paragraph (a) in the annual report required under section
118.15 216B.241, subdivision 1c, and make recommendations for administrative or legislative
118.16 initiatives to increase energy savings toward that goal. The commissioner must annually
118.17 report on the energy productivity of the state's economy by estimating the ratio of economic
118.18 output produced in the most recently completed calendar year to the primary energy inputs
118.19 used in that year.

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

118.21 Sec. 5. **[216B.2402] DEFINITIONS.**

118.22 Subdivision 1. Definitions. For the purposes of section 216B.16, subdivision 6b, and
118.23 sections 216B.2401 to 216B.241, the following terms have the meanings given them.

118.24 Subd. 2. Consumer-owned utility. "Consumer-owned utility" means a municipal gas
118.25 utility, a municipal electric utility, or a cooperative electric association.

118.26 Subd. 3. Cumulative lifetime savings. "Cumulative lifetime savings" means the total
118.27 electric energy or natural gas savings in a given year from energy conservation improvements
118.28 installed in that given year and energy conservation improvements installed in previous
118.29 years that are still in operation.

118.30 Subd. 4. Efficient fuel-switching improvement. "Efficient fuel-switching improvement"
118.31 means a project that:

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

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

119.5 (3) otherwise meets the criteria established for consumer-owned utilities in section
119.6 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11
119.7 and 12; and

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

119.10 An efficient fuel-switching improvement is not an energy conservation improvement or
119.11 energy efficiency even if it results in a net reduction in electricity or natural gas consumption.

119.12 Subd. 5. Energy conservation. "Energy conservation" means an action that results in
119.13 a net reduction in electricity or natural gas consumption. Energy conservation does not
119.14 include an efficient fuel-switching improvement.

119.15 **Subd. 6. Energy conservation improvement.** "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity or used as thermal energy, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636.

119.20 **Subd. 7. Energy efficiency.** "Energy efficiency" means measures or programs, including energy conservation measures or programs, that: (1) target consumer behavior, equipment, processes, or devices; (2) are designed to reduce the consumption of electricity or natural gas on either an absolute or per unit of production basis; and (3) do not reduce the quality or level of service provided to an energy consumer.

119.25 **Subd. 8. Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.

119.27 **Subd. 9. Fuel neutral.** "Fuel neutral" means an approach that compares the use of various fuels for a given end use, using a common metric.

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

120.1 (1) gas sales to:

120.2 (i) a large energy facility;

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

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

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

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

120.17 Subd. 11. Investments and expenses of a public utility. "Investments and expenses of
120.18 a public utility" means the investments and expenses incurred by a public utility in connection
120.19 with an energy conservation improvement.

120.20 Subd. 12. Large customer facility. "Large customer facility" means all buildings,
120.21 structures, equipment, and installations at a single site that in aggregate: (1) impose a peak
120.22 electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in
120.23 the same manner as the utility that serves the customer facility measures electric demand
120.24 for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually.
120.25 When calculating peak electrical demand, a large customer facility may include demand
120.26 offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include
120.27 peak energy demand from the large customer facility's mining processing operations.

120.28 Subd. 13. Large energy facility. "Large energy facility" has the meaning given in section
120.29 216B.2421, subdivision 2, clause (1).

120.30 Subd. 14. Lifetime energy savings. "Lifetime energy savings" means the amount of
120.31 savings a particular energy conservation improvement is projected to produce over the
120.32 improvement's effective useful lifetime.

121.1 Subd. 15. Load management. "Load management" means an activity, service, or
121.2 technology that changes the timing or the efficiency of a customer's use of energy that allows
121.3 a utility or a customer to: (1) respond to local and regional energy system conditions; or (2)
121.4 reduce peak demand for electricity or natural gas. Load management that reduces a customer's
121.5 net annual energy consumption is also energy conservation.

121.6 Subd. 16. Low-income household. "Low-income household" means a household whose
121.7 household income is 60 percent or less of the state median household income.

121.8 Subd. 17. Low-income programs. "Low-income programs" means energy conservation
121.9 improvement programs that directly serve the needs of low-income households, including
121.10 low-income renters.

121.11 Subd. 18. Member. "Member" has the meaning given in section 308B.005, subdivision
121.12 15.

121.13 Subd. 19. Multifamily building. "Multifamily building" means a residential building
121.14 containing five or more dwelling units.

121.15 Subd. 20. Preweatherization measure. "Preweatherization measure" means an
121.16 improvement that is necessary to allow energy conservation improvements to be installed
121.17 in a home.

121.18 Subd. 21. Qualifying utility. "Qualifying utility" means a utility that supplies a customer
121.19 with energy that enables the customer to qualify as a large customer facility.

121.20 Subd. 22. Waste heat recovered and used as thermal energy. "Waste heat recovered
121.21 and used as thermal energy" means the capture of heat energy that would otherwise be

121.22 exhausted or dissipated to the environment from machinery, buildings, or industrial processes,
121.23 and productively using the recovered thermal energy where it was captured or distributing
121.24 it as thermal energy to other locations where it is used to reduce demand-side consumption
121.25 of natural gas, electric energy, or both.

121.26 **Subd. 23. Waste heat recovery converted into electricity.** "Waste heat recovery
121.27 converted into electricity" means an energy recovery process that converts to electricity
121.28 energy from the heat of exhaust stacks or pipes used for engines or manufacturing or
121.29 industrial processes, or from the reduction of high pressure in water or gas pipelines, that
121.30 would otherwise be lost.

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

122.1 Sec. 6. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION**
122.2 **AND OPTIMIZATION.**

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

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

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

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

122.9 **Subd. 2. Consumer-owned utility; energy-savings goal.** (a) Each individual
122.10 consumer-owned utility subject to this section has an annual energy-savings goal equivalent
122.11 to 1.5 percent of gross annual retail energy sales, which must be met with a minimum of
122.12 energy savings from energy conservation improvements equivalent to at least one percent
122.13 of the consumer-owned utility's gross annual retail energy sales. The balance of energy
122.14 savings toward the annual energy-savings goal may be achieved only by the following
122.15 consumer-owned utility activities:

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

122.17 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
122.18 1, that result in increased efficiency greater than would have occurred through normal
122.19 maintenance activity;

122.20 (3) net energy savings from efficient fuel-switching improvements that meet the criteria
122.21 under subdivision 8; or

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

122.25 (b) The energy-savings goals specified in this section must be calculated based on
122.26 weather-normalized sales averaged over the most recent three years. A consumer-owned

122.27 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the
122.28 next three years, except that energy savings from electric utility infrastructure projects may
122.29 be carried forward for five years. A particular energy savings can only be used to meet one
122.30 year's goal.

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

123.6 Subd. 3. Consumer-owned utility; energy conservation and optimization plans. (a)
123.7 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
123.8 file with the commissioner an energy conservation and optimization plan that describes the
123.9 programs for energy conservation, efficient fuel-switching, load management, and other
123.10 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
123.11 goal.

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

123.18 (1) state why each goal is projected to be unmet; and
123.19 (2) demonstrate how the consumer-owned utility proposes to meet both goals on an
123.20 average basis over the duration of the plan.

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

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

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

123.27 (d) The commissioner must evaluate a plan filed under this subdivision based on the
123.28 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The
123.29 commissioner may make recommendations to a consumer-owned utility regarding ways to
123.30 increase the effectiveness of the consumer-owned utility's energy conservation activities
123.31 and programs under this subdivision. The commissioner may recommend that a
123.32 consumer-owned utility implement a cost-effective energy conservation program, including

124.1 an energy conservation program suggested by an outside source, including but not limited
124.2 to a political subdivision, nonprofit corporation, or community organization.

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

124.9 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy
124.10 conservation programs, the consumer-owned utility and the commissioner must consider
124.11 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner
124.12 must also consider the rate at which the consumer-owned utility is increasing energy savings
124.13 and expenditures on energy conservation, and lifetime energy savings and cumulative energy
124.14 savings.

124.15 (g) A consumer-owned utility may annually spend and invest up to ten percent of the
124.16 total amount spent and invested on energy conservation improvements on research and
124.17 development projects that meet the definition of energy conservation improvement.

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

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

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

124.30 (1) increase the efficiency of the school's lighting and heating and cooling systems;
124.31 (2) recommission buildings;
124.32 (3) train building operators; and
125.1 (4) provide opportunities to educate students, teachers, and staff regarding energy
125.2 efficiency measures implemented at the school.

125.3 (k) A consumer-owned utility may request that the commissioner adjust the
125.4 consumer-owned utility's minimum goal for energy savings from energy conservation
125.5 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under

125.6 this subdivision. The request must be made by January 1 of the year the consumer-owned
125.7 utility is required to file a plan under this subdivision. The request must be based on:

125.8 (1) historical energy conservation improvement program achievements;
125.9 (2) customer class makeup;
125.10 (3) projected load growth;
125.11 (4) an energy conservation potential study that estimates the amount of cost-effective
125.12 energy conservation potential that exists in the consumer-owned utility's service territory;
125.13 (5) the cost-effectiveness and quality of the energy conservation programs offered by
125.14 the consumer-owned utility; and
125.15 (6) other factors the commissioner and consumer-owned utility determine warrant an
125.16 adjustment.

125.17 The commissioner must adjust the energy savings goal to a level the commissioner determines
125.18 is supported by the record, but must not approve a minimum energy savings goal from
125.19 energy conservation improvements that is less than an average of one percent per year over
125.20 the consecutive years of the plan's duration, including the year the minimum energy savings
125.21 goal is adjusted.

125.22 Subd. 4. Consumer-owned utility; energy savings investment. (a) Except as otherwise
125.23 provided, a consumer-owned utility that the commissioner determines falls short of the
125.24 minimum energy savings goal from energy conservation improvements established in
125.25 subdivision 2, paragraph (a), for three consecutive years during which the utility has annually
125.26 spent on energy conservation improvements less than 1.5 percent of gross operating revenues
125.27 for an electric utility, or less than 0.5 percent of gross operating revenues for a natural gas
125.28 utility, must spend no less than the following amounts for energy conservation improvements:

125.29 (u) (1) for a municipality, 0.5 percent of gross operating revenues from the sale of gas and
125.30 1.5 percent of gross operating revenues from the sale of electricity, excluding gross operating
125.31 revenues from electric and gas service provided in Minnesota to large electric customer
125.32 facilities; and

126.1 (u) (2) for a cooperative electric association, 1.5 percent of gross operating revenues from
126.2 service provided in Minnesota, excluding gross operating revenues from service provided
126.3 in Minnesota to large electric customers facilities indirectly through a distribution cooperative
126.4 electric association.

126.5 (u) (b) The commissioner must not impose the spending requirement under this subdivision
126.6 if the commissioner has determined that the utility has followed the commissioner's
126.7 recommendations, if any, provided under subdivision 3, paragraph (d).

126.8 (u) (c) Upon request of a consumer-owned utility, the commissioner may reduce the amount
126.9 or duration of the spending requirement imposed under this subdivision, or both, if the

126.10 commissioner determines that the consumer-owned utility's failure to maintain the minimum
126.11 energy savings goal is the result of:

126.12 (1) a natural disaster or other emergency that is declared by the executive branch through
126.13 an emergency executive order that affects the consumer-owned utility's service area;

126.14 (2) a unique load distribution experienced by the consumer-owned utility; or

126.15 (3) other factors that the commissioner determines justifies a reduction.

126.16 (d) Unless the commissioner reduces the duration of the spending requirement under
126.17 paragraph (c), the spending requirement under this subdivision remains in effect until the
126.18 consumer-owned utility has met the minimum energy savings goal for three consecutive
126.19 years.

126.20 Subd. 5. Energy conservation programs for low-income households. (a) A
126.21 consumer-owned utility subject to this section must provide energy conservation programs
126.22 to low-income households. The commissioner must evaluate a consumer-owned utility's
126.23 plans under this section by considering the consumer-owned utility's historic spending on
126.24 energy conservation programs directed to low-income households, the rate of customer
126.25 participation in and the energy savings resulting from those programs, and the number of
126.26 low-income persons residing in the consumer-owned utility's service territory. A municipal
126.27 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal
126.28 utility's most recent three-year average gross operating revenue from residential customers
126.29 in Minnesota on energy conservation programs for low-income households. A
126.30 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the
126.31 consumer-owned utility's gross operating revenue from residential customers in Minnesota
126.32 on energy conservation programs for low-income households. The requirement under this
126.33 paragraph applies to each generation and transmission cooperative association's aggregate
127.1 gross operating revenue from the sale of electricity to residential customers in Minnesota
127.2 by all of the association's member distribution cooperatives.

127.3 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
127.4 utility may contribute money to the energy and conservation account established in section
127.5 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
127.6 of contributions the consumer-owned utility plans to make to the energy and conservation
127.7 account. Contributions to the account must be used for energy conservation programs serving
127.8 low-income households, including renters, located in the service area of the consumer-owned
127.9 utility making the contribution. Contributions must be remitted to the commissioner by
127.10 February 1 each year.

127.11 (c) The commissioner must establish energy conservation programs for low-income
127.12 households funded through contributions made to the energy and conservation account
127.13 under paragraph (b). When establishing energy conservation programs for low-income
127.14 households, the commissioner must consult political subdivisions, utilities, and nonprofit
127.15 and community organizations, including organizations providing energy and weatherization

127.16 assistance to low-income households. The commissioner must record and report expenditures
127.17 and energy savings achieved as a result of energy conservation programs for low-income
127.18 households funded through the energy and conservation account in the report required under
127.19 section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a
127.20 political subdivision, nonprofit or community organization, public utility, municipality, or
127.21 consumer-owned utility to implement low-income programs funded through the energy and
127.22 conservation account.

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

127.26 (e) The commissioner must develop and establish guidelines for determining the eligibility
127.27 of multifamily buildings to participate in energy conservation programs provided to
127.28 low-income households. Notwithstanding the definition of low-income household in section
127.29 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
127.30 published by the department for purposes of determining the eligibility of multifamily
127.31 buildings to participate in low-income programs. The commissioner must convene a
127.32 stakeholder group to review and update these guidelines by July 1, 2022, and at least once
127.33 every five years thereafter. The stakeholder group must include but is not limited to
127.34 representatives of public utilities; municipal electric or gas utilities; electric cooperative
127.35 associations; multifamily housing owners and developers; and low-income advocates.

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

128.5 (g) The commissioner must, by order, establish a list of preweatherization measures
128.6 eligible for inclusion in low-income energy conservation programs no later than March 15,
128.7 2022.

128.8 (h) A consumer-owned utility may elect to contribute money to the Healthy AIR account
128.9 under section 216B.241, subdivision 7, paragraph (h), to provide preweatherization measures
128.10 for households eligible for weatherization assistance from the state weatherization assistance
128.11 program in section 216C.264. Remediation activities must be executed in conjunction with
128.12 federal weatherization assistance program services.

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

128.17 Subd. 7. **Ownership of preweatherization measure or energy conservation**
128.18 **improvement.** (a) A preweatherization measure or energy conservation improvement
128.19 installed in a building under this section, excluding a system owned by a consumer-owned

128.20 utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive
128.21 property of the building owner, except to the extent that the improvement is subject to a
128.22 security interest in favor of the consumer-owned utility in case of a loan to the building
128.23 owner for the improvement.

128.24 (b) A consumer-owned utility has no liability for loss, damage, or injury directly or
128.25 indirectly caused by a preweatherization measure or energy conservation improvement,
128.26 unless a consumer-owned utility is determined to have been negligent in purchasing,
128.27 installing, or modifying a preweatherization measure or energy conservation improvement.

128.28 Subd. 8. Criteria for efficient fuel-switching improvements. (a) A fuel-switching
128.29 improvement is deemed efficient if, applying the technical criteria established under section
128.30 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being
128.31 displaced:

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

129.1 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
129.2 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
129.3 improvement installed by an electric consumer-owned utility, the reduction in emissions
129.4 must be measured based on the hourly emissions profile of the consumer-owned utility or
129.5 the utility's electricity supplier, as reported in the most recent resource plan approved by
129.6 the commission under section 216B.2422. If the hourly emissions profile is not available,
129.7 the commissioner must develop a method consumer-owned utilities must use to estimate
129.8 that value;

129.9 (3) is cost-effective, considering the costs and benefits from the perspective of the
129.10 consumer-owned utility, participants, and society; and

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

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

129.16 Subd. 9. Manner of filing and service. (a) A consumer-owned utility must submit the
129.17 filings required under this section to the department using the department's electronic filing
129.18 system. The commissioner may approve an exemption from this requirement if a
129.19 consumer-owned utility is unable to submit filings via the department's electronic filing
129.20 system. All other interested parties must submit filings to the department via the department's
129.21 electronic filing system whenever practicable but may also file by personal delivery or by
129.22 mail.

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

129.25 document by the department, a consumer-owned utility, or an interested party upon persons
129.26 on a service list maintained by the department, service may be made by personal delivery,
129.27 mail, or electronic service. Electronic service may be made only to persons on the service
129.28 list that have previously agreed in writing to accept electronic service at an e-mail address
129.29 provided to the department for electronic service purposes.

129.30 Subd. 10. Assessment. The commission or department may assess consumer-owned
129.31 utilities subject to this section to carry out the purposes of section 216B.241, subdivisions
129.32 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a
129.33 consumer-owned utility's gross operating revenue from sales of gas or electric service in
129.34 Minnesota during the previous calendar year, as applicable. Assessments under this
130.1 subdivision are not subject to the cap on assessments under section 216B.62 or any other
130.2 law.

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

130.4 Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

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

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

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

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

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

130.20 (b) (a) The owner of a large customer facility may petition the commissioner to exempt
130.21 both electric and gas utilities serving the large customer facility from the investment and
130.22 expenditure requirements of paragraph (a) contributing to investments and expenditures
130.23 made under an energy and conservation optimization plan filed under subdivision 2 or
130.24 section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large
130.25 customer facility. The filing must include a discussion of the competitive or economic
130.26 pressures facing the owner of the facility and the efforts taken by the owner to identify,
130.27 evaluate, and implement energy conservation and efficiency improvements. A filing
130.28 submitted on or before October 1 of any year must be approved within 90 days and become

130.29 effective January 1 of the year following the filing, unless the commissioner finds that the
130.30 owner of the large customer facility has failed to take reasonable measures to identify,
130.31 evaluate, and implement energy conservation and efficiency improvements. If a facility
130.32 qualifies as a large customer facility solely due to its peak electrical demand or annual
130.33 natural gas usage, the exemption may be limited to the qualifying utility if the commissioner
131.1 finds that the owner of the large customer facility has failed to take reasonable measures to
131.2 identify, evaluate, and implement energy conservation and efficiency improvements with
131.3 respect to the nonqualifying utility. Once an exemption is approved, the commissioner may
131.4 request the owner of a large customer facility to submit, not more often than once every
131.5 five years, a report demonstrating the large customer facility's ongoing commitment to
131.6 energy conservation and efficiency improvement after the exemption filing. The
131.7 commissioner may request such reports for up to ten years after the effective date of the
131.8 exemption, unless the majority ownership of the large customer facility changes, in which
131.9 case the commissioner may request additional reports for up to ten years after the change
131.10 in ownership occurs. The commissioner may, within 180 days of receiving a report submitted
131.11 under this paragraph, rescind any exemption granted under this paragraph upon a
131.12 determination that the large customer facility is not continuing to make reasonable efforts
131.13 to identify, evaluate, and implement energy conservation improvements. A large customer
131.14 facility that is, under an order from the commissioner, exempt from the investment and
131.15 expenditure requirements of paragraph (a) as of December 31, 2010, is not required to
131.16 submit a report to retain its exempt status, except as otherwise provided in this paragraph
131.17 with respect to ownership changes. No exempt large customer facility may participate in a
131.18 utility conservation improvement program unless the owner of the facility submits a filing
131.19 with the commissioner to withdraw its exemption.

131.20 (e) (b) A commercial gas customer that is not a large customer facility and that purchases
131.21 or acquires natural gas from a public utility having fewer than 600,000 natural gas customers
131.22 in Minnesota may petition the commissioner to exempt gas utilities serving the commercial
131.23 gas customer from the ~~investment and expenditure requirements of paragraph (a) contributing~~
131.24 ~~to investments and expenditures made under an energy and conservation optimization plan~~
131.25 ~~filed under subdivision 2 or section 216B.2403, subdivision 3,~~ with respect to retail revenues
131.26 attributable to the commercial gas customer. The petition must be supported by evidence
131.27 demonstrating that the commercial gas customer has acquired or can reasonably acquire
131.28 the capability to bypass use of the utility's gas distribution system by obtaining natural gas
131.29 directly from a supplier not regulated by the commission. The commissioner shall grant the
131.30 exemption if the commissioner finds that the petitioner has made the demonstration required
131.31 by this paragraph.

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

132.1 (e) (c) A public utility, consumer-owned utility, or owner of a large customer facility
132.2 may appeal a decision of the commissioner under paragraph (a) or (b), (e), or (d) to the

132.3 commission under subdivision 2. In reviewing a decision of the commissioner under
132.4 paragraph (a) or (b), (e), ~~or (d)~~, the commission shall rescind the decision if it finds ~~that the~~
132.5 ~~required investments or spending will~~:

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

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

132.8 ~~(d) A public utility is prohibited from spending for or investing in energy conservation~~
132.9 ~~improvements that directly benefit a large energy facility or a large electric customer facility~~
132.10 ~~to which the commissioner has issued an exemption under this section.~~

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

132.12 Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

132.13 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish
132.14 energy-saving goals for energy conservation ~~improvement expenditures~~ improvements and
132.15 shall evaluate an energy conservation improvement program on how well it meets the goals
132.16 set.

132.17 ~~(b) Each individual A public utility and association shall have providing electric service~~
132.18 ~~has an annual energy-savings goal equivalent to 4.5 1.75 percent of gross annual retail~~
132.19 ~~energy sales unless modified by the commissioner under paragraph (d). (c) A public utility~~
132.20 ~~providing natural gas service has an annual energy-savings goal equivalent to one percent~~
132.21 ~~of gross annual retail energy sales, which must not be lowered by the commissioner. The~~
132.22 ~~savings goals must be calculated based on the most recent three-year weather-normalized~~
132.23 ~~average. A public utility or association providing electric service may elect to carry forward~~
132.24 ~~energy savings in excess of 4.5 1.75 percent for a year to the succeeding three calendar~~
132.25 ~~years, except that savings from electric utility infrastructure projects allowed under paragraph~~
132.26 ~~(d) may be carried forward for five years. A public utility providing natural gas service may~~
132.27 ~~elect to carry forward energy savings in excess of one percent for a year to the succeeding~~
132.28 ~~three calendar years. A particular energy savings can only be used only for to meet one~~
132.29 ~~year's goal.~~

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

132.32 ~~(d) (c) In its energy conservation improvement and optimization plan filing, a public~~
132.33 ~~utility or association may request the commissioner to adjust its annual energy-savings~~
133.1 ~~percentage goal based on its historical conservation investment experience, customer class~~
133.2 ~~makeup, load growth, a conservation potential study, or other factors the commissioner~~
133.3 ~~determines warrants an adjustment.~~

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

133.7 A utility or association may include in its energy conservation plan energy savings from
133.8 The balance of the 1.75 percent annual energy savings goal may be achieved through energy
133.9 savings from:
133.10 (1) additional energy conservation improvements;
133.11 (2) electric utility infrastructure projects approved by the commission under section
133.12 216B.1636 that result in increased efficiency greater than would have occurred through
133.13 normal maintenance activity; or waste heat recovery converted into electricity projects that
133.14 may count as energy savings in addition to a minimum energy savings goal of at least one
133.15 percent for energy conservation improvements. Energy savings from electric utility
133.16 infrastructure projects, as defined in section 216B.1636, may be included in the energy
133.17 conservation plan of a municipal utility or cooperative electric association. Electric utility
133.18 infrastructure projects must result in increased energy efficiency greater than that which
133.19 would have occurred through normal maintenance activity.
133.20 (3) subject to department approval, demand-side natural gas or electric energy displaced
133.21 by use of waste heat recovered and used as thermal energy, including the recovered thermal
133.22 energy from a cogeneration or combined heat and power facility.
133.23 (e) An energy savings goal is not satisfied by attaining the revenue expenditure
133.24 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
133.25 energy savings goal established in this subdivision.
133.26 (f) An association or (e) A public utility is not required to make energy conservation
133.27 investments to attain the energy-savings goals of this subdivision that are not cost-effective
133.28 even if the investment is necessary to attain the energy-savings goals. For the purpose of
133.29 this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the
133.30 costs and benefits to ratepayers, the utility, participants, and society. In addition, the
133.31 commissioner shall consider: (2) the rate at which an association or municipal a public
133.32 utility is increasing both its energy savings and its expenditures on energy conservation;
133.33 and (3) the public utility's lifetime energy savings and cumulative energy savings.
134.1 (g) (f) On an annual basis, the commissioner shall produce and make publicly available
134.2 a report on the annual energy and capacity savings and estimated carbon dioxide reductions
134.3 achieved by the energy conservation improvement programs under this section and section
134.4 216B.2403 for the two most recent years for which data is available. The report must also
134.5 include information regarding any annual energy sales or generation capacity increases
134.6 resulting from efficient fuel-switching improvements. The commissioner shall report on
134.7 program performance both in the aggregate and for each entity filing an energy conservation
134.8 improvement plan for approval or review by the commissioner, and must estimate progress
134.9 made toward the statewide energy-savings goal under section 216B.2401.

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

134.13 (i) This subdivision does not apply to:

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

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

134.16 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales

134.17 to retail natural gas customers.

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

134.19 Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

134.20 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation
134.21 improvement programs filed under this section and section 216B.2403 on the basis of
134.22 cost-effectiveness and the reliability of the technologies employed. The commissioner shall,
134.23 by order, establish, maintain, and update energy-savings assumptions that must be used by
134.24 utilities when filing energy conservation improvement programs. The department must track
134.25 a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime
134.26 energy savings reported in plans submitted under this section and section 216B.2403.

134.27 (b) The commissioner shall establish an inventory of the most effective energy
134.28 conservation programs, techniques, and technologies, and encourage all Minnesota utilities
134.29 to implement them, where appropriate, in their service territories. The commissioner shall
134.30 describe these programs in sufficient detail to provide a utility reasonable guidance
134.31 concerning implementation. The commissioner shall prioritize the opportunities in order of
134.32 potential energy savings and in order of cost-effectiveness.

135.1 (c) The commissioner may contract with a third party to carry out any of the
135.2 commissioner's duties under this subdivision, and to obtain technical assistance to evaluate
135.3 the effectiveness of any conservation improvement program.

135.4 (d) The commissioner may assess up to \$850,000 annually for the purposes of this
135.5 subdivision. The assessments must be deposited in the state treasury and credited to the
135.6 energy and conservation account created under subdivision 2a. An assessment made under
135.7 this subdivision is not subject to the cap on assessments provided by section 216B.62, or
135.8 any other law.

135.9 (e) Of the assessment authorized under paragraph (a), the commissioner may expend
135.10 up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing
135.11 technical support for a uniform electronic data reporting and tracking system available to
135.12 all utilities subject to this section, in order to enable accurate measurement of the cost and

135.13 ~~energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018.~~

135.15 (e) The commissioner must work with stakeholders to develop technical guidelines that public utilities and consumer-owned utilities must use to:

135.17 (1) determine whether deployment of a fuel-switching improvement meets the criteria established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as applicable; and

135.19 (2) calculate the amount of energy saved by deploying a fuel-switching improvement.

135.21 The guidelines under this paragraph must be issued by the commissioner by order no later than March 15, 2022, and must be updated as the commissioner determines is necessary.

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

135.24 Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

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

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

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

136.7 (d) The commissioner may assess up to \$500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

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

136.13 Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

136.14 **Subd. 1g. Manner of filing and service.** (a) A public utility, ~~generation and transmission cooperative electric association, municipal power agency, cooperative electric association, and municipal utility~~ shall submit filings to the department via the department's electronic

136.17 filing system. The commissioner may approve an exemption from this requirement in the
136.18 event ~~an affected~~ a public utility or association is unable to submit filings via the department's
136.19 electronic filing system. All other interested parties shall submit filings to the department
136.20 via the department's electronic filing system whenever practicable but may also file by
136.21 personal delivery or by mail.

136.22 (b) Submission of a document to the department's electronic filing system constitutes
136.23 service on the department. Where department rule requires service of a notice, order, or
136.24 other document by the department, public utility, association, or interested party upon
136.25 persons on a service list maintained by the department, service may be made by personal
136.26 delivery, mail, or electronic service, except that electronic service may only be made upon
136.27 persons on the service list who have previously agreed in writing to accept electronic service
136.28 at an electronic address provided to the department for electronic service purposes.

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

136.30 Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

136.31 Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a)
136.32 The commissioner may require ~~a public utilities utility~~ to make investments and expenditures
137.1 in energy conservation improvements, explicitly setting forth the interest rates, prices, and
137.2 terms under which the improvements must be offered to the customers. ~~The required~~
137.3 ~~programs must cover no more than a three year period.~~

137.4 (b) ~~A public utilities utility shall file an energy conservation improvement plan and~~
137.5 ~~optimization plan~~ by June 1, on a schedule determined by order of the commissioner, but
137.6 at least every three years. ~~Plans received As provided in subdivisions 11 to 13, plans may~~
137.7 ~~include programs for efficient fuel-switching improvements and load management. An~~
137.8 ~~individual utility program may combine elements of energy conservation, load management,~~
137.9 ~~or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative~~
137.10 ~~lifetime energy savings projected to be achieved under the plan. A plan filed by a public~~
137.11 ~~utility by June 1 must be approved or approved as modified by the commissioner by~~
137.12 December 1 of that same year.

137.13 (c) The commissioner shall evaluate the ~~program~~ plan on the basis of cost-effectiveness
137.14 and the reliability of technologies employed. The commissioner's order must provide to the
137.15 extent practicable for a free choice; by consumers participating in ~~the~~ an energy conservation
137.16 program; of the device, method, material, or project constituting the energy conservation
137.17 improvement and for a free choice of the seller, installer, or contractor of the energy
137.18 conservation improvement, provided that the device, method, material, or project seller,
137.19 installer, or contractor is duly licensed, certified, approved, or qualified, including under
137.20 the residential conservation services program, where applicable.

137.21 ~~(d)~~ (d) The commissioner may require a utility subject to subdivision 1c to make an
137.22 energy conservation improvement investment or expenditure whenever the commissioner
137.23 finds that the improvement will result in energy savings at a total cost to the utility less than

137.24 the cost to the utility to produce or purchase an equivalent amount of new supply of energy.
137.25 ~~The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.~~

137.27 (e) Each public utility subject to ~~this subdivision 1a~~ may spend and invest annually
137.28 up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation
137.29 improvements under this section by the public utility on research and development projects
137.30 that meet the definition of energy conservation improvement ~~in subdivision 1 and that are~~
137.31 ~~funded directly by the public utility.~~

137.32 (d) A ~~public~~ utility may not spend for or invest in energy conservation improvements
137.33 that directly benefit a large energy facility or a large electric customer facility for which the
137.34 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).

138.1 (f) The commissioner shall consider and may require a public utility to undertake a an
138.2 energy conservation program suggested by an outside source, including a political
138.3 subdivision, a nonprofit corporation, or community organization.

138.4 (g) A public utility, a political subdivision, or a nonprofit or community organization
138.5 that has suggested a an energy conservation program, the attorney general acting on behalf
138.6 of consumers and small business interests, or a public utility customer that has suggested a
138.7 an energy conservation program and is not represented by the attorney general under section
138.8 8.33 may petition the commission to modify or revoke a department decision under this
138.9 section, and the commission may do so if it determines that the energy conservation program
138.10 is not cost-effective, does not adequately address the residential conservation improvement
138.11 needs of low-income persons, has a long-range negative effect on one or more classes of
138.12 customers, or is otherwise not in the public interest. The commission shall reject a petition
138.13 that, on its face, fails to make a reasonable argument that a an energy conservation program
138.14 is not in the public interest.

138.15 (h) The commissioner may order a public utility to include, with the filing of the
138.16 public utility's annual status report, the results of an independent audit of the public utility's
138.17 conservation improvement programs and expenditures performed by the department or an
138.18 auditor with experience in the provision of energy conservation and energy efficiency
138.19 services approved by the commissioner and chosen by the public utility. The audit must
138.20 specify the energy savings or increased efficiency in the use of energy within the service
138.21 territory of the public utility that is the result of the public utility's spending and investments.
138.22 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

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

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

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

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

139.6 Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

139.7 **Subd. 2b. Recovery of expenses.** (a) The commission shall allow a public utility to
139.8 recover expenses resulting from an energy conservation improvement program required
139.9 and optimization plan approved by the department under this section and contributions and
139.10 assessments to the energy and conservation account, unless the recovery would be
139.11 inconsistent with a financial incentive proposal approved by the commission. The commission
139.12 shall allow a cooperative electric association subject to rate regulation under section
139.13 216B.026, to recover expenses resulting from energy conservation improvement programs,
139.14 load management programs, and assessments and contributions to the energy and
139.15 conservation account unless the recovery would be inconsistent with a financial incentive
139.16 proposal approved by the commission. In addition,

139.17 (b) A public utility may file annually, or the Public Utilities Commission may require
139.18 the public utility to file, and the commission may approve; rate schedules containing
139.19 provisions for the automatic adjustment of charges for utility service in direct relation to
139.20 changes in the expenses of the public utility for real and personal property taxes, fees, and
139.21 permits, the amounts of which the public utility cannot control. A public utility is eligible
139.22 to file for adjustment for real and personal property taxes, fees, and permits under this
139.23 subdivision only if, in the year previous to the year in which it files for adjustment, it has
139.24 spent or invested at least 1.75 percent of its gross revenues from provision of electric service,
139.25 excluding gross operating revenues from electric service provided in the state to large electric
139.26 customer facilities for which the commissioner has issued an exemption under subdivision
139.27 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,
139.28 excluding gross operating revenues from gas services provided in the state to large electric
139.29 customer facilities for which the commissioner has issued an exemption under subdivision
139.30 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

140.1 Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

140.2 Subd. 3. **Ownership of preweatherization measure or energy conservation**

140.3 **improvement.** ~~An~~ (a) A preweatherization measure or energy conservation improvement
140.4 made to or installed in a building in accordance with this section, except systems owned by
140.5 ~~the a public utility~~ and designed to turn off, limit, or vary the delivery of energy, are the
140.6 exclusive property of the owner of the building except to the extent that the improvement
140.7 is subjected to a security interest in favor of the public utility in case of a loan to the building
140.8 owner. ~~The~~

140.9 (b) A public utility has no liability for loss, damage₂ or injury caused directly or indirectly
140.10 by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence
140.11 by the utility in purchase, installation, or modification of the product: purchasing, installing,
140.12 or modifying a preweatherization measure or energy conservation improvement.

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

140.14 Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

140.15 Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric
140.16 ~~association, and municipal and consumer-owned~~ utility that provides electric service to
140.17 retail customers and is subject to subdivision 1c ~~or section 216B.2403~~ shall include as part
140.18 of its conservation improvement activities a program to strongly encourage the use of LED
140.19 lamps. The program must include at least a public information campaign to encourage use
140.20 of LED lamps and proper management of spent lamps by all customer classifications.

140.21 (b) A public utility that provides electric service at retail to 200,000 or more customers
140.22 shall establish, either directly or through contracts with other persons, including lamp
140.23 manufacturers, distributors, wholesalers, and retailers and local government units, a system
140.24 to collect for delivery to a reclamation or recycling facility spent fluorescent and
140.25 high-intensity discharge lamps from households and from small businesses as defined in
140.26 section 645.445 that generate an average of fewer than ten spent lamps per year.

140.27 (c) A collection system must include establishing reasonably convenient locations for
140.28 collecting spent lamps from households and financial incentives sufficient to encourage
140.29 spent lamp generators to take the lamps to the collection locations. Financial incentives may
140.30 include coupons for purchase of new LED lamps, a cash back system, or any other financial
140.31 incentive or group of incentives designed to collect the maximum number of spent lamps
140.32 from households and small businesses that is reasonably feasible.

141.1 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,
141.2 ~~a cooperative electric association, or a municipal or a consumer-owned~~ utility that provides
141.3 electric service at retail to customers may establish a collection system under paragraphs
141.4 (b) and (c) as part of conservation improvement activities required under this section.

141.5 (e) The commissioner of the Pollution Control Agency may not, unless clearly required
141.6 by federal law, require a public utility, cooperative electric association, or municipality or

141.7 consumer-owned utility that establishes a household fluorescent and high-intensity discharge
141.8 lamp collection system under this section to manage the lamps as hazardous waste as long
141.9 as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation
141.10 facility that removes mercury and other toxic materials contained in the lamps prior to
141.11 placement of the lamps in solid waste.

141.12 (f) If a public utility, ~~cooperative electric association, or municipal or consumer-owned~~
141.13 utility contracts with a local government unit to provide a collection system under this
141.14 subdivision, the contract must provide for payment to the local government unit of all the
141.15 unit's incremental costs of collecting and managing spent lamps.

141.16 (g) All the costs incurred by a public utility, ~~cooperative electric association, or municipal~~
141.17 ~~or consumer-owned utility to promote the use of LED lamps and to collect fluorescent and~~
141.18 ~~high intensity discharge collect LED~~ lamps under this subdivision are conservation
141.19 improvement spending under this section.

141.20 (h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode ~~lamp~~
141.21 ~~that consists of a solid state device that emits visible light when an electric current passes~~
141.22 ~~through a semiconductor bulb or lighting product.~~

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

141.24 Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

141.25 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public
141.26 ~~utility and association~~ subject to subdivision 1c provides low-income energy conservation
141.27 ~~programs to low-income households.~~ When approving spending and energy-savings goals
141.28 for low-income programs, the commissioner shall consider historic spending and participation
141.29 levels, energy savings ~~for achieved by~~ low-income programs, and the number of low-income
141.30 persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service~~
141.31 ~~must spend at least 0.2 percent, and a public utility furnishing gas service must spend at~~
141.32 ~~least 0.4 0.8 percent~~ of its most recent three-year average gross operating revenue from
141.33 residential customers in the state on low-income programs. A ~~public utility or association~~
142.1 that furnishes electric service must spend at least ~~0.4~~ 0.4 percent of its gross operating
142.2 revenue from residential customers in the state on low-income programs. ~~For a generation~~
142.3 ~~and transmission cooperative association, this requirement shall apply to each association's~~
142.4 ~~members' aggregate gross operating revenue from sale of electricity to residential customers~~
142.5 ~~in the state. Beginning in 2010, a utility or association that furnishes electric service must~~
142.6 ~~spend 0.2 percent of its gross operating revenue from residential customers in the state on~~
142.7 ~~low-income programs.~~

142.8 (b) To meet the requirements of paragraph (a), a ~~public utility or association~~ may
142.9 contribute money to the energy and conservation account established under subdivision 2a.
142.10 An energy conservation improvement plan must state the amount, if any, of low-income
142.11 energy conservation improvement funds the ~~public utility or association~~ will contribute to

142.12 the energy and conservation account. Contributions must be remitted to the commissioner
142.13 by February 1 of each year.

142.14 (c) The commissioner shall establish low-income energy conservation programs to utilize
142.15 ~~money contributed~~ contributions made to the energy and conservation account under
142.16 paragraph (b). In establishing low-income programs, the commissioner shall consult political
142.17 subdivisions, utilities, and nonprofit and community organizations, especially organizations
142.18 engaged in providing energy and weatherization assistance to low-income ~~persons~~
142.19 households. ~~Money contributed~~ Contributions made to the energy and conservation account
142.20 under paragraph (b) must provide programs for low-income ~~persons~~ households, including
142.21 low-income renters, in the service territory of the public utility or association providing the
142.22 money. The commissioner shall record and report expenditures and energy savings achieved
142.23 as a result of low-income programs funded through the energy and conservation account in
142.24 the report required under subdivision 1c, paragraph (g)(f). The commissioner may contract
142.25 with a political subdivision, nonprofit or community organization, public utility, municipality,
142.26 or cooperative electric association consumer-owned utility to implement low-income
142.27 programs funded through the energy and conservation account.

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

142.31 (e) The commissioner must develop and establish guidelines to determine the eligibility
142.32 of multifamily buildings to participate in low-income energy conservation programs.
142.33 Notwithstanding the definition of low-income household in section 216B.2402, for purposes
142.34 of determining the eligibility of multifamily buildings for low-income programs a public
142.35 utility may apply the most recent guidelines published by the department. The commissioner
143.1 must convene a stakeholder group to review and update guidelines by July 1, 2022, and at
143.2 least once every five years thereafter. The stakeholder group must include but is not limited
143.3 to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal
143.4 electric or gas utilities; electric cooperative associations; multifamily housing owners and
143.5 developers; and low-income advocates.

143.6 (f) Up to 15 percent of a public utility's spending on low-income programs may be spent
143.7 on preweatherization measures. A public utility is prohibited from claiming energy savings
143.8 from preweatherization measures toward the public utility's energy savings goal.

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

143.11 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate
143.12 account in the special revenue fund in the state treasury. A public utility may elect to
143.13 contribute money to the Healthy AIR account to provide preweatherization measures to
143.14 households eligible for weatherization assistance under section 216C.264. Remediation
143.15 activities must be executed in conjunction with federal weatherization assistance program
143.16 services. Money contributed to the account counts toward: (1) the minimum low-income

143.17 spending requirement in paragraph (a); and (2) the cap on preweatherization measures under
143.18 paragraph (f). Money in the account is annually appropriated to the commissioner of
143.19 commerce to pay for Healthy AIR-related activities.

143.20 ~~(e)~~ (i) The costs and benefits associated with any approved low-income gas or electric
143.21 conservation improvement program that is not cost-effective when considering the costs
143.22 and benefits to the public utility may, at the discretion of the utility, be excluded from the
143.23 calculation of net economic benefits for purposes of calculating the financial incentive to
143.24 the public utility. The energy and demand savings may, at the discretion of the public utility,
143.25 be applied toward the calculation of overall portfolio energy and demand savings for purposes
143.26 of determining progress toward annual goals and in the financial incentive mechanism.

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

143.28 Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

143.29 Subd. 8. **Assessment.** The commission or department may assess public utilities subject
143.30 to this section in proportion to their respective to carry out the purposes of subdivisions 1d,
143.31 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's
143.32 gross operating revenue from sales of gas or electric service within the state Minnesota
143.33 during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those
144.1 assessments, as applicable. Assessments made under this subdivision are not subject to the
144.2 cap on assessments provided by section 216B.62, or any other law.

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

144.4 Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
144.5 to read:

144.6 **Subd. 11. Programs for efficient fuel-switching improvements; electric utilities.** (a)
144.7 A public utility providing electric service at retail may include in the plan required under
144.8 subdivision 2 programs to implement efficient fuel-switching improvements or combinations
144.9 of energy conservation improvements, fuel-switching improvements, and load management.
144.10 For each program, the public utility must provide a proposed budget, an analysis of the
144.11 program's cost-effectiveness, and estimated net energy and demand savings.

144.12 (b) The department may approve proposed programs for efficient fuel-switching
144.13 improvements if the department determines the improvements meet the requirements of
144.14 paragraph (d). For fuel-switching improvements that require the deployment of electric
144.15 technologies, the department must also consider whether the fuel-switching improvement
144.16 can be operated in a manner that facilitates the integration of variable renewable energy
144.17 into the electric system. The net benefits from an efficient fuel-switching improvement that
144.18 is integrated with an energy efficiency program approved under this section may be counted
144.19 toward the net benefits of the energy efficiency program if the department determines the
144.20 primary purpose and effect of the program is energy efficiency.

144.21 (c) A public utility may file a rate schedule with the commission that provides for annual
144.22 cost recovery of reasonable and prudent costs incurred to implement and promote efficient
144.23 fuel-switching programs. The commission may not approve a financial incentive to encourage
144.24 efficient fuel-switching programs operated by a public utility providing electric service.

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

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

144.30 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
144.31 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
144.32 improvement installed by an electric utility, the reduction in emissions must be measured
145.1 based on the hourly emission profile of the electric utility, using the hourly emissions profile
145.2 in the most recent resource plan approved by the commission under section 216B.2422;

145.3 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,
145.4 participants, and society; and

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

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

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

145.10 Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
145.11 to read:

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

145.19 (1) the electric technology to be installed meets the criteria established under section
145.20 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

145.23 (b) If a program is approved by the commission under this subdivision, the public utility
145.24 may count the program's energy savings toward the public utility's energy savings goal

145.25 under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision
145.26 4, efficient fuel-switching achieved through programs approved under this subdivision is
145.27 energy conservation.

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

145.31 (d) The commission may approve, modify, or reject a proposal made by the department
145.32 or a utility for an incentive plan to encourage efficient fuel-switching programs approved
146.1 under this subdivision, applying the considerations established under section 216B.16,
146.2 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive
146.3 mechanism that is calculated based on the combined energy savings and net benefits that
146.4 the commission determines have been achieved by a program approved under this
146.5 subdivision, provided the commission determines that the financial incentive mechanism
146.6 is in the ratepayers' interest.

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

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

146.12 Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
146.13 to read:

146.14 Subd. 13. **Cost-effective load management programs.** (a) A public utility may include
146.15 in the utility's plan required under subdivision 2 programs to implement load management
146.16 activities, or combinations of energy conservation improvements, fuel-switching
146.17 improvements, and load management activities. For each program the public utility must
146.18 provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand
146.19 savings.

146.20 (b) The commissioner may approve a proposed program if the commissioner determines
146.21 the program is cost-effective, considering the costs and benefits to ratepayers, the utility,
146.22 participants, and society.

146.23 (c) A public utility providing retail service to Minnesota customers may file rate schedules
146.24 with the commission that provide for annual cost recovery of reasonable and prudent costs
146.25 incurred to implement and promote cost-effective load management programs approved by
146.26 the department under this subdivision.

146.27 (d) In determining whether to approve, modify, or reject a proposal made by the
146.28 department or a public utility for an incentive plan to encourage investments in load
146.29 management programs, the commission shall consider whether the plan:

27.9 Sec. 6. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
27.10 to read:

27.11 **Subd. 11. Minnesota efficient technology accelerator.** (a) A nonprofit organization
27.12 with extensive experience implementing energy efficiency programs in Minnesota and
27.13 conducting efficient technology research in the state may file a proposal with the
27.14 commissioner of commerce for a program to accelerate deployment and reduce the cost of
27.15 emerging and innovative efficient technologies and approaches and lead to lower energy
27.16 costs for Minnesota consumers. Activities of the accelerator shall include strategic initiatives
27.17 with technology manufacturers to improve the efficiency and performance of their products,
27.18 as well as with equipment installers and other key actors in the technology supply chain.
27.19 Benefits of activities expected from the accelerator include cost effective energy savings
27.20 for Minnesota utilities, bill savings for Minnesota utility consumers, enhanced employment
27.21 opportunities in the state, and avoidance of greenhouse gas emissions.

27.22 (b) Prior to developing and filing a proposal, the nonprofit must submit to the
27.23 commissioner of commerce a notice of intent to file a proposal under this subdivision
27.24 describing the eligibility and qualifications of the nonprofit to file a proposal under this
27.25 subdivision. The commissioner shall review the notice of intent and issue a determination
27.26 of eligibility within 30 days if the commissioner finds that the nonprofit meets the
27.27 qualifications required.

146.30 (1) is needed to increase the public utility's investment in cost-effective load management;
146.31 (2) is compatible with the interest of the public utility's ratepayers; and
147.1 (3) links the incentive to the public utility's performance in achieving cost-effective load
147.2 management.
147.3 (e) The commission may structure an incentive plan to encourage cost-effective load
147.4 management programs as an asset on which a public utility earns a rate of return at a level
147.5 the commission determines is reasonable and in the public interest.
147.6 (f) The commission may include the net benefits from a load management activity
147.7 integrated with an energy efficiency program approved under this section in the net benefits
147.8 of the energy efficiency program for purposes of a financial incentive program under section
147.9 216B.16, subdivision 6c, if the department determines the primary purpose of the load
147.10 management activity is energy efficiency.
147.11 (g) A public utility is not eligible for a financial incentive for a load management program
147.12 in any year in which the utility achieves energy savings below one percent of gross annual
147.13 retail energy sales, excluding savings achieved through load management programs.
147.14 (h) The commission may include net benefits from a particular load management activity
147.15 in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

147.17 Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
147.18 to read:

147.19 **Subd. 14. Minnesota efficient technology accelerator.** (a) A nonprofit organization
147.20 with extensive experience implementing energy efficiency programs and conducting
147.21 energy-efficient technology research in Minnesota may file a proposal with the commissioner
147.22 for a program to accelerate deployment and reduce the cost of emerging and innovative
147.23 efficient technologies and approaches and result in lower energy costs for Minnesota
147.24 ratepayers. The program must include strategic initiatives with technology manufacturers
147.25 to improve the efficiency and performance of products, and with equipment installers and
147.26 other key actors in the technology supply chain. The program's goals are to achieve
147.27 cost-effective energy savings for Minnesota utilities, provide bill savings to Minnesota
147.28 utility consumers, enhance employment opportunities in Minnesota, and avoid greenhouse
147.29 gas emissions.

147.30 (b) Prior to developing and filing a proposal, the nonprofit must submit to the
147.31 commissioner a notice of intent to file a proposal under this subdivision that describes the
147.32 nonprofit's eligibility with respect to the requirements of paragraph (a). The commissioner
148.1 shall review the notice of intent and issue a determination of eligibility within 30 days of
148.2 the date the notice of intent is filed.

27.28 (c) Upon receiving the determination by the commissioner under paragraph (b), the
27.29 nonprofit organization must engage with interested stakeholders on at least the following
27.30 attributes required of a program proposal under this subdivision:

27.31 (1) a proposed budget and operational guidelines for the accelerator;
27.32 (2) a proposed energy savings attribution, evaluation, and allocation methodology that
27.33 includes a method for calculating net benefits from activities under the program. Energy
28.1 savings and net benefits from activities under the program must be allocated to participating
28.2 utilities and be considered when determining cost-effectiveness of achieved energy savings
28.3 and related incentives;

28.4 (3) a process to ensure that the technologies that are selected for the program benefit
28.5 electric and natural gas utility customers in proportion to the funds each utility sector
28.6 contributes to the program and address residential, commercial, and industrial building
28.7 energy use; and

28.8 (4) a process for identifying and tracking performance metrics for each technology
28.9 selected against which progress can be measured, including one or more methods for
28.10 evaluating cost-effectiveness.

28.11 (d) No earlier than January 1, 2023, the nonprofit may file a program proposal under
28.12 this subdivision. The filing must describe how the proposal addresses each of the required
28.13 attributes listed in paragraph (c), clauses (1) to (4), and how the proposal addresses the
28.14 recommendations and concerns identified in the stakeholder engagement process required
28.15 under paragraph (c).

28.19 (f) Within 90 days of the filing of the proposal, the commissioner shall approve, modify,
28.20 or reject a proposal under this subdivision. In making a determination, the commissioner
28.21 must consider public comments, the expected costs and benefits of the program from the
28.22 perspectives of ratepayers, the participating utilities, and society, and the expected costs
28.23 and benefits relative to other energy conservation programming authorized under this section.

28.16 (e) Within ten days of receiving the proposal, the commissioner shall provide public
28.17 notice of the proposal and solicit feedback from interested parties for a period of not less
28.18 than ten business days.

28.24 (g) A program under this section may not be implemented prior to January 1, 2024. The
28.25 initial program term may be up to five years. At the request of the nonprofit, the
28.26 commissioner may renew a program approved under paragraph (d) for up to five years at
28.27 a time. The nonprofit shall submit to the commissioner a request to renew the program no
28.28 later than 180 days prior to the end of the term of the program approved or renewed under
28.29 this subdivision. When making a request to renew and determination on renewal, the

148.3 (c) Upon receiving approval from the commissioner to file a proposal under this section,
148.4 a nonprofit organization must engage interested stakeholders in discussions regarding, at a
148.5 minimum, the following elements required of a program proposal under this subdivision:

148.6 (1) a proposed budget and operational guidelines for the accelerator;
148.7 (2) proposed methodologies to estimate, evaluate, and allocate energy savings and net
148.8 benefits from program activities. Energy savings and net benefits from program activities
148.9 must be allocated to participating utilities and must be considered when determining the
148.10 cost-effectiveness of energy savings achieved by the program and related incentives;

148.11 (3) a process to identify and select technologies that:
148.12 (i) address energy use in residential, commercial, and industrial buildings; and
148.13 (ii) benefit utility customers in proportion to the funds contributed to the program by
148.14 electric and natural gas utilities, respectively; and

148.15 (4) a process to identify and track performance metrics for each technology selected so
148.16 that progress toward achieving energy savings can be measured, including one or more
148.17 methods to evaluate cost-effectiveness.

148.18 (d) No earlier than 180 days from the date of the commissioner's eligibility determination
148.19 under paragraph (b), the nonprofit may file a program proposal under this subdivision. The
148.20 filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the
148.21 recommendations and concerns identified in the stakeholder engagement process required
148.22 under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment,
148.23 and after the commissioner has considered the estimated program costs and benefits from
148.24 the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify,
148.25 or reject the proposal. An approved program may have a term extending up to five years,
148.26 and may be renewed by the commissioner one or more times for additional terms of up to
148.27 five years.

28.30 nonprofit and commissioner shall follow the process established under this subdivision,
28.31 except that a qualified nonprofit is not required to seek eligibility under paragraph (b).

28.32 (h) Upon approval, each public utility with over 30,000 customers shall participate in
28.33 the program and contribute to the approved budget of the program in proportion to its gross
28.34 operating revenue from sales of gas or electric service in the state, excluding revenues from
29.1 large customer facilities exempted under subdivision 1a. No participating utility may be
29.2 required to contribute more than the following percentages of the utility's spending approved
29.3 by the commission in the plan filed under subdivision 2: (1) two percent in the program's
29.4 initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent
29.5 thereafter. Other utilities may elect to participate in the accelerator program. Costs incurred
29.6 by a public utility under this subdivision are recoverable under subdivision 2b as an
29.7 assessment to the energy and conservation account. Amounts provided to the account under
29.8 this subdivision are not subject to the cap on assessments in section 216B.62. The
29.9 commissioner may make expenditures from the account for the purposes of this subdivision,
29.10 including amounts necessary to cover administrative costs incurred by the department under
29.11 this subdivision. Costs for research projects under this subdivision that the commissioner
29.12 determines may be duplicative to projects that would be eligible for funding under subdivision
29.13 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities
29.14 participating in the accelerator.

29.15 (i) The commissioner shall not approve more than one program for implementation at
29.16 a time under paragraphs (d) to (e) or (f). No more than one program approved under this
29.17 subdivision may be implemented or in operation at any given time.

29.18 (j) At least once during the term of a program that is approved or renewed, the
29.19 commissioner shall contract for an independent review of the program to determine if it
29.20 meets the objectives and requirements of this section and any criteria established by the
29.21 department as a condition of approval. The review may not be conducted by an entity or
29.22 person that acted as a stakeholder or interested party, or otherwise participated in the program
29.23 preparation, filing, or review process. Upon completion, the reviewer shall prepare a report
29.24 detailing findings and recommendations, and the commissioner must transmit a copy of the
29.25 report to the chairs and ranking minority members of the house of representatives and senate
29.26 committees with jurisdiction over energy policy. Funds required to conduct the review and
29.27 prepare the report shall be deducted from the total contribution amount under paragraph
29.28 (h).

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

148.28 (e) Upon approval of a program under paragraph (d), each public utility with over 30,000
148.29 customers must participate in the program and contribute to the approved program budget
148.30 in proportion to the public utility's gross operating revenue from sales of gas or electric
148.31 service in Minnesota, excluding revenues from large customer facilities exempted under
148.32 subdivision 1a. A participating utility is not required to contribute more than the following
148.33 percentages of the utility's spending approved by the commission in the plan filed under
149.1 subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the
149.2 program's third and fourth years; and (3) five percent each year thereafter. Other utilities
149.3 may elect to participate in an approved program.

149.7 (g) Costs incurred by a public utility under this subdivision are recoverable under
149.8 subdivision 2b as an assessment to the energy and conservation account. Amounts provided
149.9 to the account under this subdivision are not subject to the cap on assessments in section
149.10 216B.62. The commissioner may make expenditures from the account for the purposes of
149.11 this subdivision, including amounts necessary to reimburse administrative costs incurred
149.12 by the department under this subdivision. Costs for research projects under this subdivision
149.13 that the commissioner determines may be duplicative to projects that would be eligible for
149.14 funding under subdivision 1e, paragraph (a), may be deducted from the assessment under
149.15 subdivision 1e for utilities participating in the accelerator.

149.4 (f) A participating utility may request the commissioner to adjust its approved annual
149.5 budget under subdivision 2, if necessary to meet approved energy savings goals under
149.6 subdivision 2. Other utilities may elect to participate in the accelerator program.

149.16 **EFFECTIVE DATE.** This section is effective immediately upon enactment.

149.17 Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

149.18 Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities
149.19 to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote
149.20 energy efficiency and conservation. Each pilot program must utilize the criteria and standards
149.21 established in subdivision 2 and be designed to determine whether a rate-decoupling strategy
149.22 achieves energy savings. On or before a date established by the commission, the commission
149.23 shall require electric and gas utilities that intend to implement a decoupling program to file
149.24 a decoupling pilot plan, which shall be approved or approved as modified by the commission.
149.25 A pilot program may not exceed three years in length. Any extension beyond three years
149.26 can only be approved in a general rate case, unless that decoupling program was previously
149.27 approved as part of a general rate case. ~~The commission shall report on the programs annually
149.28 to the chairs of the house of representatives and senate committees with primary jurisdiction
149.29 over energy policy.~~

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

186.14 Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

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

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

- 186.22 (1) wind;
- 186.23 (2) solar;
- 186.24 (3) geothermal;
- 186.25 (4) hydro;
- 186.26 (5) trees or other vegetation;
- 186.27 (6) landfill gas; or
- 186.28 (7) predominantly organic components of wastewater effluent, sludge, or related
186.29 by-products from publicly owned treatment works, but not including incineration of
186.30 wastewater sludge.

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

- 187.5 refurbishing, and constructing utility plant and equipment, buying power generated by other
187.6 entities, controlling customer loads, and implementing customer energy conservation.
- 187.7 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
187.8 resource of 30 megawatts or greater.
- 187.9 (f) "Energy storage system" means a commercially available technology that:
- 187.10 (1) uses mechanical, chemical, or thermal processes to:
- 187.11 (i) store energy, ~~including energy generated from renewable resources and energy that~~
187.12 ~~would otherwise be wasted~~, and deliver the stored energy for use at a later time; or
- 187.13 (ii) store thermal energy for direct use for heating or cooling at a later time in a manner
187.14 that reduces the demand for electricity at the later time;
- 187.15 (2) ~~is composed of stationary equipment;~~
- 187.16 (3) if being used for electric grid benefits, is (i) operationally visible to the distribution
187.17 or transmission entity managing it, and (ii) capable of being controlled by the distribution
187.18 or transmission entity managing it, to enable and optimize the safe and reliable operation
187.19 of the electric system; and
- 187.20 (4) achieves any of the following:
- 187.21 (i) reduces peak or electrical demand;
- 187.22 (ii) defers the need or substitutes for an investment in electric generation, transmission,
187.23 or distribution assets;
- 187.24 (iii) improves the reliable operation of the electrical transmission or distribution systems;
187.25 ~~while ensuring transmission or distribution needs are not created; or and~~
- 187.26 (iv) ~~lowers customer costs~~ produces a net ratepayer benefit by storing energy when the
187.27 cost of generating or purchasing ~~it~~ energy is low and delivering ~~it~~ energy to customers when
187.28 the costs are high.
- 187.29 (g) Clean energy resource means:
- 187.30 (1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);
- 188.1 (2) an energy storage system storing energy generated by renewable energy or a
188.2 carbon-free resource;
- 188.3 (3) energy efficiency, as defined in section 216B.241, subdivision 1;
- 188.4 (4) load management, as defined in section 216B.241, subdivision 1; or
- 188.5 (5) a carbon-free resource that the commission has determined is cost competitive under
188.6 subdivision 4, paragraph (g).

29.30 Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
29.31 to read:

29.32 **Subd. 2d. Plan to minimize impacts to workers due to facility retirement.** As a part
29.33 of a resource plan filing, a utility that has scheduled the retirement of an electric generating
29.34 facility located in Minnesota must include in the filing a narrative identifying and describing
30.1 the utility's plan and efforts made to date to work with the utility's workers represented by
30.2 an exclusive representative to:

- 30.3 (1) minimize financial losses to workers;
30.4 (2) provide a transition timeline to ensure certainty for workers;

188.7 (h) "Carbon-free resource" means a generation technology that, when operating, does
188.8 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
188.9 subdivision 2.

188.10 (i) "Nonrenewable energy facility" means a generation facility that does not use a
188.11 renewable energy or other clean energy resource. Nonrenewable facility does not include
188.12 a nuclear facility.

188.13 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
188.14 initiated at the Public Utilities Commission on or after that date.

188.15 Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

188.16 **Subd. 2. Resource plan filing and approval.** (a) A utility shall file a resource plan with
188.17 the commission periodically in accordance with rules adopted by the commission. The
188.18 commission shall approve, reject, or modify the plan of a public utility, as defined in section
188.19 216B.02, subdivision 4, consistent with the public interest.

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

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

188.30 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
188.31 initiated at the Public Utilities Commission on or after that date.

189.1 Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
189.2 to read:

189.3 **Subd. 2d. Plan to minimize impacts to workers due to facility retirement.** A utility
189.4 required to file a resource plan under subdivision 2 that has scheduled the retirement of an
189.5 electric generating facility located in Minnesota must include in the filing a narrative
189.6 describing the utility's efforts, in conjunction with the utility's workers and the workers'
189.7 designated representatives, to develop a plan to minimize the dislocations employees may
189.8 suffer as a result of the facility's retirement. The narrative must address, at a minimum,
189.9 plans to:

189.10 (1) minimize financial losses to workers;

189.11 (2) provide a transition timeline to ensure certainty for workers;

30.5 (3) protect pension benefits;
30.6 (4) extend or replace health insurance, life insurance, and other benefits;
30.7 (5) identify and maximize opportunities within the utility for dislocated workers, including providing incentives for the utility to retain as many workers as possible;
30.8
30.9 (6) provide training and skill development for workers who must or choose to leave the utility;
30.10
30.11 (7) create targeted transition plans for workers at all locations impacted by the facility retirement; and
30.12
30.13 (8) quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in its rates as a result of efforts made under this subdivision to minimize impacts to workers.

189.12 (3) protect pension benefits;
189.13 (4) extend or replace health insurance, life insurance, and other employment benefits;
189.14 (5) identify and maximize employment opportunities within the utility for dislocated workers, including providing incentives for the utility to retain as many workers as possible;
189.15
189.16 (6) provide training and skill development for workers who must or choose to leave the utility;
189.17
189.18 (7) create targeted transition plans for workers at all locations impacted by the facility retirement; and
189.19
189.20 (8) quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in the utility's rates as a result of efforts made under this subdivision to minimize impacts to workers.

189.23 Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:
189.24 Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable using
189.25 the best available scientific and economic information and data, quantify and establish a
189.26 range of environmental costs associated with each method of electricity generation. The
189.27 commission shall adopt and apply the interim cost of greenhouse gas emissions valuations
189.28 presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous
189.29 Oxide Interim Estimates, released by the federal government in February 2021, adopting
189.30 the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with
189.31 three percent as the central estimate, and shall update the parameters as necessary to conform
190.1 with updates released by the federal Interagency Working Group on the Social Cost of
190.2 Greenhouse Gases or successors that are above the February 2021 interim valuations.
190.3 (b) When evaluating and selecting resource options in all proceedings before the
190.4 commission, including but not limited to proceedings regarding power purchase agreements,
190.5 resource plans, and certificates of need, a utility shall must use the values established by
190.6 the commission in conjunction with other external factors, including socioeconomic costs,
190.7 when evaluating and selecting resource options in all proceedings before the commission,
190.8 including resource plan and certificate of need proceedings, under this subdivision to quantify
190.9 and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for
190.10 in-state or imported electricity generation, including extraction, processing, transport, and
190.11 combustion.
190.12 (c) When evaluating resource options, the commission must include and consider the
190.13 environmental cost values adopted under this subdivision. When considering the costs of a
190.14 nonrenewable energy facility under this section, the commission must consider only nonzero
190.15 values for the environmental costs analyzed under this subdivision, including both the low
190.16 and high values of any cost range adopted by the commission.

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

190.20 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
190.21 initiated at the Public Utilities Commission on or after that date.

190.22 Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
190.23 to read:

190.24 Subd. 3a. **Favored electric resources; state policy.** It is the policy of the state that: (1)
190.25 ~~in order to hasten the achievement of the greenhouse gas reduction goals under section~~
190.26 ~~216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the~~
190.27 ~~solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant~~
190.28 ~~and continuing reductions in the cost of wind technologies, solar technologies, energy~~
190.29 ~~storage systems, demand-response technologies, and energy efficiency technologies and~~
190.30 ~~strategies, the favored method to meet electricity demand in Minnesota is a combination of~~
190.31 ~~clean energy resources.~~

190.32 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
190.33 initiated at the Public Utilities Commission on or after that date.

191.1 Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

191.2 Subd. 4. **Preference for renewable clean energy facility resources.** (a) The commission
191.3 shall not approve a new or refurbished nonrenewable energy facility in an integrated resource
191.4 plan or a certificate of need, pursuant to section 216B.243, nor shall the commission ~~approve~~
191.5 ~~a power purchase agreement or allow rate recovery pursuant to section 216B.16 for such a~~
191.6 ~~nonrenewable energy facility, unless the utility has demonstrated by clear and convincing~~
191.7 ~~evidence that a renewable energy facility, alone or in combination with other clean energy~~
191.8 ~~resources, is not in the public interest. When making the public interest determination, the~~
191.9 ~~commission must consider:~~

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

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

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

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

191.20 (b) In order to determine that a renewable energy facility, alone or in combination with
191.21 other clean energy resources, is not in the public interest, the commission must find by clear
191.22 and convincing evidence that using renewable or clean energy resources to meet the need
191.23 for resources is not affordable or reliable when compared with a nonrenewable energy
191.24 facility or nonclean energy resource.

191.25 (c) When determining whether a renewable or clean energy resource is not affordable,
191.26 the commission must consider utility and ratepayer effects resulting from:

191.27 (1) the intermittent nature of renewable energy facilities, including but not limited to
191.28 the cost to purchase wholesale electricity in the market and the cost to provide ancillary
191.29 services;

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

191.32 (3) other environmental costs resulting from a nonrenewable energy facility, as determined
191.33 by the commission under subdivision 3.

192.1 (d) When determining whether a renewable or clean energy resource is reliable, the
192.2 commission must consider, to the extent reasonable, the ability of the resources or facilities
192.3 of the utility and the regional electric grid to provide essential reliability services, including
192.4 frequency response, balancing services, and voltage control.

192.5 (e) The commission must make a written determination describing the commission's
192.6 findings and the reasoning behind the conclusions regarding whether a renewable or clean
192.7 energy resource is affordable and reliable under this subdivision. When making the public
192.8 interest determination under paragraph (a), the commission must also consider and make a
192.9 written determination as to whether the energy resources approved by the commission:

192.10 (1) help the state achieve the greenhouse gas reduction goals under section 216H.02;

192.11 (2) help the utility achieve the renewable energy standard under section 216B.1691,
192.12 subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f; and

192.13 (3) will result in any positive or harmful effects on the economy of northeastern
192.14 Minnesota, including but not limited to mining, logging, and the clean energy industry.

192.15 (f) Nothing in this section impacts a decision to continue operating a nuclear facility
192.16 that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an
192.17 existing nuclear electric generating unit, paragraphs (a) to (e) govern the process to identify
192.18 replacement resources.

192.19 (g) The commission may, by order, add to the list of resources the commission determines
192.20 are clean energy resources for the purposes of this section upon finding that the resource is
192.21 carbon-free and cost competitive when compared with other carbon-free alternatives.

192.22 (h) If the commission approves a public utility's integrated resource plan that includes
192.23 the retirement of a facility that contributes to statewide greenhouse gas emissions, the public
192.24 utility is entitled to own at least a portion of the generation, transmission, and other facilities
192.25 necessary to replace the accredited capacity and energy of the retiring facility, as determined
192.26 by the commission, provided that:

192.27 (1) for a public utility with more than 200,000 retail electric customers in Minnesota,
192.28 the approved resource plan projects that the public utility's contribution to statewide
192.29 greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2030;

192.30 (2) for a public utility with more than 100,000 but fewer than 200,000 retail electric
192.31 customers, the approved resource plan projects that the public utility's contribution to
192.32 statewide greenhouse gas emissions are reduced by 80 percent or more, measured from
192.33 2005 to 2035;

193.1 (3) for a public utility with fewer than 100,000 retail electric customers in Minnesota,
193.2 the approved resource plan projects that the public utility's contribution to statewide
193.3 greenhouse gas emissions are reduced by 65 percent or more, measured from 2005 to 2030;
193.4 and

193.5 (4) the commission determines that the public utility's ownership of clean energy and
193.6 carbon-free resources that replace retired facilities is reasonable and in the public interest.

193.7 (i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from
193.8 an independent systems operator, an auction, or other market administered by an independent
193.9 systems operator, and whose term is one year or less, are not subject to this subdivision.

193.10 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
193.11 initiated at the Public Utilities Commission on or after that date.

193.12 Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
193.13 to read:

193.14 Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility
193.15 must report on associated local job impacts and the steps the utility and the utility's energy
193.16 suppliers and contractors are taking to maximize the availability of construction employment
193.17 opportunities for local workers. The commission must consider local job impacts and give
193.18 preference to proposals that maximize the creation of construction employment opportunities
193.19 for local workers, consistent with the public interest, when evaluating any utility proposal
193.20 that involves the selection or construction of facilities used to generate or deliver energy to
193.21 serve the utility's customers, including but not limited to an integrated resource plan, a
193.22 certificate of need, a power purchase agreement, or commission approval of a new or
193.23 refurbished electric generation facility. The commission must, to the maximum extent
193.24 possible, prioritize the hiring of workers from communities hosting retiring electric generation
193.25 facilities, including workers previously employed at those facilities.

193.26 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
193.27 initiated at the Public Utilities Commission on or after that date.

193.28 Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

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

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

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

194.11 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
194.12 initiated at the Public Utilities Commission on or after that date.

150.1 Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
150.2 to read:

150.3 **Subd. 7a. Energy storage systems; installation.** The commission shall, as part of an
150.4 order with respect to a public utility's integrated resource plan filed under this section,
150.5 require a public utility to install one or more energy storage systems, provided that the
150.6 commission finds the investments are reasonable, prudent, and in the public interest. In
150.7 determining the aggregate capacity of the energy storage systems ordered under this
150.8 subdivision, the commission must consider the public utility's assessment of energy storage
150.9 systems contained in the public utility's integrated resource plan, as required under
150.10 subdivision 7.

150.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and
150.12 applies to any order issued to a public utility by the commission in an integrated resource
150.13 plan proceeding after July 1, 2021.

194.13 Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
194.14 to read:

194.15 **Subd. 8. Transmission planning in advance of generation retirement.** A utility must
194.16 identify in a resource plan each nonrenewable energy facility on the utility's system that
194.17 has a depreciation term, probable service life, or operating license term that ends within 15
194.18 years of the resource plan filing date. For each nonrenewable energy facility identified, the
194.19 utility must include in the resource plan an initial plan to: (1) replace the nonrenewable

30.16 Sec. 8. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
30.17 to read:

30.18 Subd. 5b. Definitions. (a) For the purposes of subdivision 5c, the following terms have
30.19 the meanings given.

30.20 (b) "Agreement period" means the period beginning on January 1, 2023, and ending on
30.21 December 31, 2024.

30.22 (c) "Ash" means all species of the genus *Fraxinus*.

30.23 (d) "Cogeneration facility" means the St. Paul district heating and cooling system
30.24 cogeneration facility that uses waste wood as the facility's primary fuel source, provides
30.25 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
30.26 agreement approved by the Public Utilities Commission.

30.27 (e) "Department" means the Department of Agriculture.

30.28 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis*
30.29 Fairmaire, in any stage of development.

31.1 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"
31.2 in section 216B.1691, subdivision 1.

31.3 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution
31.4 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
31.5 includes the cogeneration facility.

31.6 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
31.7 chips and mulch.

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

31.9 Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
31.10 to read:

31.11 Subd. 5c. New power purchase agreement. (a) No later than August 1, 2021, a public
31.12 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
31.13 commission to enter into a power purchase agreement that governs the public utility's
31.14 purchase of electricity generated by the cogeneration facility. The power purchase agreement
31.15 may extend no later than December 31, 2024, and must not be extended beyond that date
31.16 except as provided in paragraph (f).

194.20 energy facility; and (2) upgrade any transmission or other grid capabilities needed to support
194.21 the retirement of that nonrenewable energy facility.

194.22 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
194.23 initiated at the Public Utilities Commission on or after that date.

286.19 Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
286.20 to read:

286.21 Subd. 5b. Definitions. (a) For the purposes of subdivision 5c, the following terms have
286.22 the meanings given.

286.23 (b) "Agreement period" means the period beginning January 1, 2023, and ending
286.24 December 31, 2024.

286.25 (c) "Ash" means all species of the genus *Fraxinus*.

286.26 (d) "Cogeneration facility" means the St. Paul district heating and cooling system
286.27 cogeneration facility that uses waste wood as the facility's primary fuel source, provides
286.28 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
286.29 agreement approved by the Public Utilities Commission.

286.30 (e) "Department" means the Department of Agriculture.

286.31 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis*
286.32 Fairmaire, in any stage of development.

287.1 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"
287.2 in section 216B.1691, subdivision 1.

287.3 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution
287.4 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
287.5 includes the cogeneration facility.

287.6 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
287.7 chips and mulch.

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

287.9 Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
287.10 to read:

287.11 Subd. 5c. New power purchase agreement. (a) No later than August 1, 2021, a public
287.12 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
287.13 commission to enter into a power purchase agreement that governs the public utility's
287.14 purchase of electricity generated by the cogeneration facility. The power purchase agreement
287.15 may extend no later than December 31, 2024, and must not be extended beyond that date
287.16 except as provided in paragraph (f).

31.17 (b) The commission is prohibited from approving a new power purchase agreement filed
31.18 under this subdivision that does not meet all of the following conditions:

31.19 (1) the cogeneration facility agrees that any waste wood from ash trees removed from
31.20 Minnesota counties that have been designated as quarantined areas in Section IV of the
31.21 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of
31.22 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization
31.23 as biomass fuel by the cogeneration facility must be accompanied by evidence:

31.24 (i) demonstrating that the transport of biomass fuel from processed waste wood from
31.25 ash trees to the cogeneration facility complies with the department's regulatory requirements
31.26 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist
31.27 of:

31.28 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee
31.29 of the Animal and Plant Health Inspection Service of the United States Department of
31.30 Agriculture verifying compliance; or

31.31 (B) shipping documents demonstrating compliance; or

32.1 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less
32.2 in two dimensions, and was chipped within the county from which the ash trees were
32.3 originally removed;

32.4 (2) the price per megawatt hour of electricity paid by the public utility demonstrates
32.5 significant savings compared to the existing power purchase agreement, with a price that
32.6 does not exceed \$98 per megawatt hour;

32.7 (3) the proposal includes a proposal to the commission for one or more electrification
32.8 projects that result in the St. Paul district heating and cooling system being powered by
32.9 electricity generated from renewable energy technologies. The plan must evaluate
32.10 electrification at three or more levels from ten to 100 percent, including 100 percent of the
32.11 energy used by the St. Paul district heating and cooling system to be accomplished by
32.12 December 31, 2027. The proposal may also evaluate alternative dates for implementation.
32.13 For each level of electrification analyzed, the proposal must contain:

32.14 (i) a description of the alternative electrification technologies evaluated and whose
32.15 implementation is proposed as part of the electrification project;

32.16 (ii) an estimate of the cost of the electrification project to the public utility, the impact
32.17 on the monthly energy bills of the public utility's Minnesota customers, and the impact on
32.18 the monthly energy bills of St. Paul district heating and cooling system customers;

32.19 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the
32.20 electrification project, including greenhouse gas emissions associated with the transportation
32.21 of waste wood;

287.17 (b) The commission is prohibited from approving a new power purchase agreement filed
287.18 under this subdivision that does not meet all of the following conditions:

287.19 (1) the cogeneration facility agrees that any waste wood from ash trees removed from
287.20 Minnesota counties that have been designated as quarantined areas in Section IV of the
287.21 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of
287.22 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization
287.23 as biomass fuel by the cogeneration facility must be accompanied by evidence:

287.24 (i) demonstrating that the transport of biomass fuel from processed waste wood from
287.25 ash trees to the cogeneration facility complies with the department's regulatory requirements
287.26 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist
287.27 of:

287.28 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee
287.29 of the Animal and Plant Health Inspection Service of the United States Department of
287.30 Agriculture verifying compliance; or

287.31 (B) shipping documents demonstrating compliance; or

288.1 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less
288.2 in two dimensions, and was chipped within the county from which the ash trees were
288.3 originally removed;

288.4 (2) the price per megawatt hour of electricity paid by the public utility demonstrates
288.5 significant savings compared to the existing power purchase agreement, with a price that
288.6 does not exceed \$98 per megawatt hour;

288.7 (3) the proposal includes a proposal to the commission for one or more electrification
288.8 projects that result in the St. Paul district heating and cooling system being powered by
288.9 electricity generated from renewable energy technologies. The plan must evaluate
288.10 electrification at three or more levels from ten to 100 percent, including 100 percent of the
288.11 energy used by the St. Paul district heating and cooling system to be implemented by
288.12 December 31, 2027. The proposal may also evaluate alternative dates for implementation.
288.13 For each level of electrification analyzed, the proposal must contain:

288.14 (i) a description of the alternative electrification technologies evaluated and whose
288.15 implementation is proposed as part of the electrification project;

288.16 (ii) an estimate of the cost of the electrification project to the public utility, the impact
288.17 on the monthly energy bills of the public utility's Minnesota customers, and the impact on
288.18 the monthly energy bills of St. Paul district heating and cooling system customers;

288.19 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the
288.20 electrification project, including greenhouse gas emissions associated with the transportation
288.21 of waste wood;

32.22 (iv) estimated impacts on the operations of the St. Paul district heating and cooling
32.23 system; and

32.24 (v) a timeline for the electrification project; and

32.25 (4) the power purchase agreement provides a net benefit to the utility customers or the
32.26 state.

32.27 (c) The commission may approve, modify, or reject a proposed electrification project
32.28 that meets the requirements of this subdivision if it finds the electrification project is in the
32.29 public interest. When determining whether an electrification project is in the public interest,
32.30 the commission may consider the effects of the electrification project on air emissions from
32.31 the St. Paul district heating and cooling system and how the emissions impact the
32.32 environment and residents of affected neighborhoods.

33.1 (d) During the agreement period, the cogeneration facility must attempt to obtain funding
33.2 sources to reduce the cost of generating electricity and enable the facility to continue to
33.3 operate beyond the agreement period to address the removal of ash trees, as described in
33.4 paragraph (b), clause (1), without any subsidy or contribution through any power purchase
33.5 agreement after December 31, 2024. The cogeneration facility must submit periodic reports
33.6 to the commission regarding the efforts made under this paragraph.

33.7 (e) Upon approval of the new power purchase agreement, the commission must require
33.8 periodic reporting regarding progress toward development of a proposal for an electrification
33.9 project.

33.10 (f) Except as provided in paragraph (a), the commission is prohibited from approving a
33.11 power purchase agreement after the agreement period unless it approves an electrification
33.12 project. Nothing in this section shall require any utility to enter into a power purchase
33.13 agreement with the cogeneration facility after December 31, 2024.

33.14 (g) Upon approval of an electrification project, the commission must require periodic
33.15 reporting regarding the progress toward implementation of the electrification project.

33.16 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),
33.17 the commission may allow the public utility to recover prudently incurred costs net of
33.18 revenues resulting from the electrification project through an automatic cost recovery
33.19 mechanism that allows for cost recovery outside of a general rate case. The cost recovery
33.20 mechanism approved by the commission must:

33.21 (1) allow a reasonable return on the capital invested in the electrification project by the
33.22 public utility, as determined by the commission; and

33.23 (2) recover costs only from the public utility's Minnesota electric service customers.

288.22 (iv) estimated impacts on the operations of the St. Paul district heating and cooling
288.23 system; and

288.24 (v) a timeline for the electrification project; and

288.25 (4) the power purchase agreement provides a net benefit to the utility customers or the
288.26 state.

288.27 (c) The commission may approve, or approve as modified, a proposed electrification
288.28 project that meets the requirements of this subdivision if it finds the electrification project
288.29 is in the public interest, or the commission may reject the project if it finds that the project
288.30 is not in the public interest. When determining whether an electrification project is in the
288.31 public interest, the commission may consider the effects of the electrification project on air
288.32 emissions from the St. Paul district heating and cooling system and how the emissions
288.33 impact the environment and residents of affected neighborhoods.

289.1 (d) During the agreement period, the cogeneration facility must attempt to obtain funding
289.2 to reduce the cost of generating electricity and enable the facility to continue to operate
289.3 beyond the agreement period to address the removal of ash trees, as described in paragraph
289.4 (b), clause (1), without any subsidy or contribution from any power purchase agreement
289.5 after December 31, 2024. The cogeneration facility must submit periodic reports to the
289.6 commission regarding the efforts made under this paragraph.

289.7 (e) Upon approval of the new power purchase agreement, the commission must require
289.8 periodic reporting regarding progress toward development of a proposal for an electrification
289.9 project.

289.10 (f) The commission is prohibited from approving either an extension of an existing
289.11 power purchase agreement or a new power purchase agreement that operates after the
289.12 agreement period unless it approves an electrification project. Nothing in this section requires
289.13 any utility to enter into a power purchase agreement with the cogeneration facility after
289.14 December 31, 2024.

289.15 (g) Upon approval of an electrification project, the commission must require periodic
289.16 reporting regarding the progress toward implementation of the electrification project.

289.17 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),
289.18 the commission may allow the public utility to recover prudently incurred costs net of
289.19 revenues resulting from the electrification project through an automatic cost recovery
289.20 mechanism that allows for cost recovery outside of a general rate case. The cost recovery
289.21 mechanism approved by the commission must:

289.22 (1) allow a reasonable return on the capital invested in the electrification project by the
289.23 public utility, as determined by the commission; and

289.24 (2) recover costs only from the public utility's Minnesota electric service customers.

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

33.25 Sec. 10. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

33.26 Subdivision 1. **Definitions.** (a) For the purposes of this section and the lifecycle carbon accounting framework and cost-benefit test for innovative resources issued by the commission, the terms defined in this subdivision have the meanings given.

33.29 (b) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture and utilization, strategic electrification, district energy, and energy efficiency.

34.1 (c) "Biogas" means gas created by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

34.3 (d) "Carbon capture and utilization" means the capture of greenhouse gases that would otherwise be released into the atmosphere and the use of those gases to create industrial or commercial products for sale.

34.6 (e) "Carbon-free resource" means an electricity generation facility that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

34.9 (f) "District energy" means a network of hot- and cold-water pipes used to provide thermal energy to multiple buildings.

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

34.15 (h) "Lifecycle greenhouse gas emissions" means the emissions of an energy resource associated with the production, processing, transmission, and consumption of energy associated with the resource.

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

194.24 Sec. 32. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

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

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

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

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

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

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

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

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

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

195.22 (j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy.

34.18 (i) "Natural gas utility" means a public utility as defined in section 216B.02, subdivision
 34.19 4, that provides natural gas sales or transportation services to customers in Minnesota.

34.20 (j) "Power-to-ammonia" means the creation of ammonia from hydrogen created via
 34.21 power-to-hydrogen using a process that has lower lifecycle greenhouse gas intensity than
 34.22 conventional geologic natural gas.

34.23 (k) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource
 34.24 to create hydrogen.

34.25 (l) "Renewable natural gas" means biogas that has been processed to be interchangeable
 34.26 with conventional natural gas and has lower lifecycle greenhouse gas intensity than
 34.27 conventional geologic natural gas.

34.28 (m) "Strategic electrification" means the installation of electric end-use equipment where
 34.29 natural gas is a primary or back-up fuel source provided that installation (1) will result in
 34.30 a net reduction in statewide greenhouse gas emissions as defined in section 216H.01,
 34.31 subdivision 2, over the life of the equipment as compared to the most efficient commercially
 34.32 available natural gas alternative, and (2) is installed and operated in a manner that improves
 34.33 the customer's electric utility's load factor. Electric end-use equipment installed pursuant
 35.1 to this section is the exclusive property of the building owner. Strategic electrification does
 35.2 not include investments that the commissioner determines could be reasonably included in
 35.3 the natural gas utility's conservation improvement program pursuant to section 216B.241.
 35.4 Strategic electrification approved pursuant to this section is not eligible for a financial
 35.5 incentive pursuant to section 216B.241, subdivision 2c.

35.6 (n) "Total incremental cost" means the sum of:

35.7 (1) return of and on capital investments for the production, processing, pipeline
 35.8 interconnection, storage, and distribution of innovative resources included in a utility
 35.9 innovation plan approved pursuant to subdivision 2;

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

195.26 (l) "Power-to-ammonia" means the production of ammonia from hydrogen produced
 195.27 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity
 195.28 than does natural gas produced from conventional geologic sources.

195.29 (m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource
 195.30 to produce hydrogen.

195.31 (n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

196.1 (o) "Renewable natural gas" means biogas that has been processed to be interchangeable
 196.2 with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced
 196.3 from conventional geologic sources.

196.4 (p) "Solar thermal" has the meaning given to qualifying solar thermal project in section
 196.5 216B.2411, subdivision 2, paragraph (d).

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

196.10 (1) results in a net reduction in statewide greenhouse gas emissions, as defined in section
 196.11 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient
 196.12 commercially available natural gas alternative; and

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

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

196.18 (r) "Total incremental cost" means the calculation of the following components of a
 196.19 utility's innovation plan approved by the commission under subdivision 2:

196.20 (1) the sum of:

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

35.10 (2) incremental operating costs associated with capital investments in infrastructure for
 35.11 the production, processing, pipeline interconnection, storage, and distribution of innovative
 35.12 resources included in a utility innovation plan approved under subdivision 2;

35.13 (3) the incremental cost to procure innovative resources from third parties;

35.14 (4) the incremental costs to develop and administer programs included in a utility
 35.15 innovation plan; and

35.16 (5) incremental costs for research and development related to innovative resources
 35.17 approved pursuant to subdivision 2, less the sum of:

35.18 (i) any value received by the natural gas utility upon the resale of the innovative resources
 35.19 or their byproducts, including any environmental credits included with the resale of renewable
 35.20 gaseous fuels or value received by the natural gas utility when innovative resources are used
 35.21 as vehicle fuel;

35.22 (ii) any cost savings achieved through avoidance of conventional natural gas purchases,
 35.23 including but not limited to any avoided commodity purchases or avoided pipeline costs;
 35.24 and

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

35.27 Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with
 35.28 the commission. The utility's recommended plan must describe or include, as applicable,
 35.29 the following components:

35.30 (1) the recommended innovative resource or resources the utility plans to implement to
 35.31 advance the state's goals established in section 216C.05, subdivision 2, clause (3), and
 36.1 section 216H.02, subdivision 1, within the requirements and limitations set forth in this
 36.2 section;

36.3 (2) any recommended research and development investments related to innovative
 36.4 resources the utility plans to undertake as part of the plan;

36.5 (3) the total lifecycle greenhouse gas emissions that the natural gas utility expects to
 36.6 reduce or avoid pursuant to the plan;

36.7 (4) the natural gas utility's estimate of how emissions expected to be avoided or reduced
 36.8 compare to total emissions from natural gas use by its customers in 2020;

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

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

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

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

196.29 (2) less the sum of:

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

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

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

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

197.10 Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with
 197.11 the commission. The utility's plan must include, as applicable, the following components:

197.12 (1) the innovative resource or resources the utility plans to implement to contribute to
 197.13 meeting the state's greenhouse gas and renewable energy goals, including those established
 197.14 in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within
 197.15 the requirements and limitations set forth in this section;

197.16 (2) research and development investments related to innovative resources the utility
 197.17 plans to undertake;

197.18 (3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided
 197.19 through implementing the plan;

197.20 (4) a comparison of the estimate in clause (3) to total emissions from natural gas use by
 197.21 utility customers in 2020;

36.9 (5) any pilot program proposed by the natural gas utility related to the development or
36.10 provision of innovative resources, including an estimate of the total incremental costs to
36.11 implement the pilot program;

36.12 (6) the cost effectiveness of innovative resources proposed from the perspective of the
36.13 natural gas utility, society, the utility's nonparticipating customers, and participating
36.14 customers as compared to other innovative resources that could be deployed to reduce or
36.15 avoid the same greenhouse gas emissions targeted by the utility's proposed resource;

36.16 (7) for any pilot not previously approved as part of the utility's most recent innovation
36.17 plan, a third-party analysis of the lifecycle greenhouse gas intensity of any innovative
36.18 resources proposed to be included in the pilot;

36.19 (8) for any proposed pilot not previously approved as part of the utility's most recent
36.20 innovation plan, a third-party analysis of the forecasted lifecycle greenhouse gas emissions
36.21 reductions achieved or the lifecycle greenhouse gas emissions reduced or avoided if the
36.22 proposed pilot is implemented;

36.23 (9) an explanation of how the utility calculated the lifecycle greenhouse gas emissions
36.24 avoided or reduced by each pilot including descriptions of how the utility's method deviated,
36.25 if at all, from the carbon accounting frameworks established by the commission;

36.26 (10) whether the recommended plan supports the development and use of alternative
36.27 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
36.28 the recovery of energy from wastewater and, if so, a description of where those benefits
36.29 will be realized;

36.30 (11) a description of third-party systems and processes the utility plans to use to:
36.31 (i) track the proposed innovative resources included in the plan so that environmental
36.32 benefits are used only for this plan and not claimed for any other program; and

37.1 (ii) verify the environmental attributes and greenhouse gas intensity of proposed
37.2 innovative resources included in the plan;

37.3 (12) a description of known local job impacts and the steps the utility and its energy
37.4 suppliers and contractors are taking to maximize the availability of construction employment
37.5 opportunities for local workers;

197.22 (5) a description of each pilot program included in the plan that is related to the
197.23 development or provision of innovative resources, and an estimate of the total incremental
197.24 costs to implement each pilot program;

197.25 (6) the cost-effectiveness of innovative resources calculated from the perspective of the
197.26 utility, society, the utility's nonparticipating customers, and the utility's participating
197.27 customers compared to other innovative resources that could be deployed to reduce or avoid
197.28 the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative
197.29 resource;

197.30 (7) for any pilot program not previously approved as part of the utility's most recent
197.31 innovation plan, a third-party analysis of:

198.1 (i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources;
198.2 and
198.3 (ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed
198.4 pilot program is implemented;

198.5 (8) an explanation of the methodology used by the utility to calculate the lifecycle
198.6 greenhouse gas emissions avoided or reduced by each pilot program included in the plan,
198.7 including descriptions of how the utility's method deviated, if at all, from the carbon
198.8 accounting frameworks established by the commission under section 216B.2428;

198.9 (9) a discussion of whether the plan supports the development and use of alternative
198.10 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
198.11 the recovery of energy from wastewater, and, if it does, a description of the geographic
198.12 areas of the state in which the benefits are realized;

198.13 (10) a description of third-party systems and processes the utility plans to use to:
198.14 (i) track the innovative resources included in the plan so that environmental benefits
198.15 produced by the plan are not claimed for any other program; and

198.16 (ii) verify the environmental attributes and greenhouse gas emissions intensity of
198.17 innovative resources included in the plan;

198.18 (11) projected local job impacts resulting from implementation of the plan and a
198.19 description of steps the utility and the utility's energy suppliers and contractors are taking
198.20 to maximize the availability of construction employment opportunities for local workers;

37.6 (13) a description of how the utility proposes to recover annual total incremental costs
37.7 and any steps the utility has taken or proposes to take to reduce the expected cost impact
37.8 on low- and moderate-income residential customers;

37.9 (14) any steps the utility has taken or proposes to take to ensure that low- and moderate-
37.10 income residential customers will benefit from innovative resources included in the plan;

37.11 (15) a report on the utility's progress toward implementing the approved proposals
37.12 contained in its previously approved innovation plan, if applicable; and

37.13 (16) a report of the utility's progress toward achieving the cost-effectiveness objectives
37.14 established upon approval of its previously approved innovation plan, if applicable.

37.15 (b) Along with its recommended plan, the natural gas utility must provide forecasted
37.16 total incremental costs and lifecycle greenhouse gas emissions for:

37.17 (1) a set of pilots that the utility estimates would provide approximately half of the
37.18 greenhouse gas reduction or avoidance benefits of the utility's preferred plan;

37.19 (2) a set of pilots that the utility estimates would provide approximately one and a half
37.20 times the greenhouse gas reduction or avoidance benefits of the utility's preferred plan; and

37.21 (3) a set of pilots that the utility estimates would provide approximately twice the
37.22 greenhouse gas reduction or avoidance benefits of the utility's preferred plan.

37.23 (c) In deciding whether to approve, modify, or deny a plan, the commission may not
37.24 approve an innovation plan unless it finds that:

37.25 (1) the size, scope, and scale of the plan and the incremental total cost of the plan will
37.26 result in net benefits under the cost-benefit framework established by the commission;

37.27 (2) the plan will promote the use of renewable energy resources and reduce or avoid
37.28 greenhouse gas emissions at a cost level consistent with subdivision 3;

37.29 (3) the plan will promote local economic development;

37.30 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
37.31 intensity than conventional geologic natural gas;

198.21 (12) a description of how the utility proposes to recover annual total incremental costs
198.22 of the plan;

198.23 (13) steps the utility has taken or proposes to take to reduce the expected cost of the plan
198.24 on low- and moderate-income residential customers and to ensure that low- and
198.25 moderate-income residential customers benefit from innovative resources included in the
198.26 plan;

198.27 (14) a report on the utility's progress toward implementing the utility's previously
198.28 approved innovation plan, if applicable;

198.29 (15) a report of the utility's progress toward achieving the cost-effectiveness objectives
198.30 established by the commission with respect to the utility's previously approved innovation
198.31 plan, if applicable; and

199.1 (16) collections of pilot programs that the utility estimates would, if implemented, provide
199.2 approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or
199.3 avoidance benefits of the utility's proposed plan.

199.4 (b) The commission must approve, modify, or reject a plan. The commission must not
199.5 approve an innovation plan unless the commission finds:

199.6 (1) the size, scope, and scale of the plan produces net benefits under the cost-benefit
199.7 framework established by the commission in section 216B.2428;

199.8 (2) the plan promotes the use of renewable energy resources and reduces or avoids
199.9 greenhouse gas emissions at a cost level consistent with subdivision 3;

199.10 (3) the plan promotes local economic development;

199.11 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
199.12 intensity than natural gas produced from conventional geologic sources;

38.1 (5) reasonable systems will be used to track and verify the environmental attributes of
 38.2 the innovative resources included in the plan, taking into account any third-party tracking
 38.3 or verification systems available;

38.4 (6) the costs and revenues expected to be incurred pursuant to the plan are reasonable
 38.5 in comparison to other innovative resources the utility could deploy to address greenhouse
 38.6 gas emissions and considering other benefits of the innovative resources included in the
 38.7 plan;

38.8 (7) the costs and revenues expected to be incurred for any energy efficiency, district
 38.9 energy, or strategic electrification measures included in the plan are reasonable in comparison
 38.10 to the costs of renewable natural gas, biogas, hydrogen produced via power-to-hydrogen,
 38.11 or ammonia produced via power-to-ammonia resources that the utility could deploy to
 38.12 address greenhouse gas emissions;

38.13 (8) the total amount of estimated greenhouse gas reduction or avoidance to be achieved
 38.14 is reasonable considering the state's goals established in section 216C.05, subdivision 2,
 38.15 clause (3), and section 216H.02, subdivision 1, customer cost, and the total amount of
 38.16 greenhouse gas reduction or avoidance achieved under the natural gas utility's previously
 38.17 approved plans, if applicable; and

38.18 (9) 50 percent or more of estimated costs included for recovery in the plan are for the
 38.19 procurement and distribution of renewable natural gas, biogas, hydrogen produced via
 38.20 power-to-hydrogen, or ammonia produced via power-to-ammonia.

38.21 (d) The utility bears the burden to prove the actual total incremental costs to implement
 38.22 the approved innovation plan were reasonable. Prudently incurred costs incurred pursuant
 38.23 to an approved plan and prudently incurred costs for obtaining the third-party analysis
 38.24 required in paragraph (a), clauses (6) and (7), are recoverable either:

38.25 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas
 38.26 adjustment;

38.27 (2) in the natural gas utility's next general rate case; or

38.28 (3) via annual adjustments provided that, after notice and comment, the commission
 38.29 determines that the costs included for recovery through the rate schedule are prudently
 38.30 incurred. Annual adjustments shall include a rate of return, income taxes on the rate of
 38.31 return, incremental property taxes, incremental depreciation expense, and incremental

199.13 (5) the systems used to track and verify the environmental attributes of the innovative
 199.14 resources included in the plan are reasonable, considering available third-party tracking and
 199.15 verification systems;

199.16 (6) the costs and revenues projected under the plan are reasonable in comparison to other
 199.17 innovative resources the utility could deploy to reduce greenhouse gas emissions, considering
 199.18 other benefits of the innovative resources included in the plan;

199.19 (7) the total amount of estimated greenhouse gas emissions reduction or avoidance to
 199.20 be achieved under the plan is reasonable considering the state's greenhouse gas and renewable
 199.21 energy goals, including those established in section 216C.05, subdivision 2, clause (3), and
 199.22 section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas
 199.23 emissions reduction or avoidance achieved under the utility's previously approved plans, if
 199.24 applicable; and

199.25 (8) any renewable natural gas purchased by a utility under the plan that is produced from
 199.26 the anaerobic digestion of manure is certified as being produced at an agricultural livestock
 199.27 production facility that does not increase the number of animal units at the facility solely
 199.28 or primarily to produce renewable natural gas for the plan.

199.29 (c) In seeking to recover costs under a plan approved by the commission under this
 199.30 section, the utility must demonstrate to the satisfaction of the commission that the actual
 199.31 total incremental costs incurred to implement the approved innovation plan are reasonable.
 199.32 Prudently incurred costs under an approved plan, including prudently incurred costs to
 200.1 obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable
 200.2 either:

200.3 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas
 200.4 adjustment;

200.5 (2) in the utility's next general rate case; or

200.6 (3) via annual adjustments, provided that after notice and comment the commission
 200.7 determines that the costs included for recovery through rates are prudently incurred. Annual
 200.8 adjustments must include a rate of return, income taxes on the rate of return, incremental
 200.9 property taxes, incremental depreciation expense, and incremental operation and maintenance

38.32 operation and maintenance expense. The rate of return shall be at the level approved by the
39.1 commission in the natural gas utility's last general rate case, unless the commission
39.2 determines that a different rate of return is in the public interest.

39.3 (e) Upon approval of a utility's plan, the commission shall establish plan cost-effectiveness
39.4 objectives based on the cost-benefit test for innovative resources. The cost-effectiveness
39.5 objective for each plan should demonstrate incremental progress from the previously
39.6 approved plan's cost-effectiveness objective.

39.7 (f) A natural gas utility with an approved plan must provide annual reports to the
39.8 commission regarding the work completed pursuant to the plan, including the costs incurred
39.9 under the plan and lifecycle greenhouse gas reduction or avoidance accomplished under
39.10 the plan; a description of the processes used to track, verify, and retire the innovative
39.11 resources and associated environmental attributes; an update on the lifecycle greenhouse
39.12 gas accounting methodology consistent with current science; an update on the economic
39.13 impact of the plan including job creation; and the utility's progress toward achieving the
39.14 cost-effectiveness objectives established by the commission on approval of the plan. As
39.15 part of the annual status report, the natural gas utility may propose modifications to pilot
39.16 programs in the plan. In evaluating a utility's annual report, the commission may:

39.17 (1) approve the continuation of a pilot program, with or without modifications;

39.18 (2) require the utility to file a new or modified plan to account for changed circumstances;

39.19 or

39.20 (3) disapprove the continuation of a pilot program.

39.21 (g) Each innovation plan shall be in effect for five years. Once a natural gas utility has
39.22 an approved innovation plan, it must file a new innovation plan within four years for
39.23 implementation at the end of the prior five-year plan period.

39.24 (h) A utility may file an innovation plan at any time after this section becomes effective.

39.25 (i) For purposes of this section, and the commission's lifecycle carbon accounting
39.26 framework and cost-benefit test for innovative resources, whenever an analysis or estimate

200.10 expenses. The rate of return must be at the level approved by the commission in the utility's
200.11 last general rate case, unless the commission determines that a different rate of return is in
200.12 the public interest.

200.13 (d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness
200.14 objectives for the plan based on the cost-benefit test for innovative resources developed
200.15 under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate
200.16 incremental progress from the previously approved plan's cost-effectiveness objective.

200.17 (e) A utility operating under an approved plan must file annual reports to the commission
200.18 on work completed under the plan, including:

200.19 (1) costs incurred;

200.20 (2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

200.21 (3) a description of the processes used to track and verify the innovative resources and
200.22 to retire the associated environmental attributes;

200.23 (4) an assessment of the degree to which the lifecycle greenhouse gas accounting
200.24 methodology is consistent with current science;

200.25 (5) the economic impact of the plan, including job creation;

200.26 (6) the utility's progress toward achieving the cost-effectiveness objectives established
200.27 by the commission; and

200.28 (7) modifications to elements of the plan proposed by the utility.

200.29 (f) When evaluating a utility's annual report, the commission may:

200.30 (1) approve the continuation of a pilot program included in the plan, with or without
200.31 modifications;

201.1 (2) require the utility to file a new or modified pilot program or plan; or

201.2 (3) disapprove the continuation of a pilot program or plan.

201.3 (g) An innovation plan has a term of five years. A subsequent innovation plan must be
201.4 filed no later than four years after the previous plan was approved by the commission so
201.5 that, if approved, the new plan takes effect immediately upon expiration of the previous
201.6 plan.

201.7 (h) For purposes of this section and the commission's lifecycle carbon accounting
201.8 framework and cost-benefit test for innovative resources under section 216B.2428, any

39.27 of lifecycle greenhouse gas emissions reductions, lifecycle greenhouse gas avoidance, or
 39.28 lifecycle greenhouse gas intensity is required, the analysis will include, but not be limited
 39.29 to, as applicable:

- 39.30 (1) avoided or reduced emissions attributable to utility operations;
- 39.31 (2) avoided or reduced emissions from the production, processing, and transmission of
 39.32 fuels prior to receipt by the utility; and
- 40.1 (3) avoided or reduced emissions at the point of end use, but in no event shall the analysis
 40.2 count any one unit of greenhouse gas emissions avoidance or reduction more than once.

40.3 The analysis or estimate may rely on emissions factors, default values, or engineering
 40.4 estimates from a publicly accessible source accepted by a federal or state government agency,
 40.5 where direct measurement is not technically or economically feasible, if such emissions
 40.6 factors, default values, or engineering estimates can be demonstrated to produce a reasonable
 40.7 estimate of greenhouse gas emissions reductions, avoidance, or intensity.

40.8 Subd. 3. **Limitations on utility customer costs.** (a) The first innovation plan submitted
 40.9 to the commission by a natural gas utility may not propose, and the commission may not
 40.10 approve, recovery of annual total incremental costs exceeding the lesser of (1) one and three
 40.11 quarters percent of the natural gas utility's gross operating revenues from service provided
 40.12 in the state at the time of plan filing, or (2) \$20 per nonexempt customer based on the
 40.13 proposed annual total incremental costs for each year of the plan divided by the total number
 40.14 of nonexempt utility customers. Notwithstanding this limitation, the commission may
 40.15 approve additional annual recovery of up to the lesser of (1) an additional quarter of one
 40.16 percent of the natural gas utility's gross operating revenues from service provided in the
 40.17 state at the time of plan filing for recovery, or (2) \$5 per nonexempt customer based on the
 40.18 proposed annual total incremental costs for each year of the plan divided by the total number
 40.19 of nonexempt utility customers of incremental costs for the purchase of renewable natural
 40.20 gas produced from:

201.9 required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle
 201.10 greenhouse gas intensity:

- 201.11 (1) must include but is not limited to estimates of:
 - 201.12 (i) avoided or reduced greenhouse gas emissions attributable to utility operations;
 - 201.13 (ii) avoided or reduced greenhouse gas emissions from the production, processing, and
 201.14 transmission of fuels prior to receipt by the utility; and
 - 201.15 (iii) avoided or reduced greenhouse gas emissions at the point of end use;
- 201.16 (2) must not count any unit of greenhouse gas emissions avoidance or reduction more
 201.17 than once; and
- 201.18 (3) may, where direct measurement is not technically or economically feasible, rely on
 201.19 emissions factors, default values, or engineering estimates from a publicly accessible source
 201.20 accepted by a federal or state government agency, provided that the emissions factors,
 201.21 default values, or engineering estimates can be demonstrated to the satisfaction of the
 201.22 commission to produce a reasonable estimate of greenhouse gas emissions reductions,
 201.23 avoidance, or intensity.
- 201.24 (i) Strategic electrification implemented in a plan approved by the commission under
 201.25 this section is not eligible for a financial incentive under section 216B.241, subdivision 2c.
 201.26 Electric end-use equipment installed under a plan approved by the commission under this
 201.27 section is the exclusive property of the building owner.

201.28 Subd. 3. **Limitations on utility customer costs.** (a) Except as provided in paragraph
 201.29 (b), the first innovation plan submitted to the commission by a utility must not propose, and
 201.30 the commission must not approve, annual total incremental costs exceeding the lesser of:

- 201.31 (1) 1.75 percent of the utility's gross operating revenues from natural gas service provided
 201.32 in Minnesota at the time of plan filing; or
- 202.1 (2) \$20 per nonexempt customer, based on the proposed annual total incremental costs
 202.2 for each year of the plan divided by the total number of nonexempt utility customers.
- 202.3 (b) The commission may approve additional annual costs up to the lesser of:
 - 202.4 (1) an additional 0.25 percent of the utility's gross operating revenues from service
 202.5 provided in Minnesota at the time of plan filing; or
 - 202.6 (2) \$5 per nonexempt customer, based on the proposed annual total incremental costs
 202.7 for each year of the plan divided by the total number of nonexempt utility customers of
 202.8 incremental costs, provided that the additional costs under this paragraph are associated
 202.9 exclusively with the purchase of renewable natural gas produced from:

40.21 (i) food waste diverted from a landfill;
 40.22 (ii) community wastewater treatment; or
 40.23 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
 40.24 grasses or locally appropriate cover crops selected in consultation with the local Soil and
 40.25 Water Conservation District or the United States Department of Agriculture, Natural
 40.26 Resources Conservation Service, by volume.

40.27 (b) Subsequent innovation plans submitted to the commission may not propose and the
 40.28 commission may not approve, recovery of annual total incremental costs exceeding the
 40.29 limits set forth in paragraph (a) unless the commission determines that the utility has
 40.30 successfully achieved the cost-effectiveness objectives established upon approval of a utility
 40.31 innovation plan under paragraph (a), in which case the utility may propose, and the
 40.32 commission may approve, recovery of annual total incremental costs of up to the lesser of
 40.33 (1) two and three quarters percent of the natural gas utility's gross operating revenues from
 40.34 service provided in the state at the time of plan filing, or (2) \$35 per nonexempt customer
 41.1 based on the proposed annual total incremental costs for each year of the plan divided by
 41.2 the total number of nonexempt utility customers. Notwithstanding this limitation, the
 41.3 commission may approve additional annual recovery of up to the lesser of (1) an additional
 41.4 three quarters of one percent of the natural gas utility's gross operating revenues from service
 41.5 provided in the state at the time of plan filing for recovery, or (2) \$10 per nonexempt
 41.6 customer based on the proposed annual total incremental costs for each year of the plan
 41.7 divided by the total number of nonexempt utility customers of incremental costs for the
 41.8 purchase of renewable natural gas produced from:

41.9 (i) food waste diverted from a landfill;
 41.10 (ii) community wastewater treatment; or
 41.11 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
 41.12 grasses or locally appropriate cover crops selected in consultation with the local Soil and
 41.13 Water Conservation District or the United States Department of Agriculture, Natural
 41.14 Resources Conservation Service, by volume.

41.15 (c) Subsequent innovation plans submitted to the commission may not propose, and the
 41.16 commission may not approve, recovery of total incremental costs exceeding the limits set
 41.17 forth in paragraph (b) unless the commission determines that the utility has successfully
 41.18 achieved the cost-effectiveness objectives established upon approval of a utility innovation
 41.19 plan under paragraph (b), in which case the utility may propose, and the commission may
 41.20 approve, recovery of annual total incremental costs of up to the lesser of (1) four percent
 41.21 of the natural gas utility's gross operating revenues from service provided in the state at the
 41.22 time of plan filing, or (2) \$50 per nonexempt customer based on the proposed annual total
 41.23 incremental costs for each year of the plan divided by the total number of nonexempt utility
 41.24 customers. Notwithstanding this limitation, the commission may approve additional annual

202.10 (i) food waste diverted from a landfill;
 202.11 (ii) a municipal wastewater treatment system; or
 202.12 (iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested
 202.13 native prairie grasses or locally appropriate cover crops, as determined by a local soil and
 202.14 water conservation district or the United States Department of Agriculture, Natural Resources
 202.15 Conservation Service.

202.16 (c) If the commission determines that the utility has successfully achieved the
 202.17 cost-effectiveness objectives established in the utility's most recently approved innovation
 202.18 plan, except as provided in paragraph (d), the next subsequent plan filed by the utility under
 202.19 this section is subject to the provisions of paragraphs (a) and (b), except that:

202.20 (1) the cap on total incremental costs in paragraph (a) with respect to the second plan is
 202.21 the lesser of:

202.22 (i) 2.75 percent of the utility's gross operating revenues from natural gas service in
 202.23 Minnesota at the time of the plan's filing; or

202.24 (ii) \$35 per nonexempt customer; and

202.25 (2) the cap on additional costs in paragraph (b) is the lesser of:

202.26 (i) an additional 0.75 percent of the utility's gross operating revenues from natural gas
 202.27 service in Minnesota at the time of the plan's filing; or

202.28 (ii) \$10 per nonexempt customer.

202.29 (d) If the commission determines that the utility has successfully achieved the
 202.30 cost-effectiveness objectives established in two of the same utility's previously approved
 203.1 innovation plans, all subsequent plans filed by the utility under this section are subject to
 203.2 the provisions of paragraphs (a) and (b), except that:

203.3 (1) the cap on total incremental costs in paragraph (a) with respect to the third or
 203.4 subsequent plan is the lesser of:

203.5 (i) four percent of the utility's gross operating revenues from natural gas service in
 203.6 Minnesota at the time of the plan's filing; or

41.25 recovery of up to the lesser of (1) an additional one and one-half percent of the natural gas
 41.26 utility's gross operating revenues from service provided in the state at the time of plan filing
 41.27 for recovery, or (2) \$20 per nonexempt customer based on the proposed annual total
 41.28 incremental costs for each year of the plan divided by the total number of nonexempt utility
 41.29 customers of incremental costs for the purchase of renewable natural gas produced from:

41.30 (i) food waste diverted from a landfill;
 41.31 (ii) community wastewater treatment; or
 41.32 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
 41.33 grasses or locally appropriate cover crops selected in consultation with the local Soil and
 42.1 Water Conservation District or the United States Department of Agriculture, Natural
 42.2 Resources Conservation Service, by volume.

42.3 (d) A large customer facility that has been exempted by the commissioner of commerce
 42.4 from a utility's conservation improvement program under section 216B.241, subdivision
 42.5 1a, paragraph (b), shall be exempt from the utility's innovation plan offerings and shall not
 42.6 bear any costs incurred to implement an approved innovation plan unless the large customer
 42.7 facility files a request with the commissioner to be included in a utility's innovation plan.
 42.8 The commission may prohibit large customer facilities exempted from innovation plan costs
 42.9 from participating in innovation plan pilots. For purposes of this subdivision, "gross operating
 42.10 revenues" do not include revenues from large customer facilities exempted from innovation
 42.11 plan costs.

42.12 (e) A natural gas utility filing an innovation plan may also include spending and
 42.13 investments annually up to ten percent of the proposed total incremental costs related to
 42.14 innovative plan pilots, subject to the limitations in paragraphs (a), (b), and (c).

42.15 Subd. 4. Innovative resources procured outside of an innovation plan. Without filing
 42.16 an innovation plan, a natural gas utility may propose and the commission may approve cost
 42.17 recovery for:

203.7 (ii) \$50 per nonexempt customer; and
 203.8 (2) the cap on additional costs in paragraph (b) is the lesser of:
 203.9 (i) an additional 1.5 percent of the utility's gross operating revenues from natural gas
 203.10 service in Minnesota at the time of the plan's filing; or
 203.11 (ii) \$20 per nonexempt customer.

203.12 (e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs
 203.13 must be calculated at the time the innovation plan is filed as the average of the utility's
 203.14 forecasted total incremental costs over the five-year term of the plan.

203.15 (f) A large customer facility that the commissioner of commerce has exempted from a
 203.16 utility's conservation improvement program under section 216B.241, subdivision 1a,
 203.17 paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged
 203.18 any costs incurred to implement an approved innovation plan unless the large customer
 203.19 facility files a request with the commissioner to be included in a utility's innovation plan.
 203.20 The commission may prohibit large customer facilities exempt from innovation plan costs
 203.21 from participating in innovation plans.

203.22 (g) A utility filing an innovation plan may include annual spending and investments on
 203.23 research and development of up to ten percent of the proposed total incremental costs related
 203.24 to innovative plans, subject to the limitations in paragraphs (a) to (e).

203.25 (h) For purposes of this subdivision, gross operating revenues do not include revenues
 203.26 from large customer facilities exempt from innovation plan costs.

203.27 Subd. 4. Innovative resources procured outside of an innovation plan. (a) Without
 203.28 filing an innovation plan, a natural gas utility may propose and the commission may approve
 203.29 cost recovery for:

42.18 (1) innovative resources acquired to satisfy a commission-approved green tariff program
42.19 that allows customers to choose to meet a portion of the customers' energy needs through
42.20 innovative resources; or

42.21 (2) utility expenditures for innovative resources procured at a cost that is within five
42.22 percent of the average of Ventura and Demarc index prices for conventional natural gas at
42.23 the time of the transaction per unit of fossil natural gas that the innovative resource will
42.24 displace.

42.25 An approved green-tariff program must include provisions to ensure reasonable systems
42.26 are used to track and verify the environmental attributes of innovative resources included
42.27 in the program, taking into account any third-party tracking or verification systems available.

42.28 Subd. 5. **Thermal energy leadership challenge.** The first innovation plan filed by a
42.29 natural gas utility with more than 800,000 customers must include a pilot thermal energy
42.30 leadership challenge for small- and medium-sized businesses. The pilot program must
42.31 provide small- and medium-sized businesses with thermal energy audits to identify
42.32 opportunities to reduce or avoid greenhouse gas emissions from natural gas use, and provide
42.33 incentives for businesses to follow through with audit recommendations. The utility must
43.1 develop criteria to identify businesses that take meaningful steps to follow through on audit
43.2 recommendations and recognize qualifying businesses as thermal energy leaders.

43.3 Subd. 6. **Innovative resources for very high-heat industrial processes.** The first
43.4 innovation plan filed by a natural gas utility with more than 800,000 customers must include
43.5 a pilot program that will provide innovative resources for hard-to-electrify industrial
43.6 processes. A large customer facility exempt from innovation plan offerings under subdivision
43.7 3, paragraph (e), shall not be eligible to participate in this pilot.

203.30 (1) innovative resources acquired to satisfy a commission-approved green tariff program
203.31 that allows customers to choose to meet a portion of the customers' energy needs through
203.32 innovative resources; or

204.1 (2) utility expenditures for innovative resources procured at a cost that is within five
204.2 percent of the average of Ventura and Demarc index prices for natural gas produced from
204.3 conventional geologic sources at the time of the transaction per unit of natural gas that the
204.4 innovative resource displaces.

204.5 (b) An approved green tariff program must include provisions to ensure that reasonable
204.6 systems are used to track and verify the environmental attributes of innovative resources
204.7 included in the program, taking into account any available third-party tracking or verification
204.8 systems.

204.9 (c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the
204.10 daily index price of wholesale natural gas sold at the Northern Natural Gas Company's
204.11 Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

204.12 Subd. 5. **Power-to-ammonia.** When determining whether to approve a power-to-ammonia
204.13 pilot program as part of an innovative plan, the commission must consider:

204.14 (1) the risk of exposing any person to unhealthy concentrations of ammonia;
204.15 (2) the risk that any home or business might be affected by ammonia odors;
204.16 (3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia
204.17 project could be more efficiently addressed using power-to-hydrogen; and
204.18 (4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions
204.19 reductions in the agricultural sector more effectively than power-to-hydrogen.

204.20 Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by
204.21 a utility with more than 800,000 customers must include a pilot program to provide thermal
204.22 energy audits to small- and medium-sized business in order to identify opportunities to
204.23 reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must
204.24 provide incentives for businesses to implement recommendations made by the audit. The
204.25 utility must develop criteria to identify businesses that achieve significant emissions
204.26 reductions by implementing audit recommendations and must recognize the businesses as
204.27 thermal energy leaders.

204.28 Subd. 7. **Innovative resources for certain industrial processes.** The first innovation
204.29 plan filed under this section by a utility with more than 800,000 customers must include a
204.30 pilot program to provide innovative resources to industrial facilities whose manufacturing
204.31 processes, for technical reasons, are not amenable to electrification. A large customer facility
204.32 exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to
204.33 participate in the pilot program under this subdivision.

43.8 **Subd. 7. Electric cold climate air-source heat pumps.** (a) The first innovation plan
43.9 filed by a natural gas utility with more than 800,000 customers must include a pilot program
43.10 that facilitates deep energy retrofits and the installation of cold climate electric air-source
43.11 heat pumps with natural gas backups in existing residential homes that have natural gas
43.12 heating systems.

43.13 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
43.14 measure or combination of measures, including air sealing and addressing thermal bridges,
43.15 that under normal weather and operating conditions can reasonably be expected to reduce
43.16 the building's calculated design load to ten or fewer British Thermal Units per hour per
43.17 square foot of conditioned floor area. Deep energy retrofit does not include the installation
43.18 of photovoltaic electric generation equipment, but may include the installation of a qualifying
43.19 solar thermal project, as defined in section 216B.2411.

205.1 **Subd. 8. Electric cold climate air-source heat pumps.** (a) The first innovation plan
205.2 filed under this section by a utility with more than 800,000 customers must include a pilot
205.3 program that facilitates deep energy retrofits and the installation of cold climate electric
205.4 air-source heat pumps in existing residential homes that have natural gas heating systems.

205.5 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
205.6 measure or combination of measures, including air sealing and addressing thermal bridges,
205.7 that under normal weather and operating conditions can reasonably be expected to reduce
205.8 a building's calculated design load to ten or fewer British Thermal Units per hour per square
205.9 foot of conditioned floor area. Deep energy retrofit does not include the installation of
205.10 photovoltaic electric generation equipment, but may include the installation of a qualifying
205.11 solar thermal energy project.

205.12 **Subd. 9. District energy.** The first innovation plan filed under this section by a utility
205.13 with more than 800,000 customers must include a pilot program to facilitate the development,
205.14 expansion, or modification of district energy systems in Minnesota. This subdivision does
205.15 not require the utility to propose, construct, maintain, or own district energy infrastructure.

205.16 **Subd. 10. Throughput goal.** It is the goal of the state of Minnesota that through the
205.17 Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the
205.18 overall amount of natural gas produced from conventional geologic sources delivered to
205.19 customers.

205.20 **Subd. 11. Utility system report and forecasts.** (a) A public utility filing an innovation
205.21 plan shall concurrently submit a report to the commission containing the following
205.22 information:

205.23 (1) methane gas emissions attributed to venting or leakage across the utility's system,
205.24 including emissions information reported to the Environmental Protection Agency and gas
205.25 leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's
205.26 expectations regarding the cost and performance of the utility's leakage reduction programs
205.27 over the next five years;

205.28 (2) total system greenhouse gas emissions and greenhouse gas emissions projected to
205.29 be reduced or avoided through innovative resource investments and energy conservation
205.30 investments, and a narrative description of the costs required to achieve the reductions over
205.31 the next five years through investments in innovative resources and energy conservation;

205.32 (3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by
205.33 material, size, coating, operating pressure, and decade of installation, based on utility
205.34 information reported to the United States Department of Transportation;

206.1 (4) a narrative description of other significant equipment owned and operated by the
206.2 utility through which gas is transported or stored, including regulator stations and storage

206.3 facilities, a discussion of the function of the equipment, how the equipment is maintained,
206.4 and utility efforts to prevent leaks from the equipment;
206.5 (5) a five-year forecast of fuel prices and anticipated purchases including, as available,
206.6 natural gas produced from conventional geologic sources, renewable natural gas, and
206.7 alternative fuels;
206.8 (6) a five-year forecast of potential capital investments by the utility in existing
206.9 infrastructure and new infrastructure for natural gas produced from conventional geologic
206.10 sources and for innovative resources; and
206.11 (7) an inventory of the utility's current financial incentive programs for natural gas,
206.12 including rebates and incentives offered for new and existing buildings and a description
206.13 of the utility's projected changes in incentives the utility is likely to implement over the next
206.14 five years.
206.15 (b) Information filed under this subdivision is intended to be used by the commission
206.16 to evaluate a utility's innovation plan in the context of the utility's other planned investments
206.17 and activities with respect to natural gas produced from conventional geologic sources.
206.18 Information filed under this subdivision must not be used by the commission to set or limit
206.19 utility rate recovery.

43.20

EFFECTIVE DATE. This section is effective June 1, 2022.

206.20 **EFFECTIVE DATE.** This section is effective June 1, 2022.

150.14 Sec. 24. **[216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.**

150.15 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has
150.16 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

150.17 Subd. 2. **Application requirement.** No later than one year following the commission's
150.18 order to a public utility in an integrated resource plan proceeding under section 216B.2422,
150.19 the public utility must submit an application to the commission for review and approval to
150.20 install one or more energy storage systems whose aggregate capacity meets or exceeds that
150.21 ordered by the commission in the public utility's most recent integrated resource plan
150.22 proceeding under section 216B.2422, subdivision 7a.

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

150.25 (1) technical specifications of the energy storage system, including but not limited to:
150.26 (i) the maximum amount of electric output that the energy storage system can provide;
150.27 (ii) the length of time the energy storage system can sustain maximum output;
150.28 (iii) the location of the project and a description of the analysis conducted to determine
150.29 the location;

150.30 (iv) a description of the public utility's electric system needs that the proposed energy
150.31 storage system address;

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

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

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

151.7 (i) capital costs;

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

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

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

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

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

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

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

151.16 (4) how the addition of an energy storage system complements proposed actions of the
151.17 public utility described in the most recent integrated resource plan submitted under section
151.18 216B.2422 to meet expected demand with the least cost combination of resources; and

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

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

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

151.30 **Subd. 5. Cost recovery.** A public utility may recover from ratepayers all costs prudently
151.31 incurred by the public utility to deploy an energy storage system approved by the commission

51.13 Sec. 16. **PUBLIC UTILITIES COMMISSION LIFECYCLE CARBON
51.14 ACCOUNTING FRAMEWORK AND COST-BENEFIT TEST FOR INNOVATIVE
51.15 RESOURCES.**

51.16 By June 1, 2022, the Public Utilities Commission shall issue by order frameworks for
51.17 the calculation of lifecycle carbon intensities of each innovative resource for natural gas
51.18 utilities as follows:

51.19 (1) a general framework for the comparison of power-to-hydrogen, strategic
51.20 electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon
51.21 capture, and power-ammonia according to their lifecycle greenhouse gas intensities; and

51.22 (2) a cost-benefit analytic framework to be applied to innovative resources and innovation
51.23 plans filed pursuant to section 216B.2427, that the commission will use to compare the
51.24 cost-effectiveness of those resources and plans. This analytic framework shall take into
51.25 account:

51.26 (i) the total incremental cost of the plan or resource that would be evaluated under the
51.27 framework and the lifecycle greenhouse gas emissions avoided or reduced by the innovative
51.28 resource or plan, using the framework developed under clause (1);

51.29 (ii) any important additional economic costs and benefits, programmatic costs and
51.30 benefits, additional environmental costs and benefits, and other costs or benefits that may
51.31 be expected under a plan; and

52.1 (iii) baseline cost-effectiveness criteria against which an innovation plan should be
52.2 compared. In establishing the baseline criteria, the commission shall take into account the
52.3 options available for reducing lifecycle greenhouse gas emissions from natural gas end uses
52.4 and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision
52.5 1. To the maximum reasonable extent, the cost-benefit framework shall be consistent with
52.6 environmental cost values established pursuant to section 216B.2422, subdivision 3, and other
52.7 other calculation of the social value of greenhouse gas emissions reduction.

52.8 The commission may update frameworks established under this section as necessary.

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

152.1 under this section, net of any revenues generated by the operation of the energy storage
152.2 system.

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

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

206.21 Sec. 33. **[216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS
206.22 ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE
206.23 RESOURCES.**

206.24 By June 1, 2022, the commission shall, by order, issue frameworks the commission must
206.25 use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource,
206.26 as follows:

206.27 (1) a general framework to compare the lifecycle greenhouse gas emissions intensities
206.28 of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy
206.29 efficiency, biogas, carbon capture, and power-to-ammonia; and

206.30 (2) a cost-benefit analytic framework to be applied to innovative resources and innovation
206.31 plans filed under section 216B.2427 that the commission must use to compare the
206.32 cost-effectiveness of those resources and plans. This analytic framework must take into
206.33 account:

207.1 (i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas
207.2 emissions avoided or reduced by the innovative resource or plan, using the framework
207.3 developed under clause (1);

207.4 (ii) additional economic costs and benefits, programmatic costs and benefits, additional
207.5 environmental costs and benefits, and other costs or benefits that may be expected under a
207.6 plan; and

207.7 (iii) baseline cost-effectiveness criteria against which an innovation plan should be
207.8 compared. When establishing baseline criteria, the commission must take into account
207.9 options available to reduce lifecycle greenhouse gas emissions from natural gas end uses
207.10 and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision
207.11 1. To the maximum reasonable extent, the cost-benefit framework must be consistent with
207.12 environmental cost values established under section 216B.2422, subdivision 3, and other
207.13 calculations of the social value of greenhouse gas emissions reductions used by the
207.14 commission. The commission may update frameworks established under this section as
207.15 necessary.

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

43.21 Sec. 11. **[216B.2428] WOOD PELLET PRODUCTION INCENTIVE.**

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

43.24 (b) "Forest residue" means unused portions of harvested trees and materials from diseased,
43.25 distressed, or burned trees that are processed into chips or sawdust in the field near the
43.26 forested area from which the tree or tree material is supplied.

43.27 (c) "Residual materials" means forest and wood mill residue.

43.28 (d) "Wood mill residue" means wood residue generated at a manufacturing plant that
43.29 processes harvested trees into products, including but not limited to lumber and sheathing,
43.30 that are suitable for processing into chips or sawdust.

43.31 (e) "Wood pellets" means a pellet manufactured from forest and wood mill residuals
43.32 that is burned to produce heat or electricity.

44.1 Subd. 2. **Eligible facility.** (a) To be eligible for payments under this section, a facility
44.2 must:

44.3 (1) be located in Minnesota;

44.4 (2) dry and process residual materials from Minnesota forests and sawmills into wood
44.5 pellets;

44.6 (3) begin construction no later than December 31, 2022;

44.7 (4) produce at least 50,000 metric tons of wood pellets annually; and

44.8 (5) certify that all contractors and subcontractors pay employees constructing the facility
44.9 no less than the prevailing wage rate, as defined in section 177.42.

44.10 (b) An eligible facility is prohibited from transferring eligibility for payments under this
44.11 section to a facility at a different location.

44.12 (c) An eligible facility that ceases production for any reason is prohibited from receiving
44.13 payments under this section until the eligible facility resumes production.

44.14 (d) Payments under this section may be made to no more than two eligible facilities.
44.15 Payments must be made to eligible facilities on a first-come, first-served basis.

44.16 Subd. 3. **Forest residue; requirements.** (a) Forest residue harvested from land parcels
44.17 larger than 160 acres must be certified by the Forest Stewardship Council, Sustainable
44.18 Forestry Initiative, or American Tree Farm System as being harvested from sustainably
44.19 managed forests.

44.20 (b) Forest residue not certified under paragraph (a) must be harvested under a forest
44.21 stewardship plan by a logger certified as a qualified logging professional by the Minnesota

44.22 logger education program, or an equivalent certification by an independent third-party
44.23 organization that teaches sustainable harvesting practices to loggers.

44.24 Subd. 4. **Payment; process.** (a) The commissioner must make payments under this
44.25 section to an eligible facility as provided in this subdivision.

44.26 (b) By the last day of January, April, July, and October, each eligible facility must file
44.27 a claim for payment for wood pellets produced by the eligible facility during the preceding
44.28 three calendar months. The claim must be filed with the commissioner on a form developed
44.29 by the commissioner.

44.30 (c) A claim submitted under this section must include documentation and verification
44.31 by an independent third party that, with respect to an eligible facility's claim filed under
44.32 this subdivision:

45.1 (1) the conditions of subdivision 3 have been met; and

45.2 (2) the amount of wood pellets, expressed in metric tons, that the eligible facility claims
45.3 to have produced during the quarter is accurate.

45.4 (d) No later than February 15, May 15, August 15, and November 15, the commissioner
45.5 must issue payments under this section for the applicable quarter to an eligible facility that
45.6 filed a quarterly claim approved by the commissioner.

45.7 Subd. 5. **Payment amount; limitation.** (a) The commissioner must pay an eligible
45.8 facility \$25 per metric ton of wood pellets produced, subject to the limitations provided
45.9 under this subdivision.

45.10 (b) An eligible facility must not be paid more than \$3,750,000 in a calendar year under
45.11 this section, irrespective of the number of metric tons of wood pellets produced in a calendar
45.12 year.

45.13 (c) An eligible facility may receive payments under this section for no more than ten
45.14 years.

45.15 (d) A payment must not be made under this section after June 30, 2033.

45.16 Sec. 12. Minnesota Statutes 2020, section 216B.243, subdivision 3b, is amended to read:

45.17 Subd. 3b. **Nuclear power plant; new construction prohibited; relicensing Additional**
45.18 **storage of spent nuclear fuel.** (a) The commission may not issue a certificate of need for
45.19 the construction of a new nuclear-powered electric generating plant.

45.20 (b) Any certificate of need for additional storage of spent nuclear fuel for a facility
45.21 seeking a license extension shall address the impacts of continued operations over the period
45.22 for which approval is sought.

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

289.26 Sec. 11. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

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

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

290.16 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision
290.17 2, or a solar electric energy generation facility system, as defined in section 216E.01,
290.18 subdivision 9a, if the system or facility is owned and operated by an independent power
290.19 producer and the electric output of the system or facility:

290.20 (i) is not sold to an entity that provides retail service in Minnesota or wholesale electric
290.21 service to another entity in Minnesota other than an entity that is a federally recognized
290.22 regional transmission organization or independent system operator; or

290.23 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric
290.24 service to another entity in Minnesota other than an entity that is a federally recognized
290.25 regional transmission organization or independent system operator, provided that the system
290.26 represents solar or wind capacity that the entity purchasing the system's electric output was
290.27 ordered by the commission to develop in the entity's most recent integrated resource plan
290.28 approved under section 216B.2422; or

290.29 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
290.30 2, or a solar energy generating large energy facility, as defined in section 216B.2421,
290.31 subdivision 2, engaging in a repowering project that:

290.32 (i) will not result in the facility exceeding the nameplate capacity under its most recent
290.33 interconnection agreement; or

291.1 (ii) will result in the facility exceeding the nameplate capacity under its most recent
291.2 interconnection agreement, provided that the Midcontinent Independent System Operator
291.3 has provided a signed generator interconnection agreement that reflects the expected net
291.4 power increase.

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

291.6 (1) modifying a large wind energy conversion system or a solar energy generating large
291.7 energy facility to increase its efficiency without increasing its nameplate capacity;

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

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

207.17 Sec. 34. **[216B.247] BENEFICIAL BUILDING ELECTRIFICATION.**

207.18 (a) It is the goal of the state of Minnesota to promote energy end uses powered by
207.19 electricity in the building sector that result in a net reduction in greenhouse gas emissions
207.20 and improvements to public health, consistent with the goal established under section
207.21 216H.02, subdivision 1.

207.22 (b) To the maximum reasonable extent, the implementation of beneficial electrification
207.23 in the building sector should prioritize investment and activity in low-income and
207.24 under-resourced communities, maintain or improve the quality of electricity service,
207.25 maximize customer savings, improve the integration of renewable and carbon-free resources,
207.26 and prioritize job creation.

207.27 Sec. 35. **[216B.248] PUBLIC UTILITY BENEFICIAL BUILDING
207.28 ELECTRIFICATION.**

207.29 (a) A public utility may submit to the commission a plan to promote energy end uses
207.30 powered by electricity within the public utility's service area in residential and commercial
207.31 buildings. To the maximum reasonable extent, a plan must:

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

208.1 (2) mitigate cost and avoid duplication with the utility's conservation improvement plan
208.2 under section 216B.241;

208.3 (3) maintain or enhance the reliability of electricity service;

208.4 (4) quantify the acres of land needed for new generation, transmission, and distribution
208.5 facilities to provide the additional electricity required under the plan;

208.6 (5) maintain or enhance public health and safety when temperatures fall below 25 degrees
208.7 below zero Fahrenheit;
208.8 (6) support the integration of renewable and carbon-free resources;
208.9 (7) encourage demand response and load shape management opportunities and the use
208.10 of energy storage that reduce overall system costs;
208.11 (8) prioritize electrification projects in economically disadvantaged communities;
208.12 (9) consider cost protections for low- and moderate-income customers;
208.13 (10) produce a net reduction in greenhouse gas emissions, based on the electricity
208.14 generation portfolio of the public utility proposing the plan, or based on the electricity
208.15 serving the end-use in the event that a public utility providing retail natural gas service
208.16 proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner;
208.17 and
208.18 (11) consider local job impacts and give preference to proposals that maximize the
208.19 creation of construction employment opportunities for local workers.
208.20 (b) The commission must approve, reject, or modify the public utility's plan, consistent
208.21 with the public interest. Plans approved by the commission under this subdivision are eligible
208.22 for cost recovery under section 216B.1645.

208.23 Sec. 36. **[216B.491] DEFINITIONS.**

208.24 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.4991, the terms
208.25 defined in this subdivision have the meanings given.

208.26 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,
208.27 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity
208.28 or credit support arrangement, or other financial arrangement entered into in connection
208.29 with energy transition bonds that is designed to promote the credit quality and marketability
208.30 of energy transition bonds or to mitigate the risk of an increase in interest rates.

209.1 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition
209.2 property is sold, assigned, transferred, or conveyed, other than as security, and any successor
209.3 to or subsequent assignee of the person.

209.4 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition
209.5 bonds.

209.6 Subd. 5. **Clean energy resource.** "Clean energy resource" means:

209.7 (1) renewable energy, as defined in section 216B.2422, subdivision 1;
209.8 (2) an energy storage system; or

209.9 (3) energy efficiency and load management, as defined in section 216B.241, subdivision
209.10 1.

209.11 Subd. 6. **Customer.** "Customer" means a person who takes electric service from an
209.12 electric utility for consumption of electricity in Minnesota.

209.13 Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that
209.14 generates electricity, is owned in whole or in part by an electric utility, and is used to serve
209.15 customers in Minnesota. Electric generating facility includes any interconnected infrastructure
209.16 or facility used to transmit or deliver electricity to Minnesota customers.

209.17 Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity
209.18 to Minnesota customers, including the electric utility's successors or assignees.

209.19 Subd. 9. **Energy storage system.** "Energy storage system" means a commercially
209.20 available technology that uses mechanical, chemical, or thermal processes to:

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

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

209.24 Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate
209.25 securities, including but not limited to senior secured bonds, debentures, notes, certificates
209.26 of participation, certificates of beneficial interest, certificates of ownership, or other evidences
209.27 of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and
209.28 a final legal maturity date that is not later than 32 years from the issue date, that are rated
209.29 AA or Aa2 or better by a major independent credit rating agency at the time of issuance,
209.30 and that are issued by an electric utility or an assignee under a financing order.

209.31 Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

210.1 (1) is imposed on all customer bills by an electric utility that is the subject of a financing
210.2 order, or the electric utility's successors or assignees;

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

210.4 (3) provides a source of revenue solely to repay, finance, or refinance energy transition
210.5 costs.

210.6 Subd. 12. **Energy transition costs.** "Energy transition costs" means:

210.7 (1) as approved by the commission in a financing order issued under section 216B.492,
210.8 the pretax costs that the electric utility has incurred or will incur that are caused by, associated
210.9 with, or remain as a result of retiring or replacing electric generating facilities serving
210.10 Minnesota retail customers; and

210.11 (2) pretax costs that an electric utility has previously incurred related to the closure or
210.12 replacement of electric infrastructure or facilities occurring before the effective date of this
210.13 act.

210.14 Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed
210.15 against an electric utility by a government agency or court under a federal or state
210.16 environmental statute, rule, or regulation.

210.17 Subd. 13. Energy transition property. "Energy transition property" means:

210.18 (1) all rights and interests of an electric utility or successor or assignee of an electric
210.19 utility under a financing order for the right to impose, bill, collect, receive, and obtain
210.20 periodic adjustments to energy transition charges authorized under a financing order issued
210.21 by the commission; and

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

210.26 Subd. 14. Energy transition revenue. "Energy transition revenue" means revenue,
210.27 receipts, collections, payments, money, claims, or other proceeds arising from energy
210.28 transition property.

210.29 Subd. 15. Financing costs. "Financing costs" means:

210.30 (1) principal, interest, and redemption premiums that are payable on energy transition
210.31 bonds;

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

211.4 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and
211.5 servicing the bonds, including but not limited to servicing fees, accounting and auditing
211.6 fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees,
211.7 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange
211.8 listing and compliance fees, security registration fees, filing fees, information technology
211.9 programming costs, and any other demonstrable costs necessary to otherwise ensure and
211.10 guarantee the timely payment of the bonds or other amounts or charges payable in connection
211.11 with the bonds;

211.12 (4) taxes and license fees imposed on the revenue generated from collecting an energy
211.13 transition charge;

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

211.17 (6) costs incurred by the commission to hire and compensate additional temporary staff
211.18 needed to perform the commission's responsibilities under this section and, in accordance
211.19 with section 216B.494, to engage specialized counsel and expert consultants experienced
211.20 in securitized electric utility ratepayer-backed bond financing similar to energy transition
211.21 bonds.

211.22 Subd. 16. **Financing order.** "Financing order" means an order issued by the commission
211.23 under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in
211.24 one or more series, (2) impose, charge, and collect energy transition charges, and (3) create
211.25 energy transition property.

211.26 Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds
211.27 and a trustee, collateral agent, a party under an ancillary agreement, or any other person
211.28 acting for the benefit of energy transition bondholders.

211.29 Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy
211.30 transition charge required to repay bonds and related costs may not be avoided by any retail
211.31 customer located within an electric utility service area.

211.32 Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission,
211.33 including but not limited to:

212.1 (1) unrecovered capitalized costs of retired or replaced electric generating facilities;
212.2 (2) costs to decommission and restore the site of an electric generating facility;
212.3 (3) other applicable capital and operating costs, accrued carrying charges, deferred
212.4 expenses, reductions for applicable insurance, and salvage proceeds; and
212.5 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing
212.6 debt agreements, or for waivers or consents related to existing debt agreements.

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

212.11 Sec. 37. **[216B.492] FINANCING ORDER.**

212.12 Subdivision 1. **Application.** (a) An electric utility that has received approval from the
212.13 commission to retire an electric generating facility owned by the utility prior to the full
212.14 depreciation of the electric generating facility's value may file an application with the

212.15 commission for the issuance of a financing order to enable the utility to recover energy
212.16 transition costs through the issuance of energy transition bonds under this section.

212.17 (b) The application must include all of the following information:

212.18 (1) a description of the electric generating facility to be retired;

212.19 (2) the undepreciated value remaining in the electric generating facility that is proposed
212.20 to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and
212.21 the method used to calculate the amount;

212.22 (3) the estimated savings to electric utility customers if the financing order is issued as
212.23 requested in the application, calculated by comparing the costs to customers that are expected
212.24 to result from implementing the financing order and the estimated costs associated with
212.25 implementing traditional electric utility financing mechanisms with respect to the same
212.26 undepreciated balance, expressed in net present value terms;

212.27 (4) an estimated schedule for the electric generating facility's retirement;

212.28 (5) a description of the nonbypassable energy transition charge electric utility customers
212.29 would be required to pay in order to fully recover financing costs, and the method and
212.30 assumptions used to calculate the amount;

213.1 (6) a proposed methodology for allocating the revenue requirement for the energy
213.2 transition charge among the utility's customer classes;

213.3 (7) a description of a proposed adjustment mechanism to be implemented when necessary
213.4 to correct any overcollection or undercollection of energy transition charges, in order to
213.5 complete payment of scheduled principal and interest on energy transition bonds and other
213.6 financing costs in a timely fashion;

213.7 (8) a memorandum with supporting exhibits from a securities firm that is experienced
213.8 in the marketing of bonds and that is approved by the commissioner of management and
213.9 budget indicating the proposed issuance satisfies the current published AA or Aa2 or higher
213.10 rating or equivalent rating criteria of at least one nationally recognized securities rating
213.11 organization for issuances similar to the proposed energy transition bonds;

213.12 (9) an estimate of the timing of the issuance and the term of the energy transition bonds,
213.13 or series of bonds, provided that the scheduled final maturity for each bond issuance does
213.14 not exceed 30 years;

213.15 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,
213.16 interest in energy transition property, including identification of an assignee, and
213.17 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
213.18 by the electric utility;

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

213.20 (12) one or more alternative financing scenarios in addition to the preferred scenario
213.21 contained in the application; and

213.22 (13) a workforce transition plan that includes estimates of:
213.23 (i) the number of workers currently employed at the electric generating facility to be
213.24 retired by the electric utility and, separately reported, by contractors, including workers that
213.25 directly deliver fuel to the electric generating facility;

213.26 (ii) the number of workers identified in item (i) who, as a result of the retirement of the
213.27 electric generating facility:

213.28 (A) are offered employment by the electric utility in the same job classification;
213.29 (B) are offered employment by the electric utility in a different job classification;
213.30 (C) are not offered employment by the electric utility;
213.31 (D) are offered early retirement by the electric utility; and
214.1 (E) retire as planned; and

214.2 (iii) if the electric utility plans to replace the retiring generating facility with a new
214.3 electric generating facility owned by the electric utility, the number of jobs at the new
214.4 generating facility outsourced to contractors or subcontractors; and

214.5 (14) a plan to replace the retired electric generating facilities with other electric generating
214.6 facilities owned by the utility or power purchase agreements that meet the requirements of
214.7 subdivision 3, clause (15), and a schedule reflecting that the replacement resources are
214.8 operational or available at the time the retiring electric generating facilities cease operation.

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

214.12 (1) the energy transition costs described in the application related to the retirement of
214.13 electric generation facilities are reasonable;

214.14 (2) the proposed issuance of energy transition bonds and the imposition and collection
214.15 of energy transition charges:

214.16 (i) are just and reasonable;
214.17 (ii) are consistent with the public interest;

214.18 (iii) constitute a prudent and reasonable mechanism to finance the energy transition costs
214.19 described in the application; and

214.20 (iv) provide tangible and quantifiable benefits to customers that are substantially greater
214.21 than the benefits that would have been achieved absent the issuance of energy transition
214.22 bonds; and

214.23 (3) the proposed structuring, marketing, and pricing of the energy transition bonds:

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

214.26 (ii) achieve the maximum net present value of customer savings, as determined by the
214.27 commission in a financing order, consistent with market conditions at the time of sale and
214.28 the terms of the financing order.

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

214.30 (1) determine the maximum amount of energy transition costs that may be financed from
214.31 proceeds of energy transition bonds issued pursuant to the financing order;

215.1 (2) describe the proposed customer billing mechanism for energy transition charges and
215.2 include a finding that the mechanism is just and reasonable;

215.3 (3) describe the financing costs that may be recovered through energy transition charges
215.4 and the period over which the costs may be recovered, which must end no earlier than the
215.5 date of final legal maturity of the energy transition bonds;

215.6 (4) describe the energy transition property that is created and that may be used to pay
215.7 and secure the payment of the energy transition bonds and financing costs authorized in the
215.8 financing order;

215.9 (5) authorize the electric utility to finance energy transition costs through the issuance
215.10 of one or more series of energy transition bonds. An electric utility is not required to secure
215.11 a separate financing order for each issuance of energy transition bonds or for each scheduled
215.12 phase of the retirement or replacement of electric generating facilities approved in the
215.13 financing order;

215.14 (6) include a formula-based mechanism that must be used to make expeditious periodic
215.15 adjustments to the energy transition charge authorized by the financing order that are
215.16 necessary to correct for any overcollection or undercollection, or to otherwise guarantee
215.17 the timely payment of energy transition bonds, financing costs, and other required amounts
215.18 and charges payable in connection with energy transition bonds;

215.19 (7) specify the degree of flexibility afforded to the electric utility in establishing the
215.20 terms and conditions of the energy transition bonds, including but not limited to repayment
215.21 schedules, expected interest rates, and other financing costs;

215.22 (8) specify that the energy transition bonds must be issued as soon as feasible following
215.23 issuance of the financing order;

215.24 (9) require the electric utility, at the same time as energy transition charges are initially
215.25 collected and independent of the schedule to close and decommission the electric generating
215.26 facility, to remove the electric generating facility to be retired from the utility's rate base
215.27 and commensurately reduce the utility's base rates;

215.28 (10) specify a future ratemaking process to reconcile any difference between the projected
215.29 pretax costs included in the amount financed by energy transition bonds and the final actual
215.30 pretax costs incurred by the electric utility to retire or replace the electric generating facility;

215.31 (11) specify information regarding bond issuance and repayments, financing costs,
215.32 energy transaction charges, energy transition property, and related matters that the electric
215.33 utility is required to provide to the commission on a schedule determined by the commission;

216.1 (12) allow and may require the creation of an electric utility's energy transition property
216.2 to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy
216.3 transition property to an assignee and the pledge of the energy transition property to secure
216.4 the energy transition bonds;

216.5 (13) ensure that the structuring, marketing, and pricing of energy transition bonds result
216.6 in the lowest securitization bond charges and maximize net present value customer savings,
216.7 consistent with market conditions and the terms of the financing order;

216.8 (14) specify that the electric utility is prohibited from, after the electric generating
216.9 facilities subject to the finance order are removed from the electric utility's base rate:

216.10 (i) operating the electric generating facilities; or

216.11 (ii) selling the electric generating facilities to another entity to be operated as electric
216.12 generating facilities; and

216.13 (15) specify that the electric utility must send a payment from energy transition bond
216.14 proceeds equal to 15 percent of the net present value of electric utility cost savings estimated
216.15 by the commission under subdivision 2, clause (3), item (ii), to the commissioner of
216.16 employment and economic development for deposit in the energy worker transition account
216.17 established in section 216B.4991, and that the balance of the proceeds:

216.18 (i) must not be used to acquire, construct, finance, own, operate, or purchase energy
216.19 from an electric generating facility that is not powered by a clean energy resource; and

216.20 (ii) may be used to construct, finance, operate, own, or purchase energy from, an electric
216.21 generating facility that complies with item (i), under conditions determined by the
216.22 commission, including the capacity of generating assets, the estimated date the asset is
216.23 placed into service, and any other factors deemed relevant by the commission, taking into
216.24 account the electric utility's resource plan most recently approved by the commission under
216.25 section 216B.2422.

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

216.27 (1) include conditions different from those requested in the application that the
216.28 commission determines are necessary to:
216.29 (i) promote the public interest; and
216.30 (ii) maximize the financial benefits or minimize the financial risks of the transaction to
216.31 customers and to directly impacted Minnesota workers and communities; and
216.32 (2) specify the selection of one or more underwriters of the energy transition bonds.

217.1 **Subd. 4. Duration; irrevocability; subsequent order.** (a) A financing order remains
217.2 in effect until the energy transition bonds issued under the financing order and all financing
217.3 costs related to the bonds have been paid in full.

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

217.7 (c) Subject to judicial review as provided for in section 216B.52, a financing order is
217.8 irrevocable and is not reviewable by future commissions. The commission may not reduce,
217.9 impair, postpone, or terminate energy transition charges approved in a financing order, or
217.10 impair energy transition property or the collection or recovery of energy transition revenue.

217.11 (d) Notwithstanding paragraph (c), the commission may, on the commission's own
217.12 motion or at the request of an electric utility or any other person, commence a proceeding
217.13 and issue a subsequent financing order that provides for refinancing, retiring, or refunding
217.14 energy transition bonds issued under the original financing order if:

217.15 (1) the commission makes all of the findings specified in subdivision 2 with respect to
217.16 the subsequent financing order; and
217.17 (2) the modification contained in the subsequent financing order does not in any way
217.18 impair the covenants and terms of the energy transition bonds to be refinanced, retired, or
217.19 refunded.

217.20 **Subd. 5. Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),
217.21 the commission, in exercising the powers and carrying out the duties under this section, is
217.22 prohibited from:
217.23 (1) considering energy transition bonds issued under this section to be debt of the electric
217.24 utility other than for income tax purposes, unless it is necessary to consider the energy
217.25 transition bonds to be debt in order to achieve consistency with prevailing utility debt rating
217.26 methodologies;
217.27 (2) considering the energy transition charges paid under the financing order to be revenue
217.28 of the electric utility;

217.29 (3) considering the energy transition costs or financing costs specified in the financing
217.30 order to be the regulated costs or assets of the electric utility; or

217.31 (4) determining any prudent action taken by an electric utility that is consistent with the
217.32 financing order is unjust or unreasonable.

218.1 (b) Nothing in this subdivision:

218.2 (1) affects the authority of the commission to apply or modify any billing mechanism
218.3 designed to recover energy transition charges;

218.4 (2) prevents or precludes the commission from investigating an electric utility's
218.5 compliance with the terms and conditions of a financing order and requiring compliance
218.6 with the financing order; or

218.7 (3) prevents or precludes the commission from imposing regulatory sanctions against
218.8 an electric utility for failure to comply with the terms and conditions of a financing order
218.9 or the requirements of this section.

218.10 (c) The commission is prohibited from refusing to allow the recovery of any costs
218.11 associated with the retirement or replacement of electric generating facilities by an electric
218.12 utility solely because the electric utility has elected to finance those activities through a
218.13 financing mechanism other than energy transition bonds.

218.14 Sec. 38. **[216B.493] POST-ORDER COMMISSION DUTIES.**

218.15 Subdivision 1. **Financing cost review.** Within 120 days after the date energy transition
218.16 bonds are issued, an electric utility subject to a financing order must file with the commission
218.17 the actual initial and ongoing financing costs, the final structure and pricing of the energy
218.18 transition bonds, and the actual energy transition charge. The commission must review the
218.19 prudence of the electric utility's actions to determine whether the actual financing costs are
218.20 the lowest that could reasonably be achieved given the terms of the financing order and
218.21 market conditions prevailing at the time of the bond's issuance.

218.22 Subd. 2. **Enforcement.** If the commission determines that an electric utility's actions
218.23 under this section are not prudent or are inconsistent with the financing order, the commission
218.24 may apply any remedies available, provided that any remedy applied may not directly or
218.25 indirectly impair the security for the energy transition bonds.

218.26 Sec. 39. **[216B.494] USE OF OUTSIDE EXPERTS.**

218.27 (a) In carrying out the duties under this section, the commission may:

218.28 (1) contract with outside consultants and counsel experienced in securitized electric
218.29 utility customer-backed bond financing similar to energy transition bonds; and

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

219.1 Expenses incurred by the commission under this paragraph must be treated as financing
219.2 costs and included in the energy transition charge. The costs incurred under clause (1) are
219.3 not an obligation of the state and are assigned solely to the transaction.

219.4 (b) If a utility's application for a financing order is denied or withdrawn for any reason
219.5 and energy transition bonds are not issued, the commission's costs to retain expert consultants
219.6 under this subdivision must be paid by the applicant utility and are deemed by the commission
219.7 to be a prudent deferred expense eligible for recovery in the utility's future rates.

219.8 **Sec. 40. [216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.**

219.9 (a) An electric utility that obtains a financing order and causes energy transition bonds
219.10 to be issued must:

219.11 (1) include on each customer's monthly electricity bill;

219.12 (i) a statement that a portion of the charges represents energy transition charges approved
219.13 in a financing order;

219.14 (ii) the amount and rate of the energy transition charge as a separate line item titled
219.15 "energy transition charge"; and

219.16 (iii) if energy transition property has been transferred to an assignee, a statement that
219.17 the assignee is the owner of the rights to energy transition charges and that the electric utility
219.18 or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

219.19 (2) file annually with the commission;

219.20 (i) a calculation of the impact that financing the retirement or replacement of electric
219.21 generating facilities has had on customer electricity rates, by customer class; and

219.22 (ii) evidence demonstrating that energy transition revenues are applied solely to the
219.23 repayment of energy transition bonds and other financing costs.

219.24 (b) Energy transition charges are nonbypassable and must be paid by all existing and
219.25 future customers receiving service from the electric utility or the utility's successors or
219.26 assignees under commission-approved rate schedules or special contracts.

219.27 (c) An electric utility's failure to comply with this section does not invalidate, impair,
219.28 or affect any financing order, energy transition property, energy transition charge, or energy
219.29 transition bonds, but does subject the electric utility to penalties under applicable commission
219.30 rules.

220.1 **Sec. 41. [216B.496] ENERGY TRANSITION PROPERTY.**

220.2 Subdivision 1. General. (a) Energy transition property is an existing present property
220.3 right or interest in a property right even though the imposition and collection of energy
220.4 transition charges depends on the electric utility's collecting energy transition charges and
220.5 on future electricity consumption. The property right or interest exists regardless of whether

220.6 the revenues or proceeds arising from the energy transition property have been billed, have
220.7 accrued, or have been collected.

220.8 (b) Energy transition property exists until all energy transition bonds issued under a
220.9 financing order are paid in full and all financing costs and other costs of the energy transition
220.10 bonds have been recovered in full.

220.11 (c) All or any portion of energy transition property described in a financing order issued
220.12 to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee
220.13 that is wholly owned, directly or indirectly, by the electric utility and is created for the
220.14 limited purpose of acquiring, owning, or administering energy transition property or issuing
220.15 energy transition bonds as authorized by the financing order. All or any portion of energy
220.16 transition property may be pledged to secure energy transition bonds issued under a financing
220.17 order, amounts payable to financing parties and to counterparties under any ancillary
220.18 agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or
220.19 pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary
220.20 course of business.

220.21 (d) If an electric utility defaults on any required payment of charges arising from energy
220.22 transition property described in a financing order, a court, upon petition by an interested
220.23 party and without limiting any other remedies available to the petitioner, must order the
220.24 sequestration and payment of the revenues arising from the energy transition property to
220.25 the financing parties.

220.26 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy
220.27 transition property specified in a financing order issued to an electric utility, and in the
220.28 revenue and collections arising from that property, is not subject to setoff, counterclaim,
220.29 surchARGE, or defense by the electric utility or any other person, or in connection with the
220.30 reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

220.31 (f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy,
220.32 or other insolvency proceeding, merger or acquisition, sale, other business combination,
220.33 transfer by operation of law, electric utility restructuring, or otherwise, must perform and
220.34 satisfy all obligations of, and has the same duties and rights under, a financing order as the
221.1 electric utility to which the financing order applies, and must perform the duties and exercise
221.2 the rights in the same manner and to the same extent as the electric utility, including
221.3 collecting and paying to any person entitled to receive revenues, collections, payments, or
221.4 proceeds of energy transition property.

221.5 Subd. 2. Security interests in energy transition property. (a) The creation, perfection,
221.6 and enforcement of any security interest in energy transition property to secure the repayment
221.7 of the principal and interest on energy transition bonds, amounts payable under any ancillary
221.8 agreement, and other financing costs are governed solely by this section.

221.9 (b) A security interest in energy transition property is created, valid, and binding when:

221.10 (1) the financing order that describes the energy transition property is issued;
221.11 (2) a security agreement is executed and delivered; and
221.12 (3) value is received for the energy transition bonds.
221.13 (c) Once a security interest in energy transition property is created, the security interest
221.14 attaches without any physical delivery of collateral or any other act. The lien of the security
221.15 interest is valid, binding, and perfected against all parties having claims of any kind in tort,
221.16 contract, or otherwise against the person granting the security interest, regardless of whether
221.17 the parties have notice of the lien, upon the filing of a financing statement with the secretary
221.18 of state.
221.19 (d) The description or indication of energy transition property in a transfer or security
221.20 agreement and a financing statement is sufficient only if the description or indication refers
221.21 to this section and the financing order creating the energy transition property.
221.22 (e) A security interest in energy transition property is a continuously perfected security
221.23 interest and has priority over any other lien, created by operation of law or otherwise, which
221.24 may subsequently attach to the energy transition property unless the holder of the security
221.25 interest has agreed otherwise in writing.
221.26 (f) The priority of a security interest in energy transition property is not affected by the
221.27 commingling of energy transition property or energy transition revenue with other money.
221.28 An assignee, bondholder, or financing party has a perfected security interest in the amount
221.29 of all energy transition property or energy transition revenue that is pledged to pay energy
221.30 transition bonds, even if the energy transition property or energy transition revenue is
221.31 deposited in a cash or deposit account of the electric utility in which the energy transition
221.32 revenue is commingled with other money. Any other security interest that applies to the
221.33 other money does not apply to the energy transition revenue.
222.1 (g) Neither a subsequent commission order amending a financing order under section
222.2 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a
222.3 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or
222.4 priority of a security interest in or transfer of energy transition property.
222.5 (h) A valid and enforceable security interest in energy transition property is perfected
222.6 only when it has attached and when a financing order has been filed with the secretary of
222.7 state in accordance with procedures the secretary of state may establish. The financing order
222.8 must name the pledgor of the energy transition property as debtor and identify the property.
222.9 Subd. 3. Sales of energy transition property. (a) A sale, assignment, or transfer of
222.10 energy transition property is an absolute transfer and true sale of, and not a pledge of or
222.11 secured transaction relating to, the seller's right, title, and interest in, to, and under the energy
222.12 transition property if the documents governing the transaction expressly state that the

222.13 transaction is a sale or other absolute transfer. A transfer of an interest in energy transition
222.14 property may be created when:

222.15 (1) the financing order creating and describing the energy transition property is effective;

222.16 (2) the documents evidencing the transfer of the energy transition property are executed

222.17 and delivered to the assignee; and

222.18 (3) value is received.

222.19 (b) A transfer of an interest in energy transition property must be filed with the secretary

222.20 of state against all third persons and perfected under sections 336.9-301 to 336.9-342,

222.21 including any judicial lien or other lien creditors or any claims of the seller or creditors of

222.22 the seller, other than creditors holding a prior security interest, ownership interest, or

222.23 assignment in the energy transition property previously perfected under this subdivision or

222.24 subdivision 2.

222.25 (c) The characterization of a sale, assignment, or transfer as an absolute transfer and

222.26 true sale, and the corresponding characterization of the property interest of the assignee is

222.27 not affected or impaired by:

222.28 (1) commingling of energy transition revenue with other money;

222.29 (2) the retention by the seller of:

222.30 (i) a partial or residual interest, including an equity interest, in the energy transition

222.31 property, whether direct or indirect, or whether subordinate or otherwise; or

223.1 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed

223.2 on the collection of energy transition revenue;

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

223.4 (4) any indemnification rights, obligations, or repurchase rights made or provided by

223.5 the seller;

223.6 (5) an obligation of the seller to collect energy transition revenues on behalf of an

223.7 assignee;

223.8 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other

223.9 purposes;

223.10 (7) any subsequent financing order amending a financing order under section 216B.492,

223.11 subdivision 4, paragraph (d); or

223.12 (8) any application of an adjustment mechanism under section 216B.492, subdivision

223.13 3, paragraph (a), clause (6).

223.14 Sec. 42. **[216B.497] ENERGY TRANSITION BONDS.**

223.15 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,
223.16 administrators, guardians, trustees, and other fiduciaries may legally invest any money
223.17 within the individual's or entity's control in energy transition bonds.

223.18 (b) Energy transition bonds issued under a financing order are not debt of or a pledge
223.19 of the faith and credit or taxing power of the state, any agency of the state, or any political
223.20 subdivision. Holders of energy transition bonds may not have taxes levied by the state or a
223.21 political subdivision in order to pay the principal or interest on energy transition bonds. The
223.22 issuance of energy transition bonds does not directly, indirectly, or contingently obligate
223.23 the state or a political subdivision to levy any tax or make any appropriation to pay principal
223.24 or interest on the energy transition bonds.

223.25 (c) The state pledges to and agrees with holders of energy transition bonds, any assignee,
223.26 and any financing parties that the state must not:

223.27 (1) take or permit any action that impairs the value of energy transition property; or
223.28 (2) reduce, alter, or impair energy transition charges that are imposed, collected, and
223.29 remitted for the benefit of holders of energy transition bonds, any assignee, and any financing
223.30 parties, until any principal, interest, and redemption premium payable on energy transition
223.31 bonds, all financing costs, and all amounts to be paid to an assignee or financing party under
223.32 an ancillary agreement are paid in full.

224.1 (d) A person who issues energy transition bonds may include the pledge specified in
224.2 paragraph (c) in the energy transition bonds, ancillary agreements, and documentation
224.3 related to the issuance and marketing of the energy transition bonds.

224.4 Sec. 43. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO
224.5 COMMISSION REGULATION.**

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

224.9 Sec. 44. **[216B.499] EFFECT ON OTHER LAWS.**

224.10 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law
224.11 regarding the attachment, assignment, perfection, effect of perfection, or priority of any
224.12 security interest in or transfer of energy transition property, sections 216B.491 to 216B.499
224.13 govern.

224.14 (b) Nothing in this subdivision precludes an electric utility for which the commission
224.15 has initially issued a financing order from applying to the commission for:

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

224.18 (2) approval to issue energy transition bonds to refund all or a portion of an outstanding
224.19 series of energy transition bonds.

224.20 **Sec. 45. [216B.4991] ENERGY WORKER TRANSITION ACCOUNT.**

224.21 Subdivision 1. **Account established.** The energy worker transition account is established
224.22 as a separate account in the special revenue fund in the state treasury. The commissioner
224.23 of employment and economic development must credit to the account appropriations and
224.24 transfers to the account, and payments of proceeds from the sale of bonds realized by an
224.25 electric utility operating under a financing order issued by the commission under section
224.26 216B.492. Earnings, including but not limited to interest, dividends, and any other earnings
224.27 arising from assets of the account, must be credited to the account. Money remaining in the
224.28 account at the end of a fiscal year does not cancel to the general fund but remains in the
224.29 account until expended. The commissioner of employment and economic development must
224.30 manage the account.

225.1 Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance
225.2 to workers whose employment was terminated by an electric utility that has ceased operation
225.3 and issued bonds under a financing order issued by the Public Utilities Commission under
225.4 section 216B.492. The types of assistance that may be provided from the account are:

225.5 (1) transition, support, and training services listed under section 116L.17, subdivision
225.6 4, clauses (1) to (5);

225.7 (2) employment and training services, as defined in section 116L.19, subdivision 4;

225.8 (3) income maintenance and support services, as defined in section 116L.19, subdivision
225.9 5;

225.10 (4) assistance to workers in starting a business, as described in section 116L.17,
225.11 subdivision 11; and

225.12 (5) extension of unemployment benefits.

225.13 (b) No more than five percent of the money in the account may be used to pay the
225.14 department's costs to administer the account.

225.15 (c) The commissioner may make grants to a state or local government unit, nonprofit
225.16 organization, community action agency, business organization or association, or labor
225.17 organization to provide the services allowed under this subdivision. No more than ten percent
225.18 of the money allocated to a grantee may be used to pay administrative costs.

45.24 Sec. 13. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

45.25 **Subd. 3b. Assessment for department regional and national duties.** In addition to
45.26 other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal

291.11 Sec. 12. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

291.12 **Subd. 3b. Assessment for department regional and national duties.** In addition to
291.13 other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal

45.27 year for performing its duties under section 216A.07, subdivision 3a. The amount in this
45.28 subdivision shall be assessed to energy utilities in proportion to their respective gross
45.29 operating revenues from retail sales of gas or electric service within the state during the last
45.30 calendar year and shall be deposited into an account in the special revenue fund and is
45.31 appropriated to the commissioner of commerce for the purposes of section 216A.07,
46.1 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
46.2 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
46.3 an "energy utility" means public utilities, generation and transmission cooperative electric
46.4 associations, and municipal power agencies providing natural gas or electric service in the
46.5 state. This subdivision expires June 30, ~~2021~~ 2023.

291.14 year for performing its duties under section 216A.07, subdivision 3a. The amount in this
291.15 subdivision shall be assessed to energy utilities in proportion to their respective gross
291.16 operating revenues from retail sales of gas or electric service within the state during the last
291.17 calendar year and shall be deposited into an account in the special revenue fund and is
291.18 appropriated to the commissioner of commerce for the purposes of section 216A.07,
291.19 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
291.20 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
291.21 an "energy utility" means public utilities, generation and transmission cooperative electric
291.22 associations, and municipal power agencies providing natural gas or electric service in the
291.23 state. ~~This subdivision expires June 30, 2021.~~

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

291.25 Sec. 13. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

291.26 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
291.27 the meaning given.

291.28 (b) "Participant" means a person who meets the requirements of subdivision 2 and who:

291.29 (1) files comments or appears in a commission proceeding, other than public hearings,
291.30 concerning one or more public utilities; or

292.1 (2) is permitted by the commission to intervene in a commission proceeding concerning
292.2 one or more public utilities; and

292.3 (3) files a request for compensation under this section.

292.4 (c) "Proceeding" means an undertaking of the commission in which it seeks to resolve
292.5 an issue affecting one or more public utilities and which results in a commission order.

292.6 (d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

292.7 Subd. 2. **Participants; eligibility.** Any of the following participants is eligible to receive
292.8 compensation under this section:

292.9 (1) a nonprofit organization that is:

292.10 (i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue
292.11 Code;

292.12 (ii) incorporated in Minnesota; and

292.13 (iii) governed under chapter 317A;

292.14 (2) a Tribal government of a federally recognized Indian Tribe that is located in
292.15 Minnesota; or

292.16 (3) a Minnesota resident, except that an individual who owns a for-profit business that
292.17 has earned revenue from a Minnesota utility in the past two years is not eligible for
292.18 compensation.

292.19 Subd. 3. Compensation; conditions. (a) The commission may order a public utility to
292.20 compensate all or part of an eligible participant's reasonable costs of participation in a
292.21 proceeding that comes before the commission when the commission finds that the participant
292.22 has materially assisted the commission's deliberation.

292.23 (b) In determining whether a participant has materially assisted the commission's
292.24 deliberation, the commission must find that:

292.25 (1) the participant made a unique contribution to the record and represented an interest
292.26 that would not otherwise have been adequately represented;

292.27 (2) the evidence or arguments presented or the positions taken by the participant were
292.28 an important factor in producing a fair decision;

292.29 (3) the participant's position promoted a public purpose or policy;

292.30 (4) the evidence presented, arguments made, issues raised, or positions taken by the
292.31 participant would not otherwise have been a part of the record;

293.1 (5) the participant was active in any stakeholder process made part of the proceeding;

293.2 and

293.3 (6) the proceeding resulted in a commission order that adopted, in whole or in part, a
293.4 position advocated by the participant.

293.5 (c) In reviewing a compensation request, the commission must consider whether the
293.6 costs presented in the participant's claim are reasonable.

293.7 Subd. 4. Compensation; amount. (a) Compensation must not exceed \$50,000 for a
293.8 single participant in any proceeding, except that:

293.9 (1) if a proceeding extends longer than 12 months, a participant may request compensation
293.10 of up to \$50,000 for costs incurred in each calendar year; and

293.11 (2) in a general rate case proceeding under section 216B.16 or an integrated resource
293.12 plan proceeding under section 216B.2422, the maximum single participant compensation
293.13 must not exceed \$75,000.

293.14 (b) A single participant must not be granted more than \$200,000 under this section in a
293.15 single calendar year.

293.16 (c) Compensation requests from joint participants must be presented as a single request.

293.17 (d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

293.20 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue in Minnesota;

293.22 (2) \$275,000, for a public utility with more than \$300,000,000 but less than \$900,000,000 annual gross operating revenue in Minnesota;

293.24 (3) \$375,000, for a public utility with more than \$900,000,000 but less than \$2,000,000,000 annual gross operating revenue in Minnesota; and

293.26 (4) \$1,250,000, for a public utility with more than \$2,000,000,000 annual gross operating revenue in Minnesota.

293.28 (e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than \$150,000 in total compensation during the previous two years.

294.1 Subd. 5. Compensation; process. (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

294.7 (b) A compensation request must include:

294.8 (1) the name and address of the participant or nonprofit organization the participant is representing;

294.10 (2) evidence of the organization's nonprofit, tax-exempt status;

294.11 (3) the name and docket number of the proceeding for which compensation is requested;

294.12 (4) a list of actual annual revenue secured and expenses incurred for participation in commission proceedings separately for the preceding and current year, and projected revenue, revenue sources, and expenses for participation in commission proceedings for the current year;

294.16 (5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, by docket;

294.18 (6) an itemization of the participant's costs, including hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs, participant revenues for the proceeding, and the total compensation request; and

294.21 (7) a narrative describing the unique contribution made to the proceeding by the
294.22 participant.

294.23 (c) A participant shall comply with reasonable requests for information by the commission
294.24 and other participants. A participant shall reply to information requests within ten calendar
294.25 days of the date the request is received, unless this would place an extreme hardship upon
294.26 the replying participant. The replying participant must provide a copy of the information
294.27 to any other participant or interested person upon request. Disputes regarding information
294.28 requests may be resolved by the commission.

294.29 (d) Within 30 days after service of the request for compensation, a party may file a
294.30 response, together with an affidavit of service, with the commission. A copy of the response
294.31 must be served on the requesting participant and all other parties to the proceeding.

295.1 (e) Within 15 days after the response is filed, the participant may file a reply with the
295.2 commission. A copy of the reply and an affidavit of service must be served on all other
295.3 parties to the proceeding.

295.4 (f) If additional costs are incurred by a participant as a result of additional proceedings
295.5 following the commission's initial order, the participant may file an amended request within
295.6 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an
295.7 amended request.

295.8 (g) The commission must issue a decision on participant compensation within 60 days
295.9 of the date a request for compensation is filed by a participant.

295.10 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
295.11 60 days upon the request of a participant or on the commission's own initiative, if applicable.

295.12 (i) A participant may request reconsideration of the commission's compensation decision
295.13 within 30 days of the decision date.

295.14 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment
295.15 of participant compensation, the public utility that was the subject of the proceeding must
295.16 pay the compensation to the participant and file proof of payment with the commission
295.17 within 30 days after the later of: (1) the expiration of the period within which a petition for
295.18 reconsideration of the commission's compensation decision must be filed; or (2) the date
295.19 the commission issues an order following reconsideration of the commission's order on
295.20 participant compensation.

295.21 (b) If the commission issues an order requiring payment of participant compensation in
295.22 a proceeding involving multiple public utilities, the commission shall apportion costs among
295.23 the public utilities in proportion to each public utility's annual revenue.

295.24 (c) The commission may issue orders necessary to allow a public utility to recover the
295.25 costs of participant compensation on a timely basis.

46.6 Sec. 14. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

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

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

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

46.12 (d) "School" means a school that operates as part of an independent or special school
 46.13 district.

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

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

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

46.21 Subd. 3. **Establishment of account.** (a) A solar for schools program account is
 46.22 established in the special revenue fund. Money received from the general fund must be
 46.23 transferred to the commissioner of commerce and credited to the account. Money deposited

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

152.6 Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

152.7 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

152.8 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
 152.9 electricity and natural gas ~~be~~ is achieved through cost-effective energy efficiency;

152.10 (2) the per capita use of fossil fuel as an energy input ~~be~~ is reduced by 15 percent by the
 152.11 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

152.12 (3) 25 percent of the total energy used in the state ~~be~~ Minnesota is derived from renewable
 152.13 energy resources by the year 2025; and

152.14 (4) statewide greenhouse gas emissions from energy use in existing commercial and
 152.15 residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the
 152.16 most effective current energy-saving incentives programs, evaluated by participation and
 152.17 efficacy; and (ii) development and implementation of new programs, prioritizing solutions
 152.18 that achieve the highest overall carbon reduction; and

152.19 (4) (5) retail electricity rates for each customer class ~~be~~ are at least five percent below
 152.20 the national average.

262.12 Sec. 3. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

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

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

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

262.18 (d) "School" means a school that operates as part of an independent or special school
 262.19 district.

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

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

262.22 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
 262.23 Department of Commerce. The purpose of the program is to (1) provide grants to stimulate
 262.24 the installation of solar energy systems on or adjacent to school buildings by reducing the cost,
 262.25 and (2) enable schools to use the solar energy system as a teaching tool that can be
 262.26 integrated into the school's curriculum.

262.27 Subd. 3. **Establishment of account.** (a) A solar for schools program account is
 262.28 established in the special revenue fund. Money received from the general fund must be
 262.29 transferred to the commissioner of commerce and credited to the account. Money deposited

46.24 in the account remains in the account until expended and does not cancel to the general
46.25 fund.

46.26 (b) When a grant is awarded under this section, the commissioner must reserve the grant
46.27 amount in the account.

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

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

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

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

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

47.6 (1) is installed on or adjacent to the school building that consumes the electricity generated
47.7 by the solar energy system, on property within the service territory of the utility currently
47.8 providing electric service to the school building; and

47.9 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
47.10 estimated annual electricity consumption of the school building at which the solar energy
47.11 system is installed.

47.12 (b) A school district that receives a rebate or other financial incentive under section
47.13 216B.241 for a solar energy system and that demonstrates considerable need for financial
47.14 assistance, as determined by the commissioner, is eligible for a grant under this section for
47.15 the same solar energy system.

47.16 Subd. 6. Application process. (a) The commissioner must issue a request for proposals
47.17 to utilities, schools, and developers who may wish to apply for a grant under this section
47.18 on behalf of a school.

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

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

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

263.1 in the account remains in the account until expended and does not cancel to the general
263.2 fund.

263.3 (b) When a grant is awarded under this section, the commissioner must reserve the grant
263.4 amount in the account.

263.5 Subd. 4. Expenditures. (a) Money in the account must be used only:

263.6 (1) to award grants under this section; and

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

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

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

263.13 (1) is installed on or adjacent to the school building that consumes the electricity generated
263.14 by the solar energy system, on property within the service territory of the utility currently
263.15 providing electric service to the school building; and

263.16 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
263.17 estimated annual electricity consumption of the school building at which the solar energy
263.18 system is installed.

263.19 (b) A school district that receives a rebate or other financial incentive under section
263.20 216B.241 for a solar energy system and that demonstrates considerable need for financial
263.21 assistance, as determined by the commissioner, is eligible for a grant under this section for
263.22 the same solar energy system.

263.23 Subd. 6. Application process. (a) The commissioner must issue a request for proposals
263.24 to utilities, schools, and developers who may wish to apply for a grant under this section
263.25 on behalf of a school.

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

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

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

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

47.29 (4) the total cost to purchase and install the solar energy system and the solar energy

47.30 system's life-cycle cost, including removal and disposal at the end of the system's life;

48.1 (5) a copy of the proposed contract agreement between the school and the public utility

48.2 or developer that includes provisions addressing responsibility for maintenance of the solar

48.3 energy system;

48.4 (6) the school's plan to make the solar energy system serve as a visible learning tool for

48.5 students, teachers, and visitors to the school, including how the solar energy system may

48.6 be integrated into the school's curriculum and provisions for real-time monitoring of the

48.7 solar energy system performance for display in a prominent location within the school or

48.8 on-demand in the classroom;

48.9 (7) information that demonstrates the school district's level of need for financial assistance

48.10 available under this section;

48.11 (8) information that demonstrates the school's readiness to implement the project,

48.12 including but not limited to the availability of the site on which the solar energy system is

48.13 to be installed and the level of the school's engagement with the utility providing electric

48.14 service to the school building on which the solar energy system is to be installed on issues

48.15 relevant to the implementation of the project, including metering and other issues;

48.16 (9) with respect to the installation and operation of the solar energy system, the

48.17 willingness and ability of the developer or the public utility to:

48.18 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,

48.19 subdivision 6; and

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

48.21 (10) how the developer or public utility plans to reduce the school's initial capital expense

48.22 to purchase and install the solar energy system, and to provide financial benefits to the

48.23 school from the utilization of federal and state tax credits, utility incentives, and other

48.24 financial incentives; and

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

48.26 (c) The commissioner must administer an open application process under this section

48.27 at least twice annually.

48.28 (d) The commissioner must develop administrative procedures governing the application

48.29 and grant award process.

48.30 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded

48.31 a grant under this section shall provide the commissioner information regarding energy

48.32 conservation measures implemented at the school building at which the solar energy system

49.1 is installed. The commissioner may make recommendations to the school regarding

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

264.4 (4) the total cost to purchase and install the solar energy system and the solar energy

264.5 system's life-cycle cost, including removal and disposal at the end of the system's life;

264.6 (5) a copy of the proposed contract agreement between the school and the utility or

264.7 developer that includes provisions addressing responsibility for maintenance of the solar

264.8 energy system;

264.9 (6) the school's plan to make the solar energy system serve as a visible learning tool for

264.10 students, teachers, and visitors to the school, including how the solar energy system may

264.11 be integrated into the school's curriculum and provisions for real-time monitoring of the

264.12 solar energy system performance for display in a prominent location in the school or

264.13 on-demand in the classroom;

264.14 (7) information that demonstrates the school district's level of need for financial assistance

264.15 available under this section;

264.16 (8) information that demonstrates the school's readiness to implement the project,

264.17 including but not limited to the availability of the site on which the solar energy system is

264.18 to be installed and the level of the school's engagement with the utility providing electric

264.19 service to the school building on which the solar energy system is to be installed on issues

264.20 relevant to the implementation of the project, including metering and other issues;

264.21 (9) with respect to the installation and operation of the solar energy system, the

264.22 willingness and ability of the developer or the utility to:

264.23 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,

264.24 subdivision 6; and

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

264.26 (10) how the developer or utility plans to reduce the school's initial capital expense to

264.27 purchase and install the solar energy system, and to provide financial benefits to the school

264.28 from the utilization of federal and state tax credits, utility incentives, and other financial

264.29 incentives; and

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

264.31 (c) The commissioner must administer an open application process under this section

264.32 at least twice annually.

265.1 (d) The commissioner must develop administrative procedures governing the application

265.2 and grant award process.

265.3 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded

265.4 a grant under this section shall provide the commissioner information regarding energy

265.5 conservation measures implemented at the school building at which the solar energy system

265.6 is installed. The commissioner may make recommendations to the school regarding

49.2 cost-effective conservation measures it can implement and may provide technical assistance
49.3 and direct the school to available financial assistance programs.

49.4 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
49.5 schools to develop and execute projects under this section.

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

49.10 Subd. 10. **Application deadline.** No application may be submitted under this section
49.11 after December 31, 2025.

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

49.13 Sec. 15. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY
49.14 SERVICE TERRITORY.**

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

49.21 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for
49.22 the solar for schools program with the commissioner. The plan must contain but is not
49.23 limited to the following elements:

49.24 (1) a description of how the public utility uses incentive funds appropriated to the program
49.25 from the renewable development account to provide additional financial assistance to schools
49.26 at which a solar energy system is installed;

49.27 (2) an estimate of the amount of financial assistance that the public utility provides to a
49.28 school under clause (1), and the length of time financial assistance is provided;

265.7 cost-effective conservation measures it can implement and may provide technical assistance
265.8 and direct the school to available financial assistance programs.

265.9 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
265.10 schools to develop and execute projects under this section.

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

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

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

265.21 Subd. 11. **Application deadline.** No application may be submitted under this section
265.22 after December 31, 2025.

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

265.24 Sec. 4. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY
265.25 SERVICE TERRITORY.**

265.26 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must
265.27 operate a program to develop and to supplement with additional funding financial
265.28 arrangements that enable schools to install and operate solar energy systems that can be
265.29 used as teaching tools and integrated into the school curriculum.

265.30 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for
265.31 the solar for schools program with the commissioner. The plan must contain, at a minimum,
265.32 the following elements:

266.1 (1) a description of how the public utility proposes to utilize funds appropriated to the
266.2 program to assist schools to install solar energy systems;

266.3 (2) an estimate of the amount of financial assistance that the public utility proposes to
266.4 provide to a school, on a per kilowatt-hour produced basis, and the length of time the public
266.5 utility estimates financial assistance is provided to a school;

49.29 (3) administrative procedures governing the application and financial benefit award
49.30 process, and the costs the public utility is projected to incur to administer the program;

49.31 (4) the public utility's proposed process for periodic reevaluation and modification of
49.32 the program; and

50.1 (5) any additional information required by the commissioner.

50.2 (b) The public utility may not implement the program until the commissioner approves
50.3 the public utility's plan submitted under this subdivision. The commissioner must approve
50.4 a plan under this subdivision that the commissioner determines to be in the public interest
50.5 no later than December 31, 2021. Any proposed modifications to the plan approved under
50.6 this subdivision must be approved by the commissioner.

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

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

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

50.18 Subd. 4. Application process. (a) A school seeking financial assistance under this section
50.19 must submit an application to the public utility, including a plan for how the school uses
50.20 the solar energy system as a visible learning tool for students, teachers, and visitors to the
50.21 school, and how the solar energy system may be integrated into the school's curriculum.

50.22 (b) The public utility must award financial assistance under this section on a first-come,
50.23 first-served basis.

50.24 (c) The public utility must discontinue accepting applications under this section after
50.25 all funds appropriated under subdivision 5 are allocated to program participants, including
50.26 funds from canceled projects.

266.6 (3) administrative procedures governing the application and financial benefit award
266.7 process, and the costs the public utility is projected to incur to administer the program;

266.8 (4) the public utility's proposed process for periodic reevaluation and modification of
266.9 the program; and

266.10 (5) any additional information required by the commissioner.

266.11 (b) The public utility may not implement the program until the commissioner approves
266.12 the public utility's plan submitted under this subdivision. The commissioner may modify a
266.13 plan, and no later than December 31, 2021, the commissioner must approve a plan and the
266.14 financial incentives the plan provides the public utility if the commissioner determines both
266.15 are in the public interest. Any proposed modifications to the plan approved under this
266.16 subdivision must be approved by the commissioner.

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

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

266.24 (2) the total aggregate nameplate capacity of all distributed generation serving the school
266.25 building, including any subscriptions to a community solar garden under section 216B.1641,
266.26 does not exceed the lesser of one megawatt alternating current or 120 percent of the average
266.27 annual electric energy consumption of the school building.

266.28 Subd. 4. Application process. (a) A school seeking financial assistance under this section
266.29 must submit an application to the public utility, including a plan for how the school uses
266.30 the solar energy system as a visible learning tool for students, teachers, and visitors to the
266.31 school, and how the solar energy system may be integrated into the school's curriculum.

266.32 (b) The public utility must award financial assistance under this section on a first-come,
266.33 first-served basis.

267.1 (c) The public utility must discontinue accepting applications under this section after
267.2 all funds appropriated to the program are allocated to program participants, including funds
267.3 from canceled projects.

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

50.27 **Subd. 5. Cost recovery; renewable energy credits.** (a) Payments by the public utility
 50.28 to a school receiving financial assistance under this section are fully recoverable by the
 50.29 public utility.

50.30 (b) The renewable energy credits associated with the electricity generated by a solar
 50.31 energy system installed under this section are the property of the public utility that is subject
 50.32 to this section for the life of the system, regardless of the solar on school incentive's duration.

51.1 **Subd. 6. Limitation.** (a) No more than 75 percent of the financial assistance provided
 51.2 by the public utility to schools under this section may be provided to schools where the
 51.3 proportion of students eligible for free and reduced-price lunch under the National School
 51.4 Lunch Program is less than 50 percent.

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

51.8 **Subd. 7. Technical assistance.** The commissioner may provide technical assistance to
 51.9 schools to develop and execute projects under this section.

51.10 **Subd. 8. Application deadline.** No application may be submitted under this section
 51.11 after December 31, 2025.

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

267.9 **Subd. 6. Cost recovery; renewable energy credits.** (a) Payments by the public utility
 267.10 to a school receiving financial assistance under this section are fully recoverable by the
 267.11 public utility through the public utility's fuel clause adjustment.

267.12 (b) The renewable energy credits associated with the electricity generated by a solar
 267.13 energy system receiving financial assistance under this section are the property of the public
 267.14 utility that is subject to this section.

267.15 **Subd. 7. Limitation.** (a) No more than 50 percent of the financial assistance provided
 267.16 by the public utility to schools under this section may be provided to schools where the
 267.17 proportion of students eligible for free and reduced-price lunch under the National School
 267.18 Lunch Program is less than 50 percent.

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

267.22 **Subd. 8. Technical assistance.** The commissioner must provide technical assistance to
 267.23 schools to develop and execute projects under this section.

267.24 **Subd. 9. Application deadline.** No application may be submitted under this section
 267.25 after December 31, 2025.

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

248.27 **Sec. 6. [216C.401] ELECTRIC VEHICLE REBATES.**

248.28 **Subdivision 1. Definitions.** (a) For purposes of this section and section 216C.402, the
 248.29 terms in this subdivision have the meanings given.

248.30 (b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle
 248.31 license under chapter 168 and:

249.1 (1) regularly engages in the business of manufacturing or selling, purchasing, and
 249.2 generally dealing in new and unused motor vehicles;

249.3 (2) has an established place of business to sell, trade, and display new and unused motor
 249.4 vehicles; and

249.5 (3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

249.6 (c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011,
 249.7 subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision
 249.8 26a, paragraph (a). Electric vehicle does not include a plug-in hybrid electric vehicle, as
 249.9 defined in section 169.011, subdivision 54a.

249.10 (d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements
 249.11 of subdivision 2, paragraph (a).

249.12 (e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements
249.13 of subdivision 2, paragraph (c).

249.14 (f) "Lease" means a business transaction under which a dealer furnishes an eligible
249.15 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences
249.16 of ownership transferred, other than the right to use the vehicle for a term of at least 24
249.17 months.

249.18 (g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

249.19 (h) "New eligible electric vehicle" means an eligible electric vehicle that has not been
249.20 registered in any state.

249.21 Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this
249.22 section if the vehicle meets all of the following conditions, and, if applicable, one of the
249.23 conditions of paragraph (b):

249.24 (1) has not been previously owned or has been returned to a dealer before the purchaser
249.25 or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

249.26 (2) has not been modified from the original manufacturer's specifications;

249.27 (3) has a base manufacturer's suggested retail price that does not exceed \$50,000;

249.28 (4) is purchased or leased after the effective date of this act for use by the purchaser and
249.29 not for resale; and

249.30 (5) is purchased or leased from a dealer or directly from an original equipment
249.31 manufacturer that does not have licensed franchised dealers in Minnesota.

250.1 (b) A new electric vehicle is eligible for a rebate under this section if, in addition to
250.2 meeting all of the conditions of paragraph (a), it also meets one or more of the following
250.3 conditions, if applicable:

250.4 (1) is used by a dealer as a floor model or test drive vehicle and has not been previously
250.5 registered in Minnesota or any other state; or

250.6 (2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or
250.7 leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

250.8 (c) A used electric vehicle is eligible for an electric vehicle rebate under this section if
250.9 the electric vehicle has previously been owned in this state or another state and has not been
250.10 modified from the original manufacturer's specifications.

250.11 Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible
250.12 new or used electric vehicle is eligible for a rebate under this section if the purchaser or
250.13 lessee:

250.14 (1) is one of the following:

250.15 (i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
250.16 when the electric vehicle is purchased or leased;

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

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

250.19 (iv) a political subdivision of the state;

250.20 (2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
250.21 from Minnesota; and

250.22 (3) registers the electric vehicle in Minnesota.

250.23 Subd. 4. **Rebate amounts.** (a) A \$2,000 rebate may be issued under this section to an
250.24 eligible purchaser to purchase or lease an eligible new electric vehicle.

250.25 (b) A \$500 rebate may be issued under this section to an eligible purchaser or lessee of
250.26 an eligible used electric vehicle.

250.27 (c) A purchaser or lessee whose household income at the time the eligible electric vehicle
250.28 is purchased or leased is less than 150 percent of the current federal poverty guidelines
250.29 established by the Department of Health and Human Services is eligible for a rebate in
250.30 addition to a rebate under paragraph (a) or (b), as applicable, of \$500 to purchase or lease
251.1 an eligible new electric vehicle and \$100 to purchase or lease an eligible used electric
251.2 vehicle.

251.3 Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

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

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

251.6 Subd. 6. **Program administration.** (a) Rebate applications under this section must be
251.7 filed with the commissioner on a form developed by the commissioner.

251.8 (b) The commissioner must develop administrative procedures governing the application
251.9 and rebate award process. Applications must be reviewed and rebates awarded by the
251.10 commissioner on a first-come, first-served basis.

251.11 (c) The commissioner must, in coordination with dealers and other state agencies as
251.12 applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or
251.13 lessee at the point of sale so that the rebate amount may be subtracted from the selling price
251.14 of the eligible electric vehicle.

251.15 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
251.16 restrict program eligibility based on fund availability or other factors.

251.17 Subd. 7. **Expiration.** This section expires June 30, 2025.

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

152.21 Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

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

152.24 (b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor
152.25 air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat
152.26 exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to
152.27 warm or cool the refrigerant vapor.

152.28 (c) "Commercial building" means a building:

152.29 (1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of
152.30 services, or (ii) a restaurant; or

153.1 (2) that contains four or more dwelling units.

153.2 (d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
153.3 paragraph (e).

153.4 (e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
153.5 paragraph (f).

153.6 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision
153.7 1, paragraph (f).

153.8 (g) "Envelope" means the physical elements separating a building's interior and exterior.

153.9 (h) "Grantee" means a person awarded a grant by the commissioner under this section.

153.10 (i) "Ground-source heat pump" means an earth-coupled heating or cooling device
153.11 consisting of a sealed closed-loop piping system installed in the ground to transfer heat
153.12 between the surrounding earth and a building.

153.13 (j) "Institutional building" means a building with occupants that provide health care,
153.14 educational, or government services.

153.15 (k) "Prew weatherization measure" means a general repair or measure that affects the health
153.16 or safety of residents of a dwelling unit and that is required under federal law in order for
153.17 weatherization services to be provided to the dwelling unit.

153.18 (l) "Qualified energy technology" means:

153.19 (1) a solar energy system;

153.20 (2) a measure installed in a building that results in energy efficiency or energy
153.21 conservation, excluding a natural gas furnace that does not function solely as a backup to

153.22 a primary heating system utilizing a ground-source heat pump or a cold climate air-source
153.23 heat pump; or

153.24 (3) an energy storage system.

153.25 (m) "Residential building" means a building containing one to three residential units.

153.26 (n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

153.27 Subd. 2. **Program establishment.** A rebuild right grant program is established in the
153.28 Department of Commerce to award grants to incorporate qualified energy technologies as
153.29 part of the renovation or new construction of buildings damaged or destroyed by civil unrest
153.30 in May and June 2020.

154.1 Subd. 3. **Application.** (a) An application for a grant under this section must be made to
154.2 the commissioner on a form developed by the commissioner. The application must include:

154.3 (1) evidence substantiating the applicant's experience required under subdivision 4,
154.4 paragraph (b);

154.5 (2) information detailing how property owners are notified that financial assistance is
154.6 available;

154.7 (3) the geographic area within which an applicant proposes to target financial assistance;

154.8 (4) information detailing (i) how the applicant determines whether a proposed project
154.9 meets the applicable energy standards required under subdivision 5, and (ii) what
154.10 post-implementation methods are used to assess whether the standards have been met;

154.11 (5) information detailing how the applicant evaluates and ranks project proposals; and

154.12 (6) any other information required by the commissioner.

154.13 (b) The commissioner must develop administrative procedures and processes to review
154.14 applications and award grants under this section.

154.15 Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions
154.16 and nonprofit organizations, may jointly file a single application for a grant award under
154.17 this section.

154.18 (b) Applicants for a grant awarded under this section must have experience:

154.19 (1) analyzing the energy and economic impacts of installing qualified energy technologies
154.20 in buildings;

154.21 (2) working with contractors to implement projects that install qualified energy
154.22 technologies in buildings; and

154.23 (3) successfully working with small businesses, community groups, and residents of
154.24 neighborhoods where a preponderance of the total number of households are low-income
154.25 households.

154.26 Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b),
154.27 a renovated or newly constructed commercial or institutional building awarded grant funds
154.28 under this section must meet, at a minimum, the current Sustainable Building 2030 energy
154.29 performance standards adopted under section 216B.241, subdivision 9.

154.30 (b) A renovated or newly constructed residential building or a commercial building
154.31 containing four or more dwelling units awarded grant funds under this section must meet,
155.1 at a minimum, the current energy performance standards for new residential construction
155.2 or renovations, as applicable, contained in the International Passive House Standard promoted
155.3 by the North American Passive House Network or the United States Department of Energy's
155.4 Zero Energy Ready Home.

155.5 Subd. 6. **Eligible properties.** A property is eligible to receive a grant awarded under
155.6 this section if the property: (1) was damaged or destroyed by civil unrest that occurred in
155.7 the state in May and June 2020; and (2) is being renovated or constructed to operate as a
155.8 residential, commercial, or institutional property.

155.9 Subd. 7. **Eligible expenditures.** An appropriation made to support activities under this
155.10 section may be used to:

155.11 (1) conduct outreach activities to:

155.12 (i) cities and business associations affected by the civil unrest that occurred in Minnesota
155.13 in May and June 2020;

155.14 (ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

155.15 (iii) potential building owners who may receive services under the program;

155.16 (2) purchase and install qualified energy technologies in buildings;

155.17 (3) pay the reasonable costs incurred by the department to administer this section; and

155.18 (4) compensate task force members under subdivision 12.

155.19 Subd. 8. **Grant priorities.** When awarding grants under this section, the commissioner
155.20 must give priority to applications that:

155.21 (1) commit to conduct aggressive outreach programs to provide assistance under this
155.22 section to eligible owners of buildings;

155.23 (i) located in census tracts in which 50 percent or more of households have household
155.24 incomes at or below 60 percent of the state median household income;

155.25 (ii) located in census tracts designated by the governor as Opportunity Zones under
155.26 United States Code, title 26, section 1400Z-1, et. seq.;
155.27 (iii) containing minority-owned businesses, as defined in section 116J.8737; or
155.28 (iv) containing women-owned businesses, as defined in section 116J.8737;
155.29 (2) commit to employ contractors that pay employees a wage comparable to, as
155.30 determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or
156.1 (3) leverage additional funding to be used for the purposes of this section.
156.2 Subd. 9. **Limits.** Grant funds awarded under this section to support the renovation or
156.3 construction of building envelopes and energy systems in commercial or institutional
156.4 buildings may be used to pay the difference between (1) the cost to renovate or construct a
156.5 building's envelope or energy system to meet the current applicable energy code, and (2)
156.6 the cost to meet the standards required under subdivision 5. The commissioner must develop
156.7 a methodology to calculate the cost to renovate or construct a commercial or institutional
156.8 building's envelope and energy system to meet current applicable energy code standards,
156.9 which must be used by a grantee to determine the amount awarded to a building owner.
156.10 Subd. 10. **Awards to building owners.** A commercial or institutional building owner
156.11 seeking funding from a grant awarded under this section must submit an application to the
156.12 grantee that includes:
156.13 (1) evidence that the building is eligible to receive a grant under this section, including
156.14 documentation of damage done to the building;
156.15 (2) a description of the project, including cost estimates for major project elements;
156.16 (3) documentation that the measures funded result in the building meeting the applicable
156.17 energy standards of subdivision 5; and
156.18 (4) any other information required by a grantee.
156.19 Subd. 11. **Grantee reports.** Recipients of a grant awarded under this section must file
156.20 semiannual reports with the commissioner containing:
156.21 (1) a list of properties where grant funds have been expended, the amount of the
156.22 expenditures, and the nature of the energy efficiency measures and renewable energy systems
156.23 installed;
156.24 (2) estimated energy savings and greenhouse gas emissions reductions resulting from
156.25 expenditures made under this section compared with estimated levels of energy use and
156.26 greenhouse gas emissions associated with those properties in 2019; and
156.27 (3) any other information required by the commissioner.
156.28 Subd. 12. **Advisory task force.** (a) Within 60 days of the effective date of this act, the
156.29 commissioner must select and appoint eight members to a Rebuild Right Advisory Task

156.30 Force and must convene the initial meeting of the task force. The advisory task force must
156.31 include:

156.32 (1) one representative of the public utility subject to section 116C.779, subdivision 1;

157.1 (2) one representative of the Prairie Island Indian Community;

157.2 (3) one representative of organized labor;

157.3 (4) two representatives of organizations with expertise installing energy conservation
157.4 measures and renewable energy programs in buildings;

157.5 (5) one representative of organizations that advocate for energy policies addressing
157.6 low-income households; and

157.7 (6) two representatives of organizations representing businesses located in areas that
157.8 experienced extensive property damage from civil unrest in Minnesota in May and June
157.9 2020.

157.10 (b) Within 60 days of the effective date of this act, the state senators and state
157.11 representatives representing Minneapolis neighborhoods that suffered extensive property
157.12 damage from civil unrest in May and June 2020 must jointly appoint as task force members
157.13 two residents who live in the neighborhoods where the property damage occurred.

157.14 (c) Within 60 days of the effective date of this act, the state senators and state
157.15 representatives representing St. Paul neighborhoods that suffered extensive property damage
157.16 from civil unrest in May and June 2020 must jointly appoint as task force members two
157.17 residents who live in the neighborhoods where the property damage occurred.

157.18 (d) Members of the advisory task force appointed under paragraph (a), clauses (1) to
157.19 (3), are nonvoting members. All other members are voting members.

157.20 (e) The Department of Commerce must serve as staff and provide administrative support
157.21 to the advisory task force.

157.22 (f) The advisory task force must advise the commissioner throughout the development
157.23 of the request for proposal and grant award process, and may recommend funding priorities
157.24 in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory
157.25 task force must present recommendations to the commissioner regarding the content of the
157.26 request for proposal.

157.27 (g) An organization that is represented on the advisory task force must not be awarded
157.28 a grant under this section.

157.29 (h) Notwithstanding section 15.059, subdivision 6, advisory task force members may
157.30 be compensated as provided under section 15.059, subdivision 3.

157.31 (i) The advisory task force established under this subdivision expires two years after the
157.32 effective date of this act.

158.1 Subd. 13. Report. Beginning January 15, 2022, and continuing each January 15 through
158.2 2026, the commissioner must submit a report to the chairs and ranking minority members
158.3 of the senate and house of representatives committees with jurisdiction over energy policy.
158.4 The report must contain:

- 158.5 (1) a list of the grant awards made under this section;
158.6 (2) summaries of the grantee reports submitted under subdivision 10; and
158.7 (3) other information deemed relevant by the commissioner.

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

251.19 Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION**
251.20 **OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

251.21 Subdivision 1. Establishment. A grant program is established in the Department of
251.22 Commerce to award grants to dealers to offset the costs of obtaining the necessary training
251.23 and equipment that is required by electric vehicle manufacturers in order to certify a dealer
251.24 to sell electric vehicles produced by the manufacturer.

251.25 Subd. 2. Application. An application for a grant under this section must be made to the
251.26 commissioner on a form developed by the commissioner. The commissioner must develop
251.27 administrative procedures and processes to review applications and award grants under this
251.28 section.

251.29 Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must
251.30 be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise
251.31 from a manufacturer of electric vehicles.

252.1 Subd. 4. Eligible expenditures. Appropriations made to support the activities of this
252.2 section must be used only to reimburse:

252.3 (1) a dealer for the reasonable costs to obtain training and certification for the dealer's
252.4 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

252.5 (2) a dealer for the reasonable costs to purchase and install equipment to service and
252.6 repair electric vehicles, as required by the electric vehicle manufacturer that awarded the
252.7 franchise to the dealer; and

252.8 (3) the department for the reasonable costs to administer this section.

252.9 Subd. 5. Limitation. A grant awarded under this section to a single dealer must not
252.10 exceed \$40,000.

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

267.27 Sec. 5. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

267.28 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a
267.29 set of devices whose primary purpose is to produce electricity by means of any combination
267.30 of collecting, transferring, or converting solar-generated energy, and may include
267.31 transmission lines designed for and capable of operating at 100 kilovolts or less that
267.32 interconnect a solar energy generating system with a high voltage transmission line.

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

295.27 Sec. 14. **[216C.51] UTILITY DIVERSITY REPORTING.**

295.28 Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves
295.29 Minnesota residents to focus on and improve the diversity of the utility's workforce and
295.30 suppliers.

295.31 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the
295.32 meanings given.

296.1 (b) "Certification" means official recognition by a governmental unit that a business is
296.2 a preferred vendor as a result of the characteristics of the business owner or owners or the
296.3 location of the business.

296.4 (c) "Utility" has the meaning given in section 216C.06, subdivision 18.

296.5 Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter,
296.6 each utility authorized to do business in Minnesota must file an annual diversity report to
296.7 the commissioner on:

296.8 (1) the utility's goals and efforts to increase diversity in the workplace, including current
296.9 workforce representation numbers and percentages; and

296.10 (2) all procurement goals and actual spending for female-owned, minority-owned,
296.11 veteran-owned, and small business enterprises during the previous calendar year.

296.12 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
296.13 total work performed by the utility submitting the report. The actual spending for
296.14 female-owned, minority-owned, veteran-owned, and small business enterprises must also
296.15 be expressed as a percentage of the total work performed by the utility submitting the report.

296.16 Subd. 4. **Report elements.** Each utility required to report under this section must include
296.17 the following in the annual report:

296.18 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers
296.19 during the next year;

296.20 (2) an explanation of the plan to increase the goals;

296.21 (3) an explanation of the challenges faced to increase workforce and supplier diversity,
296.22 including suggestions regarding actions the department could take to help identify potential
296.23 employees and vendors;

296.24 (4) a list of the certifications the company recognizes;

296.25 (5) a point of contact for a potential employee or vendor that wishes to work for or do
296.26 business with the utility; and

296.27 (6) a list of successful actions taken to increase workforce and supplier diversity, in
296.28 order to encourage other companies to emulate best practices.

296.29 Subd. 5. State data. Each annual report must include as much state-specific data as
296.30 possible. If the submitting utility does not submit state-specific data, the utility must include
296.31 any relevant national data the utility possesses, explain why the utility could not submit
297.1 state-specific data, and explain how the utility intends to include state-specific data in future
297.2 reports, if possible.

297.3 Subd. 6. Publication; retention. The department must publish an annual report on the
297.4 department's website and must maintain each annual report for at least five years.

297.5 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

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

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

297.13 (1) evaluation of research and investigations relating to the effects on land, water and
297.14 air resources of large electric power generating plants and high-voltage transmission lines
297.15 and the effects of water and air discharges and electric and magnetic fields resulting from
297.16 such facilities on public health and welfare, vegetation, animals, materials and aesthetic
297.17 values, including baseline studies, predictive modeling, and evaluation of new or improved
297.18 methods for minimizing adverse impacts of water and air discharges and other matters
297.19 pertaining to the effects of power plants on the water and air environment;

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

297.22 (3) evaluation of the effects of new electric power generation and transmission
297.23 technologies and systems related to power plants designed to minimize adverse environmental
297.24 effects;

- 297.25 (4) evaluation of the potential for beneficial uses of waste energy from proposed large
297.26 electric power generating plants;
- 297.27 (5) analysis of the direct and indirect economic impact of proposed sites and routes
297.28 including, but not limited to, productive agricultural land lost or impaired;
- 297.29 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided
297.30 should the proposed site and route be accepted;
- 297.31 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant
297.32 to subdivisions 1 and 2;
- 298.1 (8) evaluation of potential routes that would use or parallel existing railroad and highway
298.2 rights-of-way;
- 298.3 (9) evaluation of governmental survey lines and other natural division lines of agricultural
298.4 land so as to minimize interference with agricultural operations;
- 298.5 (10) evaluation of the future needs for additional high-voltage transmission lines in the
298.6 same general area as any proposed route, and the advisability of ordering the construction
298.7 of structures capable of expansion in transmission capacity through multiple circuiting or
298.8 design modifications;
- 298.9 (11) evaluation of irreversible and irretrievable commitments of resources should the
298.10 proposed site or route be approved; ~~and~~
- 298.11 (12) when appropriate, consideration of problems raised by other state and federal
298.12 agencies and local entities;
- 298.13 (13) evaluation of the benefits of the proposed facility with respect to the protection and
298.14 enhancement of environmental quality, and to the reliability of state and regional energy
298.15 supplies; and
- 298.16 (14) evaluation of the proposed project's impact on socioeconomic factors.
- 298.17 (c) If the commission's rules are substantially similar to existing regulations of a federal
298.18 agency to which the utility in the state is subject, the federal regulations must be applied by
298.19 the commission.
- 298.20 (d) No site or route shall be designated which violates state agency rules.
- 298.21 (e) The commission must make specific findings that it has considered locating a route
298.22 for a high-voltage transmission line on an existing high-voltage transmission route and the
298.23 use of parallel existing highway right-of-way and, to the extent those are not used for the
298.24 route, the commission must state the reasons.
- 298.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

225.19 Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

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

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

226.3 (c) The commission shall require as a condition of permit issuance that the recipient of
226.4 a site permit to construct a large electric power generating plant and all of the permit
226.5 recipient's construction contractors and subcontractors on the project pay no less than the
226.6 prevailing wage rate, as defined in section 177.42. The commission shall also require as a
226.7 condition of modifying a site permit for a large electric power generating plant repowering
226.8 project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of
226.9 the site permit and all of the permit recipient's construction contractors and subcontractors
226.10 on the repowering project pay no less than the prevailing wage rate, as defined in section
226.11 177.42.

226.12 (d) The commission may require as a condition of permit issuance that the recipient of
226.13 a site permit to construct a large electric power generating plant and all of the permit
226.14 recipient's construction contractors and subcontractors on the project participate in
226.15 apprenticeship programs that are registered with the Department of Labor and Industry or
226.16 the Office of Apprenticeship of the United States Department of Labor for the relevant work
226.17 on the project. The commission may also require as a condition of modifying a site permit
226.18 for a large electric power generating plant repowering project, as defined in section 216B.243,
226.19 subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit
226.20 recipient's construction contractors and subcontractors on the repowering project participate
226.21 in apprenticeship programs that are registered with the Department of Labor and Industry
226.22 or the Office of Apprenticeship of the United States Department of Labor for the relevant
226.23 work on the project. When deciding whether to require participation in apprenticeship
226.24 programs that are registered with the Department of Labor and Industry or the Office of
226.25 Apprenticeship of the United States Department of Labor under this paragraph, the
226.26 commission shall consider relevant factors, including the direct and indirect economic
226.27 impact as well as the quality, efficiency, and safety of construction on the project.

226.28 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
226.29 initiated at the Public Utilities Commission on or after that date.

298.26 Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

298.27 **Subd. 2. Applicable projects.** The requirements and procedures in this section apply to
298.28 the following projects:

298.29 (1) large electric power generating plants with a capacity of less than 80 megawatts;

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

298.31 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

299.1 (4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles
299.2 in length in Minnesota;

299.3 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of
299.4 the distance of the line in Minnesota will be located along existing high-voltage transmission
299.5 line right-of-way;

299.6 (6) a high-voltage transmission line service extension to a single customer between 200
299.7 and 300 kilovolts and less than ten miles in length;

299.8 (7) a high-voltage transmission line rerouting to serve the demand of a single customer
299.9 when the rerouted line will be located at least 80 percent on property owned or controlled
299.10 by the customer or the owner of the transmission line; and

299.11 (8) large electric power generating plants that are powered by solar energy.

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

299.13 Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

299.14 **216F.012 SIZE ELECTION.**

299.15 (a) A wind energy conversion system of less than 25 megawatts of nameplate capacity
299.16 as determined under section 216F.011 is a small wind energy conversion system if, by July
299.17 1, 2009, the owner so elects in writing and submits a completed application for zoning
299.18 approval and the written election to the county or counties in which the project is proposed
299.19 to be located. The owner must notify the Public Utilities Commission of the election at the
299.20 time the owner submits the election to the county.

299.21 (b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate
299.22 capacity exceeding five megawatts that is proposed to be located wholly or partially within
299.23 a wind access buffer adjacent to state lands that are part of the outdoor recreation system,
299.24 as enumerated in section 86A.05, is a large wind energy conversion system. The Department
299.25 of Natural Resources shall negotiate in good faith with a system owner regarding siting and
299.26 may support the system owner in seeking a variance from the system setback requirements
299.27 if it determines that a variance is in the public interest.

299.28 (e) The Public Utilities Commission shall issue an annual report to the chairs and ranking
299.29 minority members of the house of representatives and senate committees with primary
299.30 jurisdiction over energy policy and natural resource policy regarding any variances applied
299.31 for and not granted for systems subject to paragraph (b).

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

226.30 Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

226.31 **216F.04 SITE PERMIT.**

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

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

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

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

227.9 (e) The commission shall require as a condition of permit issuance that the recipient of
227.10 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and
227.11 all of the permit recipient's construction contractors and subcontractors on the project pay
227.12 no less than the prevailing wage rate, as defined in section 177.42. The commission shall
227.13 also require as a condition of modifying a site permit for an LWECS repowering project as
227.14 defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit
227.15 and all of the permit recipient's construction contractors and subcontractors on the repowering
227.16 project pay no less than the prevailing wage rate, as defined in section 177.42.

227.17 (f) The commission may require as a condition of permit issuance that the recipient of
227.18 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and
227.19 all of the permit recipient's construction contractors and subcontractors on the project
227.20 participate in apprenticeship programs that are registered with the Department of Labor and
227.21 Industry or the Office of Apprenticeship of the United States Department of Labor for the
227.22 relevant work on the project. The commission may also require as a condition of modifying
227.23 a site permit for an LWECS repowering project as defined in section 216B.243, subdivision
227.24 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's
227.25 construction contractors and subcontractors on the repowering project participate in
227.26 apprenticeship programs that are registered with the Department of Labor and Industry or
227.27 the Office of Apprenticeship of the United States Department of Labor for the relevant work
227.28 on the project. When deciding whether to require participation in apprenticeship programs
227.29 that are registered with the Department of Labor and Industry or the Office of Apprenticeship

227.30 of the United States Department of Labor under this paragraph, the commission shall consider
227.31 relevant factors, including the direct and indirect economic impact as well as the quality,
227.32 efficiency, and safety of construction on the project.

227.33 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
227.34 initiated at the Public Utilities Commission on or after that date.

300.1 Sec. 18. **[216F.084] WIND TURBINE LIGHTING SYSTEMS.**

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

300.4 (b) "Duration" means the length of time during which the lights of a wind turbine lighting
300.5 system are lit.

300.6 (c) "Intensity" means the brightness of a wind turbine lighting system's lights.

300.7 (d) "Light-mitigating technology" means a sensor-based system that reduces the duration
300.8 or intensity of wind turbine lighting systems by:

300.9 (1) using radio frequency or other sensors to detect aircraft approaching one or more
300.10 wind turbines, or detecting visibility conditions at turbine sites; and

300.11 (2) automatically activating appropriate obstruction lights until the lights are no longer
300.12 needed by the aircraft and are turned off or dimmed.

300.13 A light-mitigating technology may include an audio feature that transmits an audible warning
300.14 message to provide a pilot additional information regarding a wind turbine the aircraft is
300.15 approaching.

300.16 (e) "Repowering project" has the meaning given in section 216B.243, subdivision 8,
300.17 paragraph (b).

300.18 (f) "Wind turbine lighting system" means a system of lights installed on an LWECS that
300.19 meets the applicable Federal Aviation Administration requirements.

300.20 Subd. 2. **Application.** This section applies to an LWECS issued a site permit or site
300.21 permit amendment, including a site permit amendment for an LWECS repowering project,
300.22 by the commission under section 216F.04 or by a county under section 216F.08, provided
300.23 that the application for a site permit or permit amendment is filed after July 1, 2021.

300.24 Subd. 3. **Required lighting system.** (a) An LWECS subject to this section must be
300.25 equipped with a light-mitigating technology that meets the requirements established in
300.26 Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction
300.27 Marking and Lighting, as updated, unless the Federal Aviation Administration, after
300.28 reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the
300.29 LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be
300.30 purchased from a vendor approved by the Federal Aviation Administration.

300.31 (b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects
300.32 the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS
301.1 must be equipped with a wind turbine lighting system that minimizes the duration or intensity
301.2 of the lighting system while maintaining full compliance with the lighting standards
301.3 established in Chapter 13 of the Federal Aviation Administration's Advisory Circular
301.4 70/760-1, Obstruction Marking and Lighting, as updated.

301.5 Subd. 4. Exemptions. (a) The Public Utilities Commission or a county that has assumed
301.6 permitting authority under section 216F.08 must grant an owner of an LWECS an exemption
301.7 from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's
301.8 application to equip an LWECS with a light-mitigating technology.

301.9 (b) The Public Utilities Commission or a county that has assumed permitting authority
301.10 under section 216F.08 must grant an owner of an LWECS an exemption from or an extension
301.11 of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the
301.12 owner of the LWECS demonstrates to the satisfaction of the commission or county that:

301.13 (1) equipping an LWECS with a light-mitigating technology is technically infeasible;
301.14 (2) equipping an LWECS with a light-mitigating technology imposes a significant
301.15 financial burden on the permittee; or

301.16 (3) a vendor approved by the Federal Aviation Administration cannot deliver a
301.17 light-mitigating technology to the LWECS owner in a reasonable amount of time.

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

234.20 Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

234.21 Subdivision 1. Greenhouse gas emissions-reduction goal. (a) It is the goal of the state
234.22 to reduce statewide greenhouse gas emissions across all sectors producing those emissions
234.23 to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below
234.24 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050, by at
234.25 least the following amounts, compared with the level of emissions in 2005:

234.26 (1) 15 percent by 2015;
234.27 (2) 30 percent by 2025;
234.28 (3) 45 percent by 2030; and
234.29 (4) net zero by 2050.

234.30 (b) The levels targets shall be reviewed based on the climate change action plan study,
234.31 annually by the commissioner of the Pollution Control Agency, taking into account the
235.1 latest scientific research on the impacts of climate change and strategies to reduce greenhouse
235.2 gas emissions published by the Intergovernmental Panel on Climate Change. The
235.3 commissioner shall forward any recommended changes to the targets to the chairs and

235.4 ranking minority members of the senate and house of representatives committees with
235.5 primary jurisdiction over climate change and environmental policy.

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

235.7 Sec. 3. **[239.7912] FUTURE FUELS ACT.**

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

235.10 (b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide
235.11 emissions that have the same global warming potential as one metric ton of another
235.12 greenhouse gas.

235.13 (c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions
235.14 associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide
235.15 equivalent per megajoule of transportation fuel, as calculated by the most recent version of
235.16 Argonne National Laboratory's GREET model and adapted to Minnesota by the department
235.17 through rulemaking or administrative process.

235.18 (d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below
235.19 the clean fuels carbon intensity standard in a given year.

235.20 (e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent,
235.21 and that serves as a quantitative measure of the degree to which a fuel provider's
235.22 transportation fuel volume is lower than the carbon intensity embodied in an applicable
235.23 clean fuels standard.

235.24 (f) "Credit generator" means an entity involved in supplying a clean fuel.

235.25 (g) "Deficit" means a unit of measure (1) equal to one metric ton of carbon dioxide
235.26 equivalent, and (2) that serves as a quantitative measure of the degree to which a fuel
235.27 provider's volume of transportation fuel is greater than the carbon intensity embodied in an
235.28 applicable future fuels standard.

235.29 (h) "Deficit generator" means a fuel provider who generates deficits and who first
235.30 produces or imports a transportation fuel for use in Minnesota.

235.31 (i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from
235.32 all stages of a fuel pathway for a specific transportation fuel.

236.1 (j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's
236.2 production and use, including extraction, processing, transportation, distribution, and
236.3 combustion or use by an end-user.

236.4 (k) "Fuel provider" means an entity that supplies a transportation fuel for use in
236.5 Minnesota.

236.6 (I) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse
236.7 gas emission's potential to contribute to global warming over a 100-year period, expressed
236.8 in terms of the equivalent carbon dioxide emission needed to produce the same 100-year
236.9 warming effect.

236.10 (m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,
236.11 perfluorocarbons, or sulfur hexafluoride.

236.12 (n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

236.13 (o) "Relevant petroleum-only portion of transportation fuels" means the component of
236.14 gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

236.15 (p) "Technology provider" means a manufacturer of an end-use consumer technology
236.16 involved in supplying clean fuels.

236.17 (q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended,
236.18 sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited
236.19 to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in
236.20 Minnesota, and (2) meets applicable standards, specifications, and testing requirements
236.21 under this chapter. Transportation fuel includes but is not limited to electricity used as fuel
236.22 in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable
236.23 propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

236.24 Subd. 2. **Clean fuels standard; establishment by rule; goals.** (a) No later than October
236.25 1, 2021, the commissioner must publish notice of the intent to adopt rules, as required under
236.26 section 14.22, that implement a clean fuels standard and other provisions of this section.
236.27 The timing requirement to publish a notice of intent to adopt rules or notice of hearing under
236.28 section 14.125 does not apply to rules adopted under this subdivision.

236.29 (b) The commissioner must consult with the commissioners of transportation, agriculture,
236.30 and the Pollution Control Agency when developing the rules under this subdivision. The
236.31 commissioner may gather input from stakeholders through various means, including a task
236.32 force, working groups, and public workshops. The commissioner, collaborating with the
236.33 Department of Transportation, may consult with stakeholders, including but not limited to
237.1 fuel providers; consumers; rural, urban, and Tribal communities; agriculture; environmental
237.2 and environmental justice organizations; technology providers; and other businesses.

237.3 (c) When developing the rule, the commissioner must endeavor to make available to
237.4 Minnesota a fuel-neutral clean fuels portfolio that:

237.5 (1) creates broad rural and urban economic development;

237.6 (2) provides benefits for communities, consumers, clean fuel providers, technology
237.7 providers, and feedstock suppliers;

237.8 (3) increases energy security from expanded reliance on domestically produced fuels;

237.9 (4) supports equitable transportation electrification that benefits all communities and is
237.10 powered primarily with low-carbon and carbon-free electricity;

237.11 (5) improves air quality and public health, targeting communities that bear a
237.12 disproportionate health burden from transportation pollution;

237.13 (6) supports state solid waste recycling goals by facilitating credit generation from
237.14 renewable natural gas produced from organic waste;

237.15 (7) aims to support, through credit generation or other financial means, voluntary
237.16 farmer-led efforts to adopt agricultural practices that benefit soil health and water quality
237.17 while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;

237.18 (8) maximizes benefits to the environment and natural resources, develops safeguards
237.19 and incentives to protect natural lands, and enhances environmental integrity, including
237.20 biodiversity; and

237.21 (9) is the result of extensive outreach efforts to stakeholders and communities that bear
237.22 a disproportionate health burden from pollution from transportation or from the production
237.23 and transportation of transportation fuels.

237.24 **Subd. 3. Clean fuels standard; establishment.** (a) A clean fuels standard is established
237.25 that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be
237.26 reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In
237.27 consultation with the Pollution Control Agency, Department of Agriculture, and Department
237.28 of Transportation, the commissioner must establish by rule a schedule of annual standards
237.29 that steadily decreases the carbon intensity of transportation fuels.

237.30 (b) When determining the schedule of annual standards, the commissioner must consider
237.31 the cost of compliance, the technologies available to a provider to achieve the standard, the
238.1 need to maintain fuel quality and availability, and the policy goals under subdivision 2,
238.2 paragraph (c).

238.3 (c) Nothing in this chapter precludes the department from adopting rules that allow the
238.4 generation of credits associated with electric or alternative transportation fuels or
238.5 infrastructure that existed prior to the effective date of this section or the start date of program
238.6 requirements.

238.7 **Subd. 4. Clean fuels standard; baseline calculation.** The department must calculate
238.8 the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels
238.9 for the 2018 calendar year after reviewing and considering the best available applicable
238.10 scientific data and calculations.

238.11 **Subd. 5. Clean fuels standard; compliance.** A deficit generator may comply with this
238.12 section by:

238.13 (1) producing or importing transportation fuels whose carbon intensity is at or below
238.14 the level of the applicable year's standard; or

238.15 (2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon
238.16 intensity of the deficit generator's transportation fuels exceeding the applicable year's
238.17 standard.

238.18 Subd. 6. **Clean fuel credits.** The commissioner must establish by rule a program for
238.19 tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably
238.20 operate a credit market that may include:

238.21 (1) a market mechanism that allows credits to be traded or banked for future use;
238.22 (2) transaction fees associated with the credit market; and
238.23 (3) procedures to verify the validity of credits and deficits generated by a fuel provider
238.24 under this section.

238.25 Subd. 7. **Fuel pathway and carbon intensity determination.** The commissioner must
238.26 establish a process to determine the carbon intensity of transportation fuels, including but
238.27 not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider.
238.28 Fuel pathways must be calculated using the most recent version of the Argonne National
238.29 Laboratory's GREET model adapted to Minnesota, as determined by the commissioner.
238.30 The fuel pathway determination process must (1) be consistent for all fuel types, (2) be
238.31 science- and engineering-based, and (3) reflect differences in vehicle fuel efficiency and
238.32 drive trains. The commissioner must consult with the Department of Agriculture, Department
238.33 of Transportation, and Pollution Control Agency to determine fuel pathways, and may
239.1 coordinate with third-party entities or other states to review and approve pathways to reduce
239.2 the administrative cost.

239.3 Subd. 8. **Fuel provider reports.** The commissioner must collaborate with the Department
239.4 of Transportation, Department of Agriculture, Pollution Control Agency, and the Public
239.5 Utilities Commission to develop a process, including forms developed by the commissioner,
239.6 for credit and deficit generators to submit required compliance reporting.

239.7 Subd. 9. **Enforcement.** The commissioner of commerce may enforce this section under
239.8 section 45.027.

239.9 Subd. 10. **Report to legislature.** No later than 48 months after the effective date of a
239.10 rule implementing a clean fuels standard, the commissioner must submit a report detailing
239.11 program implementation to the chairs and ranking minority members of the senate and
239.12 house committees with jurisdiction over transportation and climate change. The commissioner
239.13 must make summary information on the program available to the public.

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

158.9 Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

158.10 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
158.11 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
158.12 Construction Codes Advisory Council establish a code of standards for the construction,
158.13 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
158.14 design and construction, fire protection, health, sanitation, and safety, including design and
158.15 construction standards regarding heat loss control, illumination, and climate control. The
158.16 code must also include duties and responsibilities for code administration, including
158.17 procedures for administrative action, penalties, and suspension and revocation of certification.
158.18 The code must conform insofar as practicable to model building codes generally accepted
158.19 and in use throughout the United States, including a code for building conservation. In the
158.20 preparation of the code, consideration must be given to the existing statewide specialty
158.21 codes presently in use in the state. Model codes with necessary modifications and statewide
158.22 specialty codes may be adopted by reference. The code must be based on the application
158.23 of scientific principles, approved tests, and professional judgment. To the extent possible,
158.24 the code must be adopted in terms of desired results instead of the means of achieving those
158.25 results, avoiding wherever possible the incorporation of specifications of particular methods
158.26 or materials. To that end the code must encourage the use of new methods and new materials.
158.27 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
158.28 administer and enforce the provisions of those sections.

158.29 (b) The commissioner shall develop rules addressing the plan review fee assessed to
158.30 similar buildings without significant modifications including provisions for use of building
158.31 systems as specified in the industrial/modular program specified in section 326B.194.
158.32 Additional plan review fees associated with similar plans must be based on costs
158.33 commensurate with the direct and indirect costs of the service.

159.1 (c) Beginning with the 2018 edition of the model building codes and every six years
159.2 thereafter, the commissioner shall review the new model building codes and adopt the model
159.3 codes as amended for use in Minnesota, within two years of the published edition date. The
159.4 commissioner may adopt amendments to the building codes prior to the adoption of the
159.5 new building codes to advance construction methods, technology, or materials, or, where
159.6 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
159.7 or the use of a building.

159.8 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
159.9 residential energy code and the new model commercial energy code in accordance with
159.10 federal law for which the United States Department of Energy has issued an affirmative
159.11 determination in compliance with United States Code, title 42, section 6833. Beginning in
159.12 2022, the commissioner shall act on the new model commercial energy code by adopting
159.13 each new published edition of ASHRAE 90.1 or a more efficient standard, and amending
159.14 the standard as necessary to achieve a minimum of eight percent energy efficiency with
159.15 each edition, as measured against energy consumption by an average building in each
159.16 applicable building sector in 2003. These amendments must achieve a net zero energy

159.17 standard for new commercial buildings by 2036 and thereafter. The commissioner may
159.18 adopt amendments prior to adoption of the new energy codes, as amended for use in
159.19 Minnesota, to advance construction methods, technology, or materials, or, where necessary
159.20 to protect the health, safety, and welfare of the public, or to improve the efficiency or use
159.21 of a building.

268.2 Sec. 6. [500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY
268.3 SYSTEMS PROHIBITED.

268.4 Subdivision 1. **General rule.** A private entity must not prohibit or refuse to permit
268.5 installation, maintenance, or use of a roof-mounted solar energy system by the owner of a
268.6 single-family dwelling, notwithstanding any covenant, restriction, or condition contained
268.7 in a deed, security instrument, homeowners association document, or any other instrument
268.8 affecting the transfer, sale of, or an interest in real property, except as provided in this
268.9 section.

268.10 Subd. 2. **Applicability.** This section applies to single-family detached dwellings whose
268.11 owner is the sole owner of the entire building in which the dwelling is located and who is
268.12 solely responsible for the maintenance, repair, replacement, and insurance of the entire
268.13 building.

268.14 Subd. 3. **Definitions.** (a) The definitions in this subdivision apply to this section.

268.15 (b) "Private entity" means a homeowners association, community association, or other
268.16 association that is subject to a homeowners association document.

268.17 (c) "Homeowners association document" means a document containing the declaration,
268.18 articles of incorporation, bylaws, or rules and regulations of:

268.19 (1) a common interest community, as defined in section 515B.1-103, regardless of
268.20 whether the common interest community is subject to chapter 515B; and

268.21 (2) a residential community that is not a common interest community.

268.22 (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

268.23 Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from
268.24 requiring that:

268.25 (1) a licensed contractor install a solar energy system;

268.26 (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or
268.27 beyond the edge of the roof;

268.28 (3) the owner or installer of a solar energy system indemnify or reimburse the private
268.29 entity or the private entity's members for loss or damage caused by the installation,
268.30 maintenance, use, repair, or removal of a solar energy system;

269.1 (4) the owner and each successive owner of a solar energy system list the private entity
269.2 as a certificate holder on the homeowner's insurance policy; or

269.3 (5) the owner and each successive owner of a solar energy system be responsible for
269.4 removing the system if reasonably necessary for the repair, maintenance, or replacement
269.5 of common elements or limited common elements, as defined in section 515B.1-103.

269.6 (b) A private entity may impose other reasonable restrictions on the installation,
269.7 maintenance, or use of solar energy systems, provided that those restrictions do not decrease
269.8 the projected generation of energy by a solar energy system by more than 20 percent or
269.9 increase the solar energy system's cost by more than (1) 20 percent for a solar water heater,
269.10 or (2) \$2,000 for a solar photovoltaic system, compared with the generation of energy and
269.11 the cost of labor and materials certified by the designer or installer of the solar energy system
269.12 as originally proposed without the restrictions. A private entity may obtain an alternative
269.13 bid and design from a solar energy system designer or installer for the purposes of this
269.14 paragraph.

269.15 (c) A solar energy system must meet applicable standards and requirements imposed by
269.16 the state and by governmental units, as defined in section 462.384.

269.17 (d) A solar energy system for heating water must be certified by the Solar Rating
269.18 Certification Corporation (SRCC) or an equivalent certification agency. A solar energy
269.19 system for producing electricity must meet all applicable safety and performance standards
269.20 established by the National Electrical Code, the Institute of Electrical and Electronics
269.21 Engineers and accredited testing laboratories including but not limited to Underwriters
269.22 Laboratories and, where applicable, rules of the Public Utilities Commission regarding
269.23 safety and reliability.

269.24 (e) If approval by a private entity is required to install or use a solar energy system, the
269.25 application for approval must be processed and approved in the same manner as an
269.26 application for approval of an architectural modification to the property, and must not be
269.27 willfully avoided or delayed.

269.28 (f) An application for approval must be made in writing and must contain certification
269.29 that the applicant meets any conditions required by a private entity under this subdivision.
269.30 An application must include a copy of the interconnection application submitted to the
269.31 applicable electric utility.

269.32 (g) A private entity shall approve or deny an application in writing. If an application is
269.33 not denied in writing within 60 days from the date of receipt of the application, the application
269.34 is deemed approved unless the delay is the result of a reasonable request for additional
270.1 information. If a private entity receives an incomplete application that it determines prevents
270.2 it from reaching a decision to approve or disapprove the application, a new 60-day limit
270.3 begins only if the private entity sends written notice to the applicant, within 15 business

270.4 days of receiving the incomplete application, informing the applicant what additional
270.5 information is required.

270.6 Sec. 7. Minnesota Statutes 2020, section 515.07, is amended to read:

270.7 **515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.**

270.8 Each apartment owner shall comply strictly with the bylaws and with the administrative
270.9 rules adopted pursuant thereto, as either of the same may be lawfully amended from time
270.10 to time, and with the covenants, conditions, and restrictions set forth in the declaration or
270.11 in the owner's deed to the apartment. Failure to comply with any of the same shall be ground
270.12 for an action to recover sums due, for damages or injunctive relief or both maintainable by
270.13 the manager or board of directors on behalf of the association of apartment owners or, in a
270.14 proper case, by an aggrieved apartment owner. This chapter is subject to section sections
270.15 500.215 and 500.216.

270.16 Sec. 8. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

270.17 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
270.18 **BYLAWS.**

270.19 (a) All provisions of the declaration and bylaws are severable.

270.20 (b) The rule against perpetuities may not be applied to defeat any provision of the
270.21 declaration or this chapter, or any instrument executed pursuant to the declaration or this
270.22 chapter.

270.23 (c) In the event of a conflict between the provisions of the declaration and the bylaws,
270.24 the declaration prevails except to the extent that the declaration is inconsistent with this
270.25 chapter.

270.26 (d) The declaration and bylaws must comply with section sections 500.215 and 500.216.

270.27 Sec. 9. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

270.28 **515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

270.29 (a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions
270.30 of the declaration or bylaws, the association shall have the power to:

271.1 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
271.2 incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
271.3 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
271.4 jeopardize the health, safety or welfare of other occupants, which involves noise or other
271.5 disturbing activity, or which may damage the common elements or other units; (iii) regulating
271.6 or prohibiting animals; (iv) regulating changes in the appearance of the common elements
271.7 and conduct which may damage the common interest community; (v) regulating the exterior
271.8 appearance of the common interest community, including, for example, balconies and patios,
271.9 window treatments, and signs and other displays, regardless of whether inside a unit; (vi)

271.10 implementing the articles of incorporation, declaration and bylaws, and exercising the
271.11 powers granted by this section; and (vii) otherwise facilitating the operation of the common
271.12 interest community;

271.13 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
271.14 collect assessments for common expenses from unit owners;

271.15 (3) hire and discharge managing agents and other employees, agents, and independent
271.16 contractors;

271.17 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
271.18 own name on behalf of itself or two or more unit owners on matters affecting the common
271.19 elements or other matters affecting the common interest community or, (ii) with the consent
271.20 of the owners of the affected units on matters affecting only those units;

271.21 (5) make contracts and incur liabilities;

271.22 (6) regulate the use, maintenance, repair, replacement, and modification of the common
271.23 elements and the units;

271.24 (7) cause improvements to be made as a part of the common elements, and, in the case
271.25 of a cooperative, the units;

271.26 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
271.27 real estate or personal property, but (i) common elements in a condominium or planned
271.28 community may be conveyed or subjected to a security interest only pursuant to section
271.29 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
271.30 may be subjected to a security interest, only pursuant to section 515B.3-112;

271.31 (9) grant or amend easements for public utilities, public rights-of-way or other public
271.32 purposes, and cable television or other communications, through, over or under the common
271.33 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
272.1 by the declaration; and, subject to approval by a vote of unit owners other than declarant
272.2 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
272.3 the common elements;

272.4 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
272.5 of the common elements, other than limited common elements, and for services provided
272.6 to unit owners;

272.7 (11) impose interest and late charges for late payment of assessments and, after notice
272.8 and an opportunity to be heard before the board or a committee appointed by it, levy
272.9 reasonable fines for violations of the declaration, bylaws, and rules and regulations of the
272.10 association;

272.11 (12) impose reasonable charges for the review, preparation and recordation of
272.12 amendments to the declaration, resale certificates required by section 515B.4-107, statements
272.13 of unpaid assessments, or furnishing copies of association records;

272.14 (13) provide for the indemnification of its officers and directors, and maintain directors'
272.15 and officers' liability insurance;

272.16 (14) provide for reasonable procedures governing the conduct of meetings and election
272.17 of directors;

272.18 (15) exercise any other powers conferred by law, or by the declaration, articles of
272.19 incorporation or bylaws; and

272.20 (16) exercise any other powers necessary and proper for the governance and operation
272.21 of the association.

272.22 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
272.23 on the power of the association to deal with the declarant which are more restrictive than
272.24 the limitations imposed on the power of the association to deal with other persons.

272.25 (c) Notwithstanding subsection (a), powers exercised under this section must comply
272.26 with section sections 500.215 and 500.216.

272.27 (d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the
272.28 association, before instituting litigation or arbitration involving construction defect claims
272.29 against a development party, shall:

272.30 (1) mail or deliver written notice of the anticipated commencement of the action to each
272.31 unit owner at the addresses, if any, established for notices to owners in the declaration and,
272.32 if the declaration does not state how notices are to be given to owners, to the owner's last
273.1 known address. The notice shall specify the nature of the construction defect claims to be
273.2 alleged, the relief sought, and the manner in which the association proposes to fund the cost
273.3 of pursuing the construction defect claims; and

273.4 (2) obtain the approval of owners of units to which a majority of the total votes in the
273.5 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
273.6 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
273.7 are excluded. The association may obtain the required approval by a vote at an annual or
273.8 special meeting of the members or, if authorized by the statute under which the association
273.9 is created and taken in compliance with that statute, by a vote of the members taken by
273.10 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
273.11 means or mailed ballots is authorized by that statute, the association shall also provide for
273.12 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
273.13 or mailed ballots, except that the votes must be used in combination with the vote taken at
273.14 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
273.15 for purposes of determining whether a quorum was present. Proxies may not be used for a
273.16 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
273.17 the notice required under subsection (d)(1) and the proxy expressly references this notice.

273.18 (e) The association may intervene in a litigation or arbitration involving a construction
273.19 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party

52.10 Sec. 17. **BIO MASS BUSINESS COMPENSATION.**

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

52.13 (b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section
52.14 116C.779, subdivision 1, paragraph (f).

52.15 (c) "Early termination" means the early termination of the power purchase agreement
52.16 authorized under Minnesota Statutes, section 216B.2424, subdivision 9, with the biomass
52.17 plant.

52.18 (d) "Operating income" means a business's revenue minus its operating expenses.

52.19 Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief
52.20 administrative law judge of the Office of Administrative Hearings must assign an
52.21 administrative law judge to administer a claims award process to compensate businesses
52.22 negatively affected by the early termination. The chief administrative law judge may develop
52.23 a process, prescribe forms, identify documentation affected businesses must submit with
52.24 claims, and issue awards to eligible businesses consistent with this section. The process
52.25 must allow, but not require, an authorized representative from each business that applies
52.26 for compensation to appear in person before the assigned administrative law judge to provide
52.27 evidence in support of the business's claim.

52.28 (b) The chief administrative law judge may contract with and use the services of financial
52.29 or other consultants to examine financial documentation presented by claimants or otherwise
52.30 assist in the evaluation and award of claims.

52.31 (c) Records submitted to the Office of Administrative Hearings as part of the claims
52.32 process constitute business data under Minnesota Statutes, section 13.591.

53.1 (d) An award made under this section is final and is not subject to judicial review.

53.2 (e) An award made under this section does not constitute an admission of liability by
53.3 the state for any damages or other losses suffered by a business affected by the early
53.4 termination.

53.5 Subd. 3. **Eligibility.** To be eligible for an award of compensation, an affected business
53.6 must meet the following criteria:

53.7 (1) as of May 1, 2017, the affected business was operating under the terms of a valid
53.8 written contract, or an oral contract that is sufficiently supported by business records, with

273.20 claim before complying with subsections (d)(1) and (d)(2) but the association's complaint
273.21 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
273.22 prejudice unless the association has complied with the requirements of subsection (d) within
273.23 90 days of the association's commencement of the complaint in an intervention or the
273.24 assertion of the counterclaim, crossclaim, or third-party claim.

53.9 the company operating the biomass plant or the fertilizer plant integrated with the biomass
53.10 plant to supply or manage material for, or receive material from, the biomass plant or the
53.11 fertilizer plant integrated with the biomass plant;

53.12 (2) the affected business is located in the state; and

53.13 (3) as the result of the early termination, the affected business suffered:

53.14 (i) decreased operating income; or

53.15 (ii) the loss of value of investments in real or personal property essential to its business
53.16 operations with the biomass plant.

53.17 Subd. 4. Types of claims. (a) An eligible business may make claims for a compensation
53.18 award based on either or both:

53.19 (1) decreased operating income; or

53.20 (2) the loss of value of investments in real or personal property essential to its business
53.21 operations with the biomass plant.

53.22 (b) To establish and quantify a claim for decreased operating income, an eligible business
53.23 must:

53.24 (1) demonstrate its operating income over the past five years derived from supplying or
53.25 managing material for, or receiving material from, the biomass plant;

53.26 (2) present evidence of any alternative business opportunities it has pursued or could
53.27 pursue to mitigate the loss of revenue from the termination of its contract with the biomass
53.28 plant; and

53.29 (3) demonstrate the amount that the business's annual operating income, including
53.30 operating income from any alternative business opportunities, after the termination of the
54.1 business's contract with the biomass plant is less than the five-year average of the business's
54.2 annual operating income before the early termination.

54.3 (c) To establish and quantify a loss of value of investments in real or personal property
54.4 claim, an eligible business must provide sufficient evidence of:

54.5 (1) the essential nature of the investment made in the property to fulfill the contract with
54.6 the biomass plant;

54.7 (2) the extent to which the eligible business is able to repurpose the property for another
54.8 productive use after the early termination, including but not limited to the use, sales, salvage,
54.9 or scrap value of the property for which the loss is claimed; and

54.10 (3) the value of the eligible business's nondepreciated investment in the property.

54.11 Subd. 5. Limitations on awards. (a) A compensation award for a decreased operating
54.12 income claim must not exceed the amount calculated under subdivision 4, paragraph (b),
54.13 clause (3), multiplied by two.

54.14 (b) The use, sales, salvage, or scrap value of the property for which a loss is claimed
54.15 must be deducted from a compensation award for a loss of value of investments in real or
54.16 personal property claim.

54.17 (c) A payment received from business interruption insurance policies, settlements, or
54.18 other forms of compensation related to the termination of the business's contract with the
54.19 biomass plant must be deducted from any compensation award provided under this section.

54.20 Subd. 6. Priority. The chief administrative law judge may give priority to claims by
54.21 eligible businesses that demonstrate a significant effort to pursue alternative business
54.22 opportunities or to conduct other loss mitigation efforts to reduce its claimed losses related
54.23 to the termination of its contract with the company operating the biomass plant.

54.24 Subd. 7. Awarding claims. If the amount provided for compensation in the biomass
54.25 business compensation account established under section 17 is insufficient to fully award
54.26 all claims eligible for an award, all awards must be adjusted proportionally based on the
54.27 value of the claim.

54.28 Subd. 8. Deadlines. The chief administrative law judge must make the application
54.29 process for eligible claims available by August 1, 2021. A business seeking an award under
54.30 this section must file all claims with the chief administrative law judge within 60 days of
54.31 the date the chief administrative law judge makes the application process for eligible claims
54.32 available. All preliminary awards on eligible claims must be made within 120 days of the
54.33 deadline date to file claims. Any requests to reconsider an award denial must be filed with
55.1 the chief administrative law judge within 60 days of the notice date for preliminary awards.
55.2 All final awards for eligible claims must be made within 60 days of the deadline date to file
55.3 reconsideration requests. The commissioner of management and budget must pay all awarded
55.4 claims within 45 days of the date the commissioner of management and budget receives
55.5 notice of the final awards from the chief administrative law judge.

55.6 Subd. 9. Expiration. This section expires June 30, 2023.

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

55.8 Sec. 18. BIOMASS BUSINESS COMPENSATION ACCOUNT.

55.9 Subdivision 1. Account established. A biomass business compensation account is
55.10 established as a separate account in the special revenue fund in the state treasury.
55.11 Appropriations and transfers to the account must be credited to the account. Earnings, such
55.12 as interest, and any other earnings arising from the assets of the account are credited to the
55.13 account. Funds remaining in the account as of December 31, 2023, must be transferred to
55.14 the renewable development account established under Minnesota Statutes, section 116C.779.

55.15 Subd. 2. Funding for the special account. Notwithstanding Minnesota Statutes, section
55.16 116C.779, subdivision 1, paragraph (j), on July 1, 2021, \$18,000,000, and on July 1, 2022,
55.17 \$18,000,000 must be transferred from the renewable development account under Minnesota
55.18 Statutes, section 116C.779, to the biomass business compensation account established under
55.19 subdivision 1. These are onetime transfers. The transferred funds are appropriated to pay
55.20 eligible obligations under the biomass business compensation program established under
55.21 section 16.

55.22 Subd. 3. Payment of expenses. The chief administrative law judge must certify to the
55.23 commissioner of management and budget the total costs incurred to administer the biomass
55.24 business compensation claims process. The commissioner of management and budget must
55.25 transfer an amount equal to the certified costs incurred for biomass business compensation
55.26 claim activities from the renewable development account under Minnesota Statutes, section
55.27 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes,
55.28 section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based
55.29 on quarterly cost and revenue reports, with final certification and reconciliation after each
55.30 fiscal year. The total amount transferred under this subdivision must not exceed \$200,000.

55.31 Subd. 4. Expiration. This section expires June 30, 2023.

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

56.1 Sec. 19. REMAINING "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION
56.2 PROGRAM INCENTIVE OBLIGATION.

56.3 (a) On or before June 30, 2021, the commissioner of commerce must (1) determine the
56.4 total remaining obligation for the "Made in Minnesota" solar energy production incentive
56.5 program under Minnesota Statutes, section 216C.417, and (2) report the amount determined
56.6 under clause (1) to the commissioner of management and budget and the chairs and ranking
56.7 minority members of the house of representatives and senate committees with jurisdiction
56.8 over energy policy.

56.9 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
56.10 (j), the amount determined by the commissioner of commerce under paragraph (a) is
56.11 appropriated in equal amounts over four consecutive years beginning in fiscal year 2022
56.12 from the renewable development account under Minnesota Statutes, section 116C.779,
56.13 subdivision 1, paragraph (a), to the commissioner of commerce to make final payments for
56.14 "Made in Minnesota" obligations.

56.15 (c) By October 15, 2021, the commissioner of commerce must pay the total remaining
56.16 obligation for a "Made in Minnesota" solar energy production incentive approved by the
56.17 commissioner under Minnesota Statutes 2016, section 216C.415, to an owner whose
56.18 application was approved by the commissioner.

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

159.22 Sec. 28. **SUPPLEMENTING WEATHERIZATION SERVICES.**

159.23 (a) The state may implement preweatherization measures and qualified energy
159.24 technologies in dwelling units of low-income households that are: (1) receiving
159.25 weatherization services delivered under the federal Weatherization Assistance Program
159.26 authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in
159.27 neighborhoods adjacent to areas that experienced property damage resulting from civil
159.28 unrest in May and June 2020, as determined by the commissioner of commerce.

159.29 (b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance
159.30 provided under this section.

159.31 (c) The commissioner of commerce may require the design heating load of a dwelling
159.32 unit receiving assistance under this section to be no more than 12 British Thermal Units per
159.33 hour per square foot after all preweatherization measures financed under this section,
160.1 qualified energy technologies financed under this section, and weatherization measures
160.2 provided under the federal weatherization program are implemented.

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

160.4 Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF**
160.5 **WEATHERIZATION SERVICES.**

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

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

160.9 (c) "Weatherization Assistance Program" means the federal program described in Code
160.10 of Federal Regulations, title 10, part 440 et. seq., designed to assist low-income households
160.11 to cost-effectively reduce energy use.

160.12 (d) "Weatherization service providers" means the network of contracted entities that
160.13 administer the Weatherization Assistance Program.

160.14 (e) "Weatherization assistance services" means the energy conservation measures installed
160.15 in households under the Weatherization Assistance Program.

160.16 Subd. 2. **Establishment.** A task force is established to explore ways to expand existing
160.17 funding sources and identify potential new funding sources in order to increase the number
160.18 of low-income Minnesota households served or the scope of services provided by the
160.19 Weatherization Assistance Program.

160.20 Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint
160.21 members to the task force representing the following stakeholders:

160.22 (1) a statewide association representing Weatherization Assistance Program providers;

- 160.23 (2) individual Weatherization Assistance Program service providers;
160.24 (3) investor-owned utilities;
160.25 (4) electric cooperatives and municipal utilities;
160.26 (5) low-income energy advocates;
160.27 (6) Tribal nations; and
160.28 (7) delivered fuel dealers.
160.29 (b) Task force members serve without compensation.
161.1 (c) The commissioner must fill task force vacancies to maintain the representation
161.2 required under paragraph (a).
161.3 Subd. 4. Meetings; officers. (a) The commissioner must convene the first meeting of
161.4 the task force no later than August 15, 2021.
161.5 (b) At the first meeting, the task force must elect a chair and vice-chair from among the
161.6 task force's members and may elect other officers as necessary.
161.7 (c) The task force must meet according to a schedule determined by the task force and
161.8 may also meet at the call of the chair. The task force must meet as often as necessary to
161.9 accomplish the duties listed under subdivision 5.
161.10 (d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes,
161.11 chapter 13D.
161.12 Subd. 5. Duties. The task force must:
161.13 (1) develop a strategy to reduce, each year, a targeted number of eligible households
161.14 denied weatherization services due to unaddressed health, environmental, or structural
161.15 hazards in the home;
161.16 (2) explore new sources of funding in order to increase the number of households
161.17 receiving weatherization assistance services;
161.18 (3) analyze existing program models in other states that offer services that complement
161.19 the Weatherization Assistance Program;
161.20 (4) analyze the current distribution of weatherization services across ethnic groups;
161.21 among different regions of Minnesota; in urban, suburban, and rural areas; and with respect
161.22 to other demographic factors in order to determine how to distribute weatherization services
161.23 more equitably throughout Minnesota;
161.24 (5) discuss how additional funding would impact the ability of weatherization assistance
161.25 service providers to provide weatherization assistance services to more eligible households;

161.26 (6) identify services that a supplemental funding program could provide to address
161.27 necessary repairs to homes that the federal Weatherization Assistance Program requires
161.28 before weatherization assistance is provided, but which cannot be funded with federal
161.29 Weatherization Assistance Program funds; and

161.30 (7) examine other related issues the task force deems relevant.

161.31 Subd. 6. **Administrative support.** The commissioner must provide administrative
161.32 support and physical or virtual meeting space needed to complete the task force's work.

162.1 Subd. 7. **Report.** No later than February 1, 2022, the task force must submit a report on
162.2 the task force's findings and recommendations to the chairs and ranking minority members
162.3 of the senate and house of representatives committees with jurisdiction over energy. The
162.4 report must include recommendations for legislation to supplement funding for the
162.5 Weatherization Assistance Program.

162.6 Subd. 8. **Expiration.** This section expires April 15, 2022.

162.7 **EFFECTIVE DATE.** This section is effective July 1, 2021.

228.1 Sec. 48. **PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF**
228.2 **NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS**
228.3 **REDUCTION GOALS.**

228.4 By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate
228.5 changes to natural gas utility regulatory and policy structures needed to support the state's
228.6 greenhouse gas emissions reductions goals, including those established in Minnesota Statutes,
228.7 section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050,
228.8 as determined by the Intergovernmental Panel on Climate Change.

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

239.15 Sec. 4. **INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE**
239.16 **ACTIVITIES; PLAN.**

239.17 By February 15, 2022, the Climate Change Subcabinet established in Executive Order
239.18 19-37 must provide to the chairs and ranking minority members of the senate and house of
239.19 representatives committees with jurisdiction over climate and energy a preliminary report
239.20 on a Climate Transition Plan for incorporating the statewide greenhouse gas emission
239.21 reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects
239.22 of state agency activities, including but not limited to planning, awarding grants, purchasing,
239.23 regulating, funding, and permitting. The preliminary report must identify statutory changes
239.24 required for this purpose. The Pollution Control Agency must collaborate with the
239.25 Department of Administration to estimate greenhouse gas emissions from governmental
239.26 activities. The final Climate Transition Plan is due August 1, 2022, and must identify any
239.27 additional resources required to implement the plan's recommendations.

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

239.29 Sec. 5. **SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.**

239.30 (a) The Board of Regents of the University of Minnesota is requested to conduct a study
239.31 that generates climate model projections for the entire state of Minnesota at a level of detail
239.32 as small as three square miles in area. At a minimum, the study must:

240.1 (1) use resources at the Minnesota Supercomputing Institute to analyze high-performing
240.2 climate models under varying greenhouse gas emissions scenarios and develop a series of
240.3 projections of temperature, precipitation, snow cover, and a variety of other climate
240.4 parameters through the year 2100;

240.5 (2) downscale the climate impact results under clause (1) to areas as small as three square
240.6 miles;

240.7 (3) develop a publicly accessible data portal website to:

240.8 (i) allow other universities, nonprofit organizations, businesses, and government agencies
240.9 to use the model projections; and

240.10 (ii) educate and train users to use the data most effectively; and

240.11 (4) incorporate information on how to use the model results in the University of
240.12 Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate
240.13 Adaptation Partnership.

240.14 (b) In conjunction with the study, the university must conduct at least two "train the
240.15 trainer" workshops for state agencies, municipalities, and other stakeholders to educate
240.16 attendees regarding how to use and interpret the model data as a basis for climate adaptation
240.17 and resilience efforts.

240.18 (c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of
240.19 Minnesota must provide a written report to the chairs and ranking minority members of the
240.20 senate and house of representatives committees with primary jurisdiction over agriculture,
240.21 energy, and environment. The report must document the progress made on the study and
240.22 study results and must note any obstacles encountered that could prevent successful
240.23 completion of the study.

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

252.12 Sec. 8. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN
252.13 STATE AND REGIONAL PARKS.**

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

252.16 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
252.17 direct current electricity directly to an electric vehicle's battery.

252.18 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
252.19 subdivision 26a.

252.20 (d) "Electric vehicle charging station" means infrastructure that connects an electric
252.21 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

252.22 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
252.23 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
252.24 alternating current to direct current to recharge an electric vehicle battery.

252.25 Subd. 2. **Program.** The commissioner of natural resources, in consultation with the
252.26 commissioners of the Pollution Control Agency, administration, and commerce, must
252.27 develop and fund the installation of a network of electric vehicle charging stations in
252.28 Minnesota state parks located within the retail electric service area of a public utility subject
252.29 to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a
252.30 request for proposals to entities that have experience installing, owning, operating, and
252.31 maintaining electric vehicle charging stations. The request for proposal must establish
253.1 technical specifications that electric vehicle charging stations are required to meet and must
253.2 request responders to address:

253.3 (1) the optimal number and location of charging stations installed in a given state park;

253.4 (2) alternative arrangements that may be made to allocate responsibility for electric
253.5 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
253.6 procedures; and

253.7 (3) any other issues deemed relevant by the commissioners.

253.8 Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may
253.9 allocate a portion of the appropriation under this section to install electric vehicle charging
253.10 stations in regional parks located within the retail electric service area of a public utility
253.11 that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

253.13 Sec. 9. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT**
253.14 **COUNTY GOVERNMENT CENTERS.**

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

253.17 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
253.18 direct current electricity directly to an electric vehicle's battery.

253.19 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
253.20 subdivision 26a.

253.21 (d) "Electric vehicle charging station" means infrastructure that connects an electric
253.22 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

253.23 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
253.24 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
253.25 alternating current to direct current to recharge an electric vehicle battery.

253.26 Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation
253.27 of a network of electric vehicle charging stations in public parking facilities at county
253.28 government centers located in Minnesota. The commissioner must issue a request for
253.29 proposals to entities that have experience installing, owning, operating, and maintaining
253.30 electric vehicle charging stations. The request for proposal must establish technical
253.31 specifications that electric vehicle charging stations are required to meet and must request
253.32 responders to address:

254.1 (1) the optimal number and location of charging stations installed at each county
254.2 government center;

254.3 (2) alternative arrangements that may be made to allocate responsibility for electric
254.4 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
254.5 procedures;

254.6 (3) software used to allow payment for electricity consumed at the charging stations;
254.7 and

254.8 (4) any other issues deemed relevant by the commissioner.

254.9 Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership
254.10 of electric vehicle charging stations receiving funding under this section and installed at the
254.11 county government center.

254.12 (b) A county may enter into agreements to (1) wholly or partially own, operate, or
254.13 maintain an electric vehicle charging system receiving funding under this section and
254.14 installed at the county government center, or (2) receive reports on the electric vehicle
254.15 charging system operations.

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

254.17 Sec. 10. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

254.18 Beginning on the effective date of this act, any bus purchased by the Metropolitan
254.19 Council for Metro Transit bus service must operate solely on electricity provided by
254.20 rechargeable on-board batteries. The appropriation in section 11, subdivision 8, must be
254.21 used to pay the incremental cost of buses that operate solely on electricity provided by

254.22 rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise
254.23 comparable in size, features, and performance.

254.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
254.25 expires the day after the appropriation under section 11, subdivision 8, has been spent or is
254.26 canceled.

273.25 Sec. 10. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

273.26 By October 1, 2021, an investor-owned utility that has not already done so must submit
273.27 to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all
273.28 demand metered customers with solar photovoltaic systems greater than 40 kilowatts
273.29 alternating current for the demand charge overbilling that occurs. The utility may submit
273.30 to the commission multiple options to calculate reimbursement for demand charge overbilling.
273.31 At least one submission must use a capacity value stack methodology. The commission is
273.32 prohibited from approving a photovoltaic demand credit rider unless the rider allows
273.33 stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The
273.34 commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

274.2 Sec. 11. **SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME**
274.3 **FARMLAND.**

274.4 (a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400,
274.5 subpart 4, to allow the siting of a solar energy generating system on prime farmland that
274.6 meets any of the following conditions:

274.7 (1) the site has been identified as a sensitive groundwater area by the Department of
274.8 Natural Resources under Minnesota Statutes, section 103H.101;

274.9 (2) the owner of the solar energy generating system has entered into an agreement with
274.10 the Board of Soil and Water Resources committing the owner to comply with the provisions
274.11 of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation
274.12 and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to
274.13 the board every three years on progress made toward establishing beneficial habitat; or

274.14 (3) the solar energy generating system is colocated with and does not disrupt the operation
274.15 of agricultural uses, including but not limited to grazing and harvesting forage.

274.16 (b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting
274.17 rules under this section.

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

274.19 Sec. 12. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT**
274.20 **PROGRAM.**

274.21 The Department of Administration shall not extend the term of its current on-site solar
274.22 photovoltaic master contract, but shall instead, no later than February 1, 2022, announce
274.23 an open request for proposals for a new statewide on-site solar photovoltaic master contract
274.24 to allow additional applicants to submit proposals to enable their participation in the state's
274.25 solar master contract program.

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

301.19 Sec. 19. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**
301.20 **COMMERCE SUPPORT.**

301.21 (a) The Department of Commerce must provide technical support and subject matter
301.22 expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in
301.23 Minnesota to establish and operate a Tribal advocacy council on energy.

301.24 (b) When requested by a Tribal advocacy council on energy, the Department of Commerce
301.25 must assist the council to:

- 301.26 (1) assess and evaluate common Tribal energy issues, including:
 - 301.27 (i) identifying and prioritizing energy issues;
 - 301.28 (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and
 - 301.29 (iii) assisting decision making with respect to resolving energy issues;
- 301.30 (2) develop new statewide energy policies or proposed legislation, including:
 - 301.31 (i) organizing stakeholder meetings;
 - 302.1 (ii) gathering input and other relevant information;
 - 302.2 (iii) assisting with policy proposal development, evaluation, and decision making; and
 - 302.3 (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted,
 - 302.4 policies or legislation approved by the council;
- 302.5 (3) make efforts to raise awareness of and provide educational opportunities with respect
302.6 to Tribal energy issues among Tribal members by:
 - 302.7 (i) identifying information resources;
 - 302.8 (ii) gathering feedback on issues and topics the council identifies as areas of interest;
 - 302.9 and
 - 302.10 (iii) identifying topics for and helping to facilitate educational forums; and

56.20 Sec. 20. **REPEALER.**

56.21 (a) Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85,
56.22 article 7, section 9, is repealed.

56.23 (b) Minnesota Statutes 2020, section 216C.417, is repealed.

56.24 (c) Minnesota Statutes 2020, section 115C.13, is repealed.

56.25 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective the day following final
56.26 enactment. Paragraph (b) is effective October 16, 2021.

302.11 (4) identify, evaluate, disseminate, and implement successful energy-related practices.

302.12 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized
302.13 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it
302.14 require or obligate a federally recognized Indian Tribe in Minnesota to participate in or
302.15 implement a decision or support an effort made by a Tribal advocacy council on energy.

302.16 (d) Any support provided by the Department of Commerce to a Tribal advocacy council
302.17 on energy under this section must be provided only upon request of the council and is limited
302.18 to issues and areas where the Department of Commerce's expertise and assistance is
302.19 requested.

302.20 Sec. 20. **PILOT PROJECT; REPORTING REQUIREMENTS.**

302.21 Upon completion of the solar energy pilot project described in section 21, subdivision
302.22 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the
302.23 Pollution Control Agency, in cooperation with the electric cooperative association operating
302.24 the pilot project, must report to the chairs and ranking minority members of the legislative
302.25 committees with jurisdiction over capital investment, energy, and environment on the
302.26 following:

- 302.27 (1) project accomplishments and milestones, including any project growth, developments,
302.28 or agreements that resulted from the project;
302.29 (2) challenges or barriers faced during development or after completion of the project;
302.30 (3) project financials, including expenses, utility agreements, and project viability; and
302.31 (4) replicability of the pilot project to other future closed landfill projects.

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

163.4 Sec. 32. **REPEALER.**

163.5 Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are
163.6 repealed.

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

230.31 Sec. 50. **REPEALER.**

230.32 Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

307.1 Sec. 22. **REPEALER.**

307.2 (a) Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

307.3 (b) Laws 2017, chapter 5, section 1, is repealed.

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