moves to amend H.F. No. 2110 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENERGY CONSERVATION AND STORAGE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) a detailed project budget;

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

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

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

(7) any additional information requested by the commissioner.

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

(1) be at or below the market rate of interest, including a zero interest loan; and
3.1 (2) have a term no longer than seven years.

3.2 (c) In making awards, the committee shall give preference to:

3.3 (1) applicants that have sought funding for the project through energy conservation projects offered by the utility serving the state building that is the subject of the application; and

3.4 (2) to the extent feasible, applications for state buildings located within the electric retail service area of the utility that is subject to section 116C.779.

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

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

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

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

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

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

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

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

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

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

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

3.29 (4) the project complies with the spending limits under paragraph (d).
(d) Over any three consecutive years, a public utility must not spend more on innovative clean technologies under this section than:

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

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

(e) The commission may authorize a public utility to file a rate schedule containing provisions that automatically adjust charges for public utility service in direct relation to changes in prudent costs incurred by a public utility under this section, up to the amounts allowed under paragraph (d). To the extent the public utility investment under this section is for a capital asset, the utility may request that the asset be included in the utility's rate base.

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

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

216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. In addition, the legislature finds that optimizing the timing and method used by energy consumers to manage energy use provides significant benefits to the consumers and to the utility system as a whole. The legislature further finds that cost-effective energy savings and load management programs should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal equivalent to at least 2.5 percent of annual retail energy sales of electricity and natural gas through cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation. multiple measures, including but not limited to:
(1) cost-effective energy conservation improvement programs and efficient fuel-switching utility programs under sections 216B.2402 to 216B.241;

(2) rate design;

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

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

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

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

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

(b) A utility is encouraged to design and offer to its customers load management programs that enable: (1) customers to maximize the economic value gained from the energy purchased from the customer's utility service provider; and (2) utilities to optimize the infrastructure and generation capacity needed to effectively serve customers and facilitate the integration of renewable energy into the energy system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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.
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:

(1) gas sales to:

(i) a large energy facility; 

(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; and 

(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;

(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 

(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.

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

Subd. 12. Large customer facility. "Large customer facility" means all buildings, structures, equipment, and installations at a single site that in aggregate: (1) impose a peak electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electric demand for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually.

When calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include peak energy demand from the large customer facility's mining processing operations.

Subd. 13. Large energy facility. "Large energy facility" has the meaning given in section 216B.2421, subdivision 2, clause (1).
8.1 Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of savings a particular energy conservation improvement is projected to produce over the improvement's effective useful lifetime.

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

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

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

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

8.6 Subd. 19. **Multifamily building.** "Multifamily building" means a residential building containing five or more dwelling units.

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

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

8.9 Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered and used as thermal energy" means the capture of heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

8.10 Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery converted into electricity" means an energy recovery process that converts to electricity energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or from the reduction of high pressure in water or gas pipelines, that would otherwise be lost.
EFFECTIVE DATE. This section is effective the day following final enactment.

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

Subdivision 1. Applicability. This section applies to:

1. a cooperative electric association that provides retail service to more than 5,000 members;
2. a municipality that provides electric service to more than 1,000 retail customers; and
3. a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

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

1. energy savings from additional energy conservation improvements;
2. electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that result in increased efficiency greater than would have occurred through normal maintenance activity;
3. net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8; or
4. subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on weather-normalized sales averaged over the most recent three years. A consumer-owned utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the next three years, except that energy savings from electric utility infrastructure projects may be carried forward for five years. A particular energy savings can only be used to meet one year's goal.
(c) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements that exceed the minimum level established under this subdivision if cost-effective opportunities and funding are available, considering other potential investments the consumer-owned utility intends to make to benefit customers during the term of the plan filed under subdivision 3.

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

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

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

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

1. for existing programs, an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department; and
2. for new programs, a preliminary analysis upon which the program will proceed, in parallel with further development of assumptions and standards.

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

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

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

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

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

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

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

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

(2) recommission buildings;

(3) train building operators; and
(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust its minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year the consumer-owned utility is required to file a plan under this subdivision. The request must be based on:

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

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

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

1. for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in Minnesota to large electric customer facilities; and
(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in Minnesota to large electric customers facilities indirectly through a distribution cooperative electric association.

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

(c) Upon request of a consumer-owned utility, the commissioner may reduce the amount or duration of the spending requirement imposed under this subdivision, or both, if the commissioner determines that the consumer-owned utility's failure to maintain the minimum energy savings goal is the result of:

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

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

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

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

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

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

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

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

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.
(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy conservation programs may be spent on preweatherization measures. A consumer-owned utility is prohibited from claiming energy savings from preweatherization measures toward the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income energy conservation programs no later than March 15, 2021.

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

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

Subd. 7. Ownership of preweatherization measure or energy conservation improvement. (a) A preweatherization measure or energy conservation improvement installed in a building under this section, excluding a system owned by a consumer-owned utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the consumer-owned utility in case of a loan to the building owner for the improvement.

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

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

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

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

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

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

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

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, a consumer-owned utility, or an interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an e-mail address provided to the department for electronic service purposes.
Subd. 10. **Assessment.** The commission or department may assess consumer-owned utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a consumer-owned utility's gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year, as applicable. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

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

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

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

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

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

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

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

(b) (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become
effective January 1 of the year following the filing, unless the commissioner finds that the
owner of the large customer facility has failed to take reasonable measures to identify,
evaluate, and implement energy conservation and efficiency improvements. If a facility
qualifies as a large customer facility solely due to its peak electrical demand or annual
natural gas usage, the exemption may be limited to the qualifying utility if the commissioner
finds that the owner of the large customer facility has failed to take reasonable measures to
identify, evaluate, and implement energy conservation and efficiency improvements with
respect to the nonqualifying utility. Once an exemption is approved, the commissioner may
request the owner of a large customer facility to submit, not more often than once every
two years, a report demonstrating the large customer facility's ongoing commitment to
energy conservation and efficiency improvement after the exemption filing. The
commissioner may request such reports for up to ten years after the effective date of the
exemption, unless the majority ownership of the large customer facility changes, in which
case the commissioner may request additional reports for up to ten years after the change
in ownership occurs. The commissioner may, within 180 days of receiving a report submitted
under this paragraph, rescind any exemption granted under this paragraph upon a
determination that the large customer facility is not continuing to make reasonable efforts
to identify, evaluate, and implement energy conservation improvements. A large customer
facility that is, under an order from the commissioner, exempt from the investment and
expenditure requirements of paragraph (a) as of December 31, 2010, is not required to
submit a report to retain its exempt status, except as otherwise provided in this paragraph
with respect to ownership changes. No exempt large customer facility may participate in a
utility conservation improvement program unless the owner of the facility submits a filing
with the commissioner to withdraw its exemption.

(ε) (b) A commercial gas customer that is not a large customer facility and that purchases
or acquires natural gas from a public utility having fewer than 600,000 natural gas customers
in Minnesota may petition the commissioner to exempt gas utilities serving the commercial
gas customer from the investment and expenditure requirements of paragraph (a) contributing
to investments and expenditures made under an energy and conservation optimization plan
filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues
attributable to the commercial gas customer. The petition must be supported by evidence
demonstrating that the commercial gas customer has acquired or can reasonably acquire
the capability to bypass use of the utility's gas distribution system by obtaining natural gas
directly from a supplier not regulated by the commission. The commissioner shall grant the
exemption if the commissioner finds that the petitioner has made the demonstration required
by this paragraph.
(d) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast for a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.

(e) A public utility, consumer-owned utility, or owner of a large customer facility may appeal a decision of the commissioner under paragraph (a) or (b), (c), or (d) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), (c), or (d), the commission shall rescind the decision if it finds that the required investments or spending will:

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

(2) otherwise not be in the public interest.

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

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

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

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

(b) Each individual public utility and association shall have providing electric service has an annual energy-savings goal equivalent to at least 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility or association providing electric service may elect to carry forward energy savings in excess of 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used only for one year's goal.
(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy savings plan by calendar year 2010.

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

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

A utility or association may include in its energy conservation plan energy savings from:

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

(1) additional energy conservation improvements;

(2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

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

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy savings goal established in this subdivision.

(f) An association or a public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider:

(1) the...
costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider: (2) the rate at which an association or municipal utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

(f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

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

(i) This subdivision does not apply to:

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

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

(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.

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

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

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

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

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

(d) The commissioner may assess up to $850,000 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.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to $400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018.

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

(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

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

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

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

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

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.
(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.

(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.

(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.

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

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

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

(b) Submission of a document to the department's electronic filing system constitutes service on the department. Where department rule requires service of a notice, order, or other document by the department, public utility, association, or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the service list who have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

Subd. 2. Programs Public utility; energy conservation and optimization plans. (a) The commissioner may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period.

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

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

(d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(e) Each public utility subject to this subdivision 1a may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the public utility on research and development projects...
that meet the definition of energy conservation improvement in subdivision 1 and that are
funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements
that directly benefit a large energy facility or a large electric customer facility for which the
commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).

(f) The commissioner shall consider and may require a public utility to undertake an
energy conservation program suggested by an outside source, including a political
subdivision, a nonprofit corporation, or community organization.

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

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

(g) A gas utility may not spend for or invest in energy conservation improvements that
directly benefit a large customer facility or commercial gas customer facility for which the
commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or
(e). The commissioner shall consider and may require a utility to undertake a program
suggested by an outside source, including a political subdivision, a nonprofit corporation,
or a community organization.
(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs to increase the efficiency of the school's lighting and heating and cooling systems, and to provide for building recommissioning, building operator training, and opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

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

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

Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. Recovery of expenses. (a) The commission shall allow a public utility to recover expenses resulting from an energy conservation improvement program approved by the department under this section and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition,

(b) A public utility may file annually, or the Public Utilities Commission may require the public utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the public utility for real and personal property taxes, fees, and permits, the amounts of which the public utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,
excluding gross operating revenues from gas services provided in the state to large electric
customer facilities for which the commissioner has issued an exemption under subdivision
1a, paragraph (b), for that year for energy conservation improvements under this section.

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

Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

**Subd. 3. Ownership of preweatherization measure or energy conservation improvement.** An (a) A preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by a public utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the public utility in case of a loan to the building owner. The

(b) A public utility has no liability for loss, damage or injury caused directly or indirectly by an a preweatherization measure or energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product, purchasing, installing, or modifying a preweatherization measure or energy conservation improvement.

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

Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

**Subd. 5. Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal and consumer-owned utility that provides electric service to retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part of its conservation improvement activities a program to strongly encourage the use of LED lamps. The program must include at least a public information campaign to encourage use of LED lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage
spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new LED lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal or a consumer-owned utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality or consumer-owned utility that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal or consumer-owned utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal or consumer-owned utility to promote the use of LED lamps and to collect fluorescent and high-intensity discharge collect LED lamps under this subdivision are conservation improvement spending under this section.

(h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode lamp that consists of a solid state device that emits visible light when an electric current passes through a semiconductor bulb or lighting product.

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

Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

Subd. 7. Low-income programs. (a) The commissioner shall ensure that each public utility and association subject to subdivision 1c provides low-income energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for achieved by low-income programs, and the number of low-income
persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A public utility or association that furnishes electric service must spend at least 0.4 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a public utility or association may contribute money to the energy and conservation account established under subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income energy conservation programs to utilize money contributed contributions made to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons households. Money contributed Contributions made to the energy and conservation account under paragraph (b) must provide programs for low-income persons households, including low-income renters, in the service territory of the public utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g) (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A public utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.
The commissioner must develop and establish guidelines to determine the eligibility of multifamily buildings to participate in low-income energy conservation programs. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining the eligibility of multifamily buildings for low-income programs, a public utility may apply the most recent guidelines published by the department. The commissioner must convene a stakeholder group to review and update guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

Up to 15 percent of a public utility's spending on low-income programs may be spent on preweatherization measures. A public utility is prohibited from claiming energy savings from preweatherization measures toward the public utility's energy savings goal.

The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income programs no later than March 15, 2022.

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

The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the public utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the public utility. The energy and demand savings may, at the discretion of the public utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

Subd. 8. Assessment. The commission or department may assess public utilities subject to this section in proportion to their respective gross operating revenue from sales of gas or electric service within the state during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's gross operating revenue from sales of gas or electric service within the state during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those assessments, as applicable. Assessments made under this subdivision are not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

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

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

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs incurred to implement and promote efficient fuel-switching programs. The commission may not approve a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service.

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets the following criteria, relative to the fuel that is being displaced:
(1) results in a net reduction in the amount of source energy consumed for a particular
use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section
216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
improvement installed by an electric utility, the reduction in emissions must be measured
based on the hourly emission profile of the electric utility, using the hourly emissions profile
in the most recent resource plan approved by the commission under section 216B.2422;

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

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

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

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

Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
to read:

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

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

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

(b) If a program is approved by the commission under this subdivision, the public utility
may count the program's energy savings toward its energy savings goal under section
216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient
fuel-switching achieved through programs approved under this subdivision is energy
conservation.
(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs incurred to implement and promote the programs.

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

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

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

Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 13. **Cost-effective load management programs.** (a) A public utility may include in the utility's plan required under subdivision 2 programs to implement load management activities, or combinations of energy conservation improvements, fuel-switching improvements, and load management activities. For each program the public utility must provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand savings.

(b) The commissioner may approve a proposed program if the commissioner determines that the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(c) A public utility providing retail service to Minnesota customers may file rate schedules with the commission that provide for annual cost recovery of reasonable and prudent costs incurred to implement and promote cost-effective load management programs approved by the department under this subdivision.
In determining whether to approve, modify, or reject a proposal made by the department or a public utility for an incentive plan to encourage investments in load management programs, the commission shall consider whether the plan:

1) is needed to increase the public utility's investment in cost-effective load management;

2) is compatible with the interest of the public utility's ratepayers; and

3) links the incentive to the public utility's performance in achieving cost-effective load management.

The commission may structure an incentive plan to encourage cost-effective load management programs as an asset on which a public utility earns a rate of return at a level the commission determines is reasonable and in the public interest.

The commission may include the net benefits from a load management activity integrated with an energy efficiency program approved under this section in the net benefits of the energy efficiency program for purposes of a financial incentive program under section 216B.16, subdivision 6c, if the department determines the primary purpose of the load management activity is energy efficiency.

A public utility is not eligible for a financial incentive for a load management program in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through load management programs.

The commission may include net benefits from a particular load management activity in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 14. Minnesota efficient technology accelerator. (a) A nonprofit organization with extensive experience implementing energy efficiency programs in Minnesota and conducting energy-efficient technology research in the state may file a proposal with the commissioner for a program to accelerate deployment and reduce the cost of emerging and innovative efficient technologies and approaches and result in lower energy costs for Minnesota ratepayers. The program must include strategic initiatives with technology manufacturers to improve the efficiency and performance of their products, and with equipment installers and other key actors in the technology supply chain. The program's goals are to achieve cost effective energy savings for Minnesota utilities, bill savings for...
Minnesota utility consumers, enhanced employment opportunities in the state, and avoidance of greenhouse gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the commissioner a notice of intent to file a proposal under this subdivision, that describes its eligibility with respect to the requirements of paragraph (a). The commissioner shall review the notice of intent and issue a determination of eligibility within 30 days of the filing of the notice of intent.

(c) Upon receiving approval from the commissioner to file a proposal under this section, a nonprofit organization must engage interested stakeholders in discussions regarding, at a minimum, the following elements required of a program proposal under this subdivision:

(1) a proposed budget and operational guidelines for the accelerator;

(2) proposed methodologies to estimate, evaluate, and allocate energy savings and net benefits from program activities. Energy savings and net benefits from program activities must be allocated to participating utilities and be considered when determining the cost-effectiveness of energy savings achieved by the program and related incentives;

(3) a process to identify and select technologies that:

(i) address energy use in residential, commercial, and industrial buildings; and

(ii) benefit utility customers in proportion to the funds contributed to the program by electric and natural gas utilities, respectively; and

(4) a process to identify and track performance metrics for each technology selected so that progress in achieving energy savings can be measured, including one or more methods to evaluate cost-effectiveness.

(d) No earlier than 180 days from the date of the commissioner's eligibility determination under paragraph (b), the nonprofit may file a program proposal under this subdivision. The filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment, and after the commissioner has considered the estimated program costs and benefits from the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify, or reject the proposal. An approved program may have a term extending up to five years, and may be renewed by the commissioner one or more times for additional terms of up to five years.
(e) Upon approval of a program under paragraph (d), each public utility with over 30,000
customers must participate in the program and contribute to the approved program budget
in proportion to its gross operating revenue from sales of gas or electric service in the state,
excluding revenues from large customer facilities exempted under subdivision 1a. No
participating utility may be required to contribute more than the following percentages of
the utility's spending approved by the commission in the plan filed under subdivision 2: (1)
two percent in the program's initial two years; (2) 3.5 percent in the program's third and
fourth years; and (3) five percent each year thereafter. Other utilities may elect to participate
in an approved program.

(f) A participating utility may request the commissioner to adjust its approved annual
budget under subdivision 2, if necessary to meet approved energy savings goals under that
subdivision. Other utilities may elect to participate in the accelerator program.

(g) Costs incurred by a public utility under this subdivision are recoverable under
subdivision 2b as an assessment to the energy and conservation account. Amounts provided
to the account under this subdivision are not subject to the cap on assessments in section
216B.62. The commissioner may make expenditures from the account for the purposes of
this subdivision, including amounts necessary to reimburse administrative costs incurred
by the department under this subdivision. Costs for research projects under this subdivision
that the commissioner determines may be duplicative to projects that would be eligible for
funding under subdivision 1e, paragraph (a), may be deducted from the assessment under
subdivision 1e for utilities participating in the accelerator.

EFFECTIVE DATE. This section is effective immediately upon enactment.
to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7a. **Energy storage systems; installation.** The commission shall, as part of its order with respect to a public utility's integrated resource plan filed under this section, require a public utility to install one or more energy storage systems, provided that the commission finds such investments to be reasonable and prudent and in the public interest. In determining the aggregate capacity of the energy storage systems ordered under this subdivision, the commission must take into consideration the public utility's assessment of energy storage systems contained in its integrated resource plan, as required under subdivision 7.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any order issued to a public utility by the commission in an integrated resource plan proceeding after July 1, 2021.

Sec. 24. **[216B.2427] Energy storage system; application.**

**Subdivision 1. Definition.** For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

**Subd. 2. Application requirement.** No later than one year following the commission's order to a public utility in an integrated resource plan proceeding under section 216B.2422, the public utility must submit an application to the commission for review and approval to install one or more energy storage systems whose aggregate capacity meets or exceeds that ordered by the commission in the public utility's most recent integrated resource plan proceeding, in accord with section 216B.2422, subdivision 7a.

**Subd. 3. Application contents.** (a) Each application submitted under this section shall contain the following information:

(1) technical specifications of the energy storage system, including, but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain its maximum output;
(iii) the location of the project, and a description of the analysis conducted to determine the location;

(iv) what needs of the public utility's electric system the proposed energy storage system will address;

(v) a description of the types of services the energy storage system is expected to provide; and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the public utility's electric system, including, but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the public utility's transmission or distribution system; and

(iv) improved integration of the public utility's renewable energy resources;

(4) how the addition of an energy storage system complements proposed actions of the public utility described in its most recent integrated resource plan submitted under section 216B.2422, to meet expected demand with the least cost combination of resources; and

(5) any additional information required by the commission.

(b) A public utility must include in its application an evaluation of the potential to store energy in the public utility's electric system and must identify geographic areas in the public utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. Commission review. The commission shall review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission shall approve a proposal it determines is in the public interest and reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the public.
utility's operations with the costs of procuring, constructing, operating, and maintaining the
energy storage system.

Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently
incurred by the public utility in deploying an energy storage system approved by the
commission under this section, net of any revenues generated by the operation of the energy
storage system.

Subd. 6. **Commission authority; orders.** The commission may issue orders necessary
to implement and administer this section.

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

Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
electricity and natural gas **be** is achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input **be** is reduced by 15 percent by the
year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in **the state be** Minnesota **is** derived from renewable
energy resources by the year 2025; **and**

(4) **(5)** statewide greenhouse gas emissions from energy use in existing commercial and
residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the
most effective current energy-saving incentives programs, evaluated by participation and
efficacy; and (ii) development and implementation of new programs, prioritizing solutions
that achieve the highest overall carbon reduction; **and**

(4) **(5)** retail electricity rates for each customer class **be** are at least five percent below
the national average.

Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 2, the
following terms have the meanings given.

(b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor
air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat
exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to
warm or cool the refrigerant vapor.
"Commercial building" means a building:

1. with an occupant that is (i) engaged in wholesale or retail trade or the provision of services, or (ii) a restaurant; or
2. that contains four or more dwelling units.

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

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

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

"Envelope" means the physical elements separating a building's interior and exterior.

"Grantee" means a person awarded a grant by the commissioner under this section.

"Ground-source heat pump" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in the ground to transfer heat between the surrounding earth and a building.

"Institutional building" means a building with occupants that provide health care, educational, or government services.

"Preweatherization measure" means a general repair or measure that affects the health or safety of residents of a dwelling unit and that is required under federal law in order for weatherization services to be provided to the dwelling unit.

"Qualified energy technology" means:

1. a solar energy system;
2. a measure installed in a building that results in energy efficiency or energy conservation, excluding a natural gas furnace that does not function solely as a backup to a primary heating system utilizing a ground-source heat pump or a cold climate air-source heat pump; or
3. an energy storage system.

"Residential building" means a building containing one to three residential units.

"Solar energy system" has the meaning given in section 216C.06, subdivision 17.
Subd. 2. Program establishment. A rebuild right grant program is established in the Department of Commerce to award grants to incorporate qualified energy technologies as part of the renovation or new construction of buildings damaged or destroyed by civil unrest in May and June 2020.

Subd. 3. Application. (a) An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The application must include:

(1) evidence substantiating the applicant's experience required under subdivision 4, paragraph (b);

(2) information detailing how property owners are notified that financial assistance is available;

(3) the geographic area within which an applicant proposes to target financial assistance;

(4) information detailing how the applicant determines whether a proposed project meets the applicable energy standards required under subdivision 5, and what postimplementation methods are used to assess whether the standards have been met;

(5) information detailing how the applicant evaluates and ranks project proposals; and

(6) any other information required by the commissioner.

(b) The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 4. Eligible applicants. (a) Multiple organizations, including political subdivisions and nonprofit organizations, may jointly file a single application for a grant award under this section.

(b) Applicants for a grant awarded under this section must have experience:

(1) analyzing the energy and economic impacts of installing qualified energy technologies in buildings;

(2) working with contractors to implement projects that install qualified energy technologies in buildings; and

(3) successfully working with small businesses, community groups, and residents of neighborhoods that contain a preponderance of low-income households.

Subd. 5. Eligible activities; energy standards. (a) Except as provided in paragraph (b), a renovated or newly constructed commercial or institutional building awarded grant funds...
under this section must meet, at a minimum, the current Sustainable Building 2030 energy

(b) A renovated or newly constructed residential building or a commercial building
containing four or more dwelling units awarded grant funds under this section must meet,
at a minimum, the current energy performance standards for new residential construction
or renovations, as applicable, contained in the International Passive House Standard promoted
by the North American Passive House Network or the United States Department of Energy's
Zero Energy Ready Home.

Subd. 6. Eligible properties. A property is eligible to receive a grant awarded under
this section if the property: (1) was damaged or destroyed by civil unrest that occurred in
the state in May and June 2020, and (2) is being renovated or constructed to operate as a
residential, commercial, or institutional property.

Subd. 7. Eligible expenditures. An appropriation made to support activities under this
section may be used to:

(1) conduct outreach activities to:

(i) cities and business associations affected by the civil unrest that occurred in Minnesota
in May and June 2020;

(ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

(iii) potential building owners who may receive services under the program;

(2) purchase and install qualified energy technologies in buildings;

(3) pay the reasonable costs incurred by the department to administer this section; and

(4) compensate task force members under subdivision 12.

Subd. 8. Grant priorities. When awarding grants under this section, the commissioner
must give priority to applications that:

(1) commit to conduct aggressive outreach programs to provide assistance under this
section to eligible owners of buildings:

(i) located in census tracts in which 50 percent or more of households have household
incomes at or below 60 percent of the state median household income;

(ii) located in census tracts designated by the governor as Opportunity Zones under
United States Code, title 26, sections 1400Z-1, et. seq.;

(iii) containing minority-owned businesses, as defined in section 116J.8737; or
(iv) containing women-owned businesses, as defined in section 116J.8737;

(2) commit to employ contractors that pay employees a wage comparable to, as
determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or

(3) leverage additional funding to be used for the purposes of this section.

Subd. 9. Limits. Grant funds awarded under this section to support the renovation or
construction of building envelopes and energy systems in commercial or institutional
buildings may be used to pay the difference in cost between renovating or constructing a
building's envelope or energy system to meet the current applicable energy code and the
cost to meet the standards required under subdivision 5. The commissioner must develop
a methodology to calculate the cost of renovating or constructing a commercial or institutional
building's envelope and energy system to meet current applicable energy code standards,
which must be used by a grantee to determine the amount awarded to a building owner.

Subd. 10. Awards to building owners. A commercial or institutional building owner
seeking funding from a grant awarded under this section must submit an application to the
grantee that includes:

(1) evidence that the building is eligible to receive a grant under this section, including
documentation of damage done to the building;

(2) a description of the project, including cost estimates for major project elements;

(3) documentation that the measures funded result in the building meeting the applicable
energy standards of subdivision 5; and

(4) any other information required by a grantee.

Subd. 11. Grantee reports. Recipients of a grant awarded under this section must file
semiannual reports with the commissioner containing:

(1) a list of properties where grant funds have been expended, the amount of the
expenditures, and the nature of the energy efficiency measures and renewable energy systems
installed;

(2) estimated energy savings and greenhouse gas emissions reductions resulting from
expenditures made under this section compared with estimated levels of energy use and
greenhouse gas emissions associated with those properties in 2019; and

(3) any other information required by the commissioner.

Subd. 12. Advisory task force. (a) Within 60 days of the effective date of this act, the
commissioner must select and appoint eight members to a Rebuild Right Advisory Task
Force and must convene the initial meeting of the task force. The advisory task force must include:

(1) one representative of the public utility subject to section 116C.779, subdivision 1;

(2) one representative of the Prairie Island Indian Community;

(3) one representative of organized labor;

(4) two representatives of organizations with expertise installing energy conservation measures and renewable energy programs in buildings;

(5) one representative of organizations that advocate for energy policies addressing low-income households; and

(6) two representatives of organizations representing businesses located in areas that experienced extensive property damage from civil unrest in Minnesota in May and June 2020.

(b) Within 60 days of the effective date of this act, the state senators and state representatives representing Minneapolis neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(c) Within 60 days of the effective date of this act, the state senators and state representatives representing St. Paul neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(d) Members of the advisory task force appointed under paragraph (a), clauses (1) to (3), are nonvoting members. All other members are voting members.

(e) The Department of Commerce must serve as staff and provide administrative support to the advisory task force.

(f) The advisory task force must advise the commissioner throughout the development of the request for proposal and grant award process, and may recommend funding priorities in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory task force must present recommendations to the commissioner regarding the content of the request for proposal.

(g) An organization that is represented on the advisory task force must not be awarded a grant under this section.
(h) Notwithstanding section 15.059, subdivision 6, advisory task force members may be compensated as provided under section 15.059, subdivision 3.

(i) The advisory task force established under this subdivision expires two years after the effective date of this act.

**Subd. 13. Report.** Beginning January 15, 2022, and continuing each January 15 through 2026, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must contain:

1. a list of the grant awards made under this section;
2. summaries of the grantee reports submitted under subdivision 10; and
3. other information deemed relevant by the commissioner.

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

Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

**Subdivision 1. Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.
(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. Beginning in 2022, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard, and amending it as necessary to achieve a minimum of eight percent energy efficiency with each edition, as measured against energy consumption by an average building in each applicable building sector in 2003. These amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

Sec. 28. SUPPLEMENTING WEATHERIZATION SERVICES.

(a) The state may implement preweatherization measures and qualified energy technologies in dwelling units of low-income households that are: (1) receiving weatherization services delivered under the federal Weatherization Assistance Program authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in neighborhoods adjacent to areas that experienced property damage resulting from civil unrest in May and June 2020, as determined by the commissioner of commerce.

(b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance provided under this section.
The commissioner of commerce may require the design heating load of a dwelling unit receiving assistance under this section to be no more than 12 British Thermal Units per hour per square foot after all preweatherization measures financed under this section, qualified energy technologies financed under this section, and weatherization measures provided under the federal weatherization program are implemented.

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

Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF WEATHERIZATION SERVICES.**

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

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

(c) "Weatherization Assistance Program" means the federal program described in Code of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households to cost-effectively reduce energy use.

(d) "Weatherization service providers" means the network of contracted entities that administer the Weatherization Assistance Program.

(e) "Weatherization assistance services" means the energy conservation measures installed in households under the Weatherization Assistance Program.

Subd. 2. **Establishment.** A task force is established to explore ways to expand existing funding sources and identify potential new funding sources in order to increase the number of low-income Minnesota households served or the scope of services provided by the Weatherization Assistance Program.

Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint members to the task force representing the following stakeholders:

1. a statewide association representing Weatherization Assistance Program providers;
2. individual Weatherization Assistance Program service providers;
3. investor-owned utilities;
4. electric cooperatives and municipal utilities;
5. low-income energy advocates;
6. Tribal nations; and
(7) delivered fuel dealers.

(b) Task force members serve without compensation.

(c) The commissioner must fill task force vacancies to maintain the representation required under paragraph (a).

Subd. 4. Meetings; officers. (a) The commissioner must convene the first meeting of the task force no later than August 15, 2021.

(b) At the task force's first meeting, the task force must elect a chair and vice-chair from among its members and may elect other officers as necessary.

(c) The task force must meet according to a schedule determined by the task force, and may also meet at the call of the chair. The task force must meet as often as necessary to accomplish the duties listed under subdivision 5.

(d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes, chapter 13D.

Subd. 5. Duties. The task force must:

(1) develop a strategy to reduce, each year, a targeted number of eligible households denied weatherization services due to unaddressed health, environmental, or structural hazards in the home;

(2) explore new sources of funding in order to increase the number of households receiving weatherization assistance services;

(3) analyze existing program models in other states that offer services that complement the Weatherization Assistance Program;

(4) analyze the current distribution of weatherization services across ethnic groups, among different regions of Minnesota, in urban, suburban, and rural areas, and with respect to other demographic factors in order to determine how to distribute weatherization services more equitably throughout Minnesota;

(5) discuss how additional funding would impact the ability of weatherization assistance service providers to provide weatherization assistance services to more eligible households;

(6) identify services that a supplemental funding program could provide to address necessary repairs to homes that the federal Weatherization Assistance Program requires before weatherization assistance is provided, but which cannot be funded with federal Weatherization Assistance Program funds; and
49.1 (7) examine other related issues the task force deems relevant.

49.2 Subd. 6. Administrative support. The commissioner must provide administrative support and physical or virtual meeting space needed to complete the task force's work.

49.3 Subd. 7. Report. No later than February 1, 2022, the task force must submit a report on its findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy. The report must include recommendations for legislation to supplement funding for the Weatherization Assistance Program.

49.9 Subd. 8. Expiration. This section expires April 15, 2022.

49.10 EFFECTIVE DATE. This section is effective July 1, 2021.

49.11 Sec. 30. TRANSFER.

49.12 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are transferred from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration for deposit in the state building energy conservation improvement account established in Minnesota Statutes, section 16B.86, for the purpose of providing loans to state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

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

49.20 Sec. 31. APPROPRIATION.

49.21 Subdivision 1. Building energy codes. $146,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of labor and industry for the purpose of implementing new commercial energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is a onetime appropriation.

49.25 Subd. 2. Rebuild right grants. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $3,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for the purpose of awarding rebuild right grants to building owners, as described in Minnesota Statutes, section 216C.402. This is a onetime appropriation.

49.31 EFFECTIVE DATE. This section is effective July 1, 2021.
Sec. 32. REPEALER.  

Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are repealed.  

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

ARTICLE 2  
ENERGY TRANSITION

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

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

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

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

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

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

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

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

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

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

(b) The director of the Energy Transition Office is appointed by the governor. The director must be qualified by experience in issues related to energy, economic development, and the environment.
(c) The office may employ staff necessary to carry out its duties as required in this section.

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

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;
(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;
(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;
(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce economic dislocations of impacted communities and impacted workers; and
(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools for impacted communities and impacted workers.

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

(1) administer programs to support impacted communities and impacted workers;
(2) coordinate resources at local, state, and federal levels to support impacted communities and impacted workers that are subject to significant economic transition;
(3) coordinate the development of a statewide policy on impacted communities and impacted workers;
(4) deliver programs and resources to impacted communities and impacted workers;
(5) support impacted workers through establishing benefits and educating impacted workers on applying for benefits;
(6) act as a liaison among impacted communities, impacted workers, and state agencies;
(7) assist state agencies to address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement and develop strategies to support impacted communities and impacted workers;
(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;
(9) support the activities of the energy transition advisory committee members;
monitor transition efforts in other states and localities;

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

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

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

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

(b) The report must contain:

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

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

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

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

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

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

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

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

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:
(1) two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) the commissioner of revenue or the commissioner's designee;

(5) the executive secretary of the Public Utilities Commission or the secretary's designee; and

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

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

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

Subd. 5. Open meetings. Advisory committee meetings are subject to Minnesota Statutes, chapter 13D.

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

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

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

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

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

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

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

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

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

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;
(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

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

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

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

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

(b) "Task force" means the advisory task force of the Minnesota Innovation Finance Authority.

(c) "Authority" means the Minnesota Innovation Finance Authority.

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

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

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

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

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

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

(j) "Microgrid system" means an electrical grid serving a discrete geographical area from distributed energy resources that can operate independently from the central electric grid on a temporary basis.

(k) "Qualified project" means:
(1) a project, technology, product, service, or measure that:

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

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

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

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

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

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

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

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

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

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

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

(i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or
(ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

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

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

1. solar;
2. wind;
3. geothermal;
4. hydro;
5. trees or other vegetation;
6. anaerobic digestion of organic waste streams; and
7. fuel cells using energy sources listed in this paragraph.

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

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

(b) When incorporated, the authority's purpose is to accelerate the deployment of clean energy and other qualified projects by reducing the upfront and total cost of adoption, which the authority achieves by leveraging existing public sources and additional private sources of capital through the strategic deployment of public funds in the form of loans, credit enhancements, and other financing mechanisms. The initial directors of the nonprofit corporation must include at least a majority of the members of the task force and must include the commissioner of commerce or the commissioner's designee and the commissioner of employment and economic development or the commissioner's designee. The task force must engage independent legal counsel with relevant experience in nonprofit corporation law and clean energy financing.
(e) The Minnesota Innovation Finance Authority must:

1. identify underserved markets for qualified projects in Minnesota, develop programs to overcome market impediments, and provide access to financing to serve the projects and underserved markets;

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

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

4. stimulate demand for qualified projects by serving as a single point of access for a customer to obtain technical information on energy conservation and renewable energy measures, for contractors who install energy conservation and renewable energy measures, and for financing to reduce the upfront and total costs to borrowers, including through:
   
   i. serving as a clearinghouse for information about federal, state, and utility financial assistance for qualifying projects in targeted underserved markets, including coordinating efforts with the energy conservation programs administered by the customer's utility under section 216B.241 and other programs offered to low-income households;

   ii. forming partnerships with contractors and educating contractors regarding the authority's financing programs;

   iii. coordinating multiple contractors on projects that install multiple qualifying technologies; and

   iv. developing innovative marketing strategies to stimulate project owner interest in targeted underserved markets;

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

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

7. develop and administer policies to collect reasonable fees for authority services that are sufficient to support ongoing authority activities;
(8) develop and adopt a workplan to accomplish all of the activities required of the authority, and update the workplan on an annual basis; and

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

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

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

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

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

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

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

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

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

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

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

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

(3) three additional members appointed by the governor;
(4) two additional members appointed by the speaker of the house of representatives; and
(5) two additional members appointed by the president of the senate.

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

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

d) The task force shall expire when the authority is established as a nonprofit corporation under chapter 317A.

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

(1) the amount of authority capital invested, by project type;
(2) the amount of private capital leveraged as a result of authority investments, by project type;
(3) the number of qualified projects supported, by project type, and location within Minnesota;
(4) the estimated number of jobs created and tax revenue generated as a result of the authority's activities;
(5) the number of clean energy projects financed in low- and moderate-income households; and
(6) the authority's financial statements.

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

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

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

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

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

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

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

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

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

(1) transmit the electricity generated from sources developed under those sections that
is ultimately used to provide service to the utility's retail customers, including studies
necessary to identify new transmission facilities needed to transmit electricity to Minnesota
retail customers from generating facilities constructed to satisfy the renewable energy
objectives and standards, provided that the costs of the studies have not been recovered
previously under existing tariffs and the utility has filed an application for a certificate of
need or for certification as a priority project under section 216B.2425 for the new
transmission facilities identified in the studies;

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

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

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

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

Subd. 2. Cost recovery. The expenses incurred by the utility over the duration of the
approved contract or useful life of the investment and expenditures made pursuant to section
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
from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures, and if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

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

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

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

(1) solar;

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

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

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

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

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

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

(e) "Area of concern for environmental justice" means an area in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following conditions:

1. 50 percent or more of the population is nonwhite;

2. 40 percent or more of the households have an income at or below 185 percent of the federal poverty level; or

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

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

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

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

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

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

(b) For the purposes of this subdivision, "environmental justice area" means an area in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following conditions:

(1) 50 percent or more of the population is nonwhite;

(2) 40 percent or more of the households have an income at or below 185 percent of the federal poverty level; or

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

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

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

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

(1) 2012 12 percent
(2) 2016 17 percent
(3) 2020 20 percent
(4) 2025 25 percent
(5) 2035 55 percent

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

65.3 (1) 2010 15 percent
65.4 (2) 2012 18 percent
65.5 (3) 2016 25 percent
65.6 (4) 2020 30 percent.

Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.

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

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

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

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

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

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

(4) technical advances or technical concerns;

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

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

(7) transmission constraints preventing delivery of service; and

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

(9) impacts on areas of concern for environmental justice.
The commission may modify or delay implementation of a standard obligation under clauses (1) to (3) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues.

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

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

(1) undertaken reasonable measures under the utility's control and consistent with the utility's obligations under local, state, and federal laws and regulations, and the utility's obligations as a member of a regional transmission organization or independent system operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

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

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

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

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

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

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

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and
(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

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

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

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

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

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

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

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

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

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

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>2025</td>
<td>65 percent</td>
</tr>
<tr>
<td>2030</td>
<td>80 percent</td>
</tr>
<tr>
<td>2035</td>
<td>90 percent</td>
</tr>
<tr>
<td>2040</td>
<td>100 percent</td>
</tr>
</tbody>
</table>

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

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

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

1. the status of the utility's renewable energy mix relative to the objective and standards standard obligations;
2. efforts taken to meet the objective and standards standard obligations;
3. any obstacles encountered or anticipated in meeting the objective or standards; and standard obligations;
4. potential solutions to the obstacles;
5. the number of Minnesotans employed to construct facilities designed to meet the utility's standard obligations under this section;
6. efforts taken to retain and retrain workers employed at electric generating facilities that the utility has ceased operating or designated to cease operating for new positions constructing or operating facilities to meet a utility's standard obligation;
7. impacts of facilities designed to meet the utility's standard obligations under this section on areas of concern for environmental justice; and
8. efforts to increase the diversity of both its workforce and vendors.
(b) The commissioner shall compile the information provided to the commission under paragraph (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15 of each odd-numbered year.

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

Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program.

(b) In lieu of generating or procuring energy directly to satisfy the eligible energy technology objective or a standard of obligation under this section, an electric utility may utilize renewable energy credits allowed under the program to satisfy the objective or standard.

(c) The commission shall facilitate the trading of renewable energy credits between states.

(d) The commission shall require all electric utilities to participate in a commission-approved credit-tracking system or systems. Once a credit-tracking system is in operation, the commission shall issue an order establishing protocols for trading credits.

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

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

1. the creation of high-quality jobs in Minnesota paying wages that support families;
2. recognition of the rights of workers to organize and unionize;
3. ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in areas of concern for environmental justice;
4. ensuring that all Minnesotans share the benefits of clean and renewable energy, and the opportunity to participate fully in the clean energy economy;
5. ensuring that statewide air emissions are reduced, particularly in areas of concern for environmental justice; and
6. the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

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

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

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

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

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

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

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

(3) minimizing cost impacts on ratepayers.

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more
of electric power and serving, either directly or indirectly, the needs of 10,000 retail
customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following
resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related
by-products from publicly owned treatment works, but not including incineration of
wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the
service needs of its customers over a forecast period, including an explanation of the supply
and demand circumstances under which, and the extent to which, each resource option
would be used to meet those service needs. These resource options include using,
refurbishing, and constructing utility plant and equipment, buying power generated by other
entities, controlling customer loads, and implementing customer energy conservation.

e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
resource of 30 megawatts or greater.

f) "Energy storage system" means a commercially available technology that:

   (1) uses mechanical, chemical, or thermal processes to:

      (i) store energy, including energy generated from renewable resources and energy that
was otherwise wasted, and deliver the stored energy for use at a later time; or

      (ii) store thermal energy for direct use for heating or cooling at a later time in a manner
that reduces the demand for electricity at the later time;

   (2) is composed of stationary equipment;

   (3) if being used for electric grid benefits, is (i) operationally visible to the distribution
or transmission entity managing it, and (ii) capable of being controlled by the distribution
or transmission entity managing it, to enable and optimize the safe and reliable operation
of the electric system; and

   (4) achieves any of the following:

      (i) reduces peak or electrical demand;

      (ii) defers the need or substitutes for an investment in electric generation, transmission,
or distribution assets;

      (iii) improves the reliable operation of the electrical transmission or distribution systems,
while ensuring transmission or distribution needs are not created; or

      (iv) lowers customer costs produces a net ratepayer benefit by storing energy when the
cost of generating or purchasing it energy is low and delivering it energy to customers when
the costs are high.

   (g) Clean energy resource means:

   (1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);

   (2) an energy storage system storing energy generated by renewable energy or a
carbon-free resource;

   (3) energy efficiency, as defined in section 216B.241, subdivision 1;
(4) load management, as defined in section 216B.241, subdivision 1; or

(5) a carbon-free resource that the commission has determined to be cost competitive under subdivision 4, paragraph (g).

(h) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(i) "Nonrenewable energy facility" means a generation facility that does not use a renewable energy or other clean energy resource. Nonrenewable facility does not include a nuclear facility.

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

Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. Resource plan filing and approval. (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and, 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of conservation and renewable clean energy and carbon-free resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.
Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility required to file a resource plan under subdivision 2 that has scheduled the retirement of an electric generating facility located in Minnesota must include in the filing a narrative describing the utility's efforts, in conjunction with the utility's workers and their designated representatives, to develop a plan to minimize the dislocations employees may suffer as a result of the facility's retirement. The narrative must address, at a minimum, plans to:

1. minimize financial losses to workers;
2. provide a transition timeline to ensure certainty for workers;
3. protect pension benefits;
4. extend or replace health insurance, life insurance, and other employment benefits;
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;
6. provide training and skill development for workers who must or choose to leave the utility;
7. create targeted transition plans for workers at all locations impacted by the facility retirement; and
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.

Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission shall adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate, and shall update these parameters, as necessary, to conform with updates released by the federal Interagency Working Group on the Social Cost of Greenhouse Gases or its successors above the February 2021 interim valuations.
(b) When evaluating and selecting resource options in all proceedings before the commission, including, but not limited to, proceedings regarding power purchase agreements, resource plans, and certificates of need, a utility shall must use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings under this subdivision to quantify and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for in-state or imported electricity generation, including extraction, processing, transport, and combustion.

(c) When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).

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

Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3a. Favored electric resources; state policy. It is the policy of the state that: (1) in order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant and continuing reductions in the cost of wind technologies, solar technologies, energy storage systems, demand-response technologies, and energy efficiency technologies and strategies, the favored method to meet electricity demand in Minnesota is a combination of clean energy resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.
Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable clean energy facility resources.** (a) The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve a power purchase agreement or allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated by clear and convincing evidence that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest. When making the public interest determination, the commission must consider:

(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;

(2) impacts on local and regional grid reliability;

(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

(b) In determining that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest, the commission must find by clear and convincing evidence that using renewable or clean energy resources to meet the need for resources is not affordable or reliable, when compared with a nonrenewable energy facility or nonclean energy resource.

(c) In determining whether a renewable or clean energy resource is not affordable, the commission must consider utility and ratepayer effects resulting from:

(1) the intermittent nature of renewable energy facilities, including but not limited to the cost to purchase wholesale electricity in the market and the cost to provide ancillary services;

(2) reduced exposure to fuel price volatility, changes in transmission and distribution costs, portfolio diversification, and environmental compliance costs; and

(3) other environmental costs resulting from a nonrenewable energy facility, as determined by the commission under subdivision 3.

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(d) In order to determine whether a renewable or clean energy resource is reliable, the commission must consider, to the extent reasonable, the ability of the resources or facilities of the utility and the regional electric grid to provide essential reliability services, including frequency response, balancing services, and voltage control.

(e) The commission must make a written determination describing its findings and the reasoning behind its conclusions regarding whether a renewable or clean energy resource is affordable and reliable under this subdivision. In making the public interest determination under paragraph (a), the commission must also consider and make a written determination as to whether the energy resources approved by the commission:

(1) help the state achieve the greenhouse gas reduction goals under section 216H.02;

and

(2) help the utility achieve the renewable energy standard under section 216B.1691, subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

(f) Nothing in this section impacts a decision to continue operating a nuclear facility that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an existing nuclear electric generating unit, the provisions in paragraphs (a) to (e) shall govern the process to identify replacement resources.

(g) The commission may, by order, add to the list of resources it determines are clean energy resources for the purposes of this section upon finding that the resource is carbon-free and cost competitive when compared with other carbon-free alternatives.

(h) If the commission approves a public utility's integrated resource plan that includes the retirement of a facility that contributes to statewide greenhouse gas emissions, the public utility is entitled to own at least a portion of the generation, transmission, and other facilities necessary to replace the accredited capacity and energy of the retiring facility, as determined by the commission, provided that:

(1) for a public utility with more than 200,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions will be reduced by 80 percent or more, measured from 2005 to 2030;

(2) for a public utility with more than 100,000 but fewer than 200,000 retail electric customers, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions will be reduced by 80 percent or more, measured from 2005 to 2035;
(3) for a public utility with fewer than 100,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions will be reduced by 65 percent or more, measured from 2005 to 2030; and

(4) the commission determines that the public utility's ownership of clean energy and carbon-free resources that replace retired facilities is reasonable and in the public interest.

(i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from an independent systems operator, an auction, or other market administered by an independent systems operator, and whose term is one year or less, are not subject to this subdivision.

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

Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. Preference for local job creation. As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at those facilities.

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

Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. Bidding; exemption from certificate of need proceeding. (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates
determined under subdivision 3 and consider local job impacts when evaluating bids
submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating
plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding
process approved or established by the commission, a certificate of need proceeding under
section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating
plant that has been selected in a bidding process approved or established by the commission,
or such other selection process approved by the commission, to satisfy, in whole or in part,
the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

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

Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
to read:

Subd. 8. Transmission planning in advance of generation retirement. A utility must
identify in a resource plan each nonrenewable energy facility on the utility's system that
has a depreciation term, probable service life, or operating license term that ends within 15
years of the resource plan filing date. For each nonrenewable energy facility identified, the
utility must include in the resource plan an initial plan to: (1) replace the nonrenewable
energy facility; and (2) upgrade any transmission or other grid capabilities needed to support
the retirement of that nonrenewable energy facility.

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

Sec. 32. [216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.

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

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

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

(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.

(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.

(g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within the state 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.

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

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

(j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy.

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

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

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

(n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.
(o) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

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

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

1. will result in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and
2. is installed and operated in a manner that improves the load factor of the customer's electric utility.

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

(r) "Total incremental cost" means the sum of the following components of a utility's innovation plan approved by the commission under subdivision 2:

1. return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;
2. incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;
3. incremental costs to procure innovative resources from third parties;
4. incremental costs to develop and administer programs; and
5. incremental costs for research and development related to innovative resources, less the sum of:
   1. value received by the utility upon the resale of innovative resources or their by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;
(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to, avoided commodity purchases or avoided pipeline costs; and

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

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

Subd. 2. Innovation plans. (a) A natural gas utility may file an innovation plan with the commission. The utility's plan must include, as applicable, the following components:

(1) the innovative resource or resources the utility plans to implement to contribute to meeting the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within the requirements and limitations set forth in this section;

(2) research and development investments related to innovative resources the utility plans to undertake;

(3) total lifecycle greenhouse gas emissions that the utility projects will be reduced or avoided through implementing the plan;

(4) a comparison of the estimate in clause (3) to total emissions from natural gas use by utility customers in 2020;

(5) a description of each pilot program included in the plan that is related to the development or provision of innovative resources, and an estimate of the total incremental costs to implement each element;

(6) the cost-effectiveness of innovative resources calculated from the perspective of the utility, society, the utility's nonparticipating customers, and the utility's participating customers, compared to other innovative resources that could be deployed to reduce or avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative resource;

(7) for any pilot program not previously approved as part of the utility's most recent innovation plan, a third-party analysis of:

(i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources; and
(ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed
pilot program is implemented;

(8) an explanation of the methodology used by the utility to calculate the lifecycle
greenhouse gas emissions avoided or reduced by each pilot program included in the plan,
including descriptions of how the utility's method deviated, if at all, from the carbon
accounting frameworks established by the commission under section 216B.2428;

(9) a discussion of whether the plan supports the development and use of alternative
agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
the recovery of energy from wastewater, and, if it does, a description of the geographic
areas of the state in which those benefits will be realized;

(10) a description of third-party systems and processes the utility plans to use to:

(i) track the innovative resources included in the plan so that environmental benefits
produced by the plan are not claimed for any other program; and

(ii) verify the environmental attributes and greenhouse gas emissions intensity of
innovative resources included in the plan;

(11) projected local job impacts resulting from implementation of the plan and a
description of steps the utility and its energy suppliers and contractors are taking to maximize
the availability of construction employment opportunities for local workers;

(12) a description of how the utility proposes to recover annual total incremental costs
of the plan;

(13) steps the utility has taken or proposes to take to reduce the expected cost of the plan
on low- and moderate-income residential customers and to ensure that low- and
moderate-income residential customers will benefit from innovative resources included in
the plan;

(14) a report on the utility's progress toward implementing its previously approved
innovation plan, if applicable;

(15) a report of the utility's progress toward achieving the cost-effectiveness objectives
established by the commission with respect to its previously approved innovation plan, if
applicable; and

(16) collections of pilot programs that the utility estimates would, if implemented, provide
approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or
avoidance benefits of the utility's proposed plan.
(b) The commission may approve, modify, or reject a plan. The commission may not approve an innovation plan unless it finds that:

1. the size, scope, and scale of the plan will produce net benefits under the cost-benefit framework established by the commission in section 216B.2428;
2. the plan will promote the use of renewable energy resources and reduce or avoid greenhouse gas emissions at a cost level consistent with subdivision 3;
3. the plan will promote local economic development;
4. the innovative resources included in the plan have a lower lifecycle greenhouse gas intensity than natural gas produced from conventional geologic sources;
5. the systems used to track and verify the environmental attributes of the innovative resources included in the plan are reasonable, considering available third-party tracking and verification systems;
6. the costs and revenues projected under the plan are reasonable in comparison to other innovative resources the utility could deploy to reduce greenhouse gas emissions, considering other benefits of the innovative resources included in the plan;
7. the total amount of estimated greenhouse gas emissions reduction or avoidance to be achieved under the plan is reasonable considering the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, customer cost, and the total amount of greenhouse gas emissions reduction or avoidance achieved under the utility's previously approved plans, if applicable; and
8. any renewable natural gas purchased by a utility under the plan that is produced from the anaerobic digestion of manure is certified as being produced at an agricultural livestock production facility that will not increase the number of animal units at the facility solely or primarily for the purpose of producing renewable natural gas for the plan.

(c) In seeking to recover costs under a plan approved by the commission under this section, the utility must demonstrate to the satisfaction of the commission that the actual total incremental costs incurred to implement the approved innovation plan are reasonable. Prudently incurred costs under an approved plan, including prudently incurred costs to obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable either:

1. under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas adjustment;
(2) in the utility's next general rate case; or

(3) via annual adjustments, provided that, after notice and comment, the commission determines that the costs included for recovery through rates are prudently incurred. Annual adjustments must include a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and incremental operation and maintenance expenses. The rate of return must be at the level approved by the commission in the utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

(d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness objectives for the plan based on the cost-benefit test for innovative resources developed under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate incremental progress from the previously approved plan's cost-effectiveness objective.

(e) A utility operating under an approved plan must file annual reports to the commission on work completed under the plan, including:

(1) costs incurred;

(2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

(3) a description of the processes used to track and verify the innovative resources and to retire the associated environmental attributes;

(4) an assessment of the degree to which the lifecycle greenhouse gas accounting methodology is consistent with current science;

(5) the economic impact of the plan, including job creation;

(6) the utility's progress toward achieving the cost-effectiveness objectives established by the commission; and

(7) modifications to elements of the plan proposed by the utility.

(f) In evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program included in the plan, with or without modifications;

(2) require the utility to file a new or modified pilot program or plan; or

(3) disapprove the continuation of a pilot program or plan.

(g) An innovation plan has a term of five years. A subsequent innovation plan must be filed no later than four years after the previous plan was approved by the commission so
that, if approved, the new plan takes effect immediately upon expiration of the previous
plan.

(h) For purposes of this section, and the commission's lifecycle carbon accounting
framework and cost-benefit test for innovative resources under section 216B.2428, any
required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle
greenhouse gas intensity:

(1) must include, but is not limited to, estimates of:

(i) avoided or reduced greenhouse gas emissions attributable to utility operations;

(ii) avoided or reduced greenhouse gas emissions from the production, processing, and
transmission of fuels prior to their receipt by the utility; and

(iii) avoided or reduced greenhouse gas emissions at the point of end use;

(2) may not count any unit of greenhouse gas emissions avoidance or reduction more
than once; and

(3) may, where direct measurement is not technically or economically feasible, rely on
emissions factors, default values, or engineering estimates from a publicly accessible source
accepted by a federal or state government agency, provided that such emissions factors,
default values, or engineering estimates can be demonstrated to the satisfaction of the
commission to produce a reasonable estimate of greenhouse gas emissions reductions,
avoidance, or intensity.

(i) Strategic electrification implemented in a plan approved by the commission under
this section is not eligible for a financial incentive under section 216B.241, subdivision 2c.
Electric end-use equipment installed under a plan approved by the commission under this
section is the exclusive property of the building owner.

Subd. 3. Limitations on utility customer costs. (a) Except as provided in paragraph
(b), the first innovation plan submitted to the commission by a utility may not propose, and
the commission may not approve, annual total incremental costs exceeding the lesser of:

(1) 1.75 percent of the utility's gross operating revenues from natural gas service provided
in the state at the time of plan filing; or

(2) $20 per nonexempt customer based on the proposed annual total incremental costs
for each year of the plan divided by the total number of nonexempt utility customers.

(b) The commission may approve additional annual costs up to the lesser of:
(1) an additional 0.25 percent of the utility's gross operating revenues from service provided in the state at the time of plan filing; or

(2) $5 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers of incremental costs, provided that the additional costs under this paragraph are associated exclusively with the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) a municipal wastewater treatment system; or

(iii) an organic mixture including at least 15 percent, by volume, sustainably harvested native prairie grasses or locally appropriate cover crops, as determined by a local soil and water conservation district or the United States Department of Agriculture, Natural Resources Conservation Service.

(c) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in the utility's most recently approved innovation plan, except as provided in paragraph (d), the next subsequent plan filed by the same utility under this section is subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the second plan is the lesser of:

(i) 2.75 percent of the utility's gross operating revenues from natural gas service in the state at the time of the plan's filing; or

(ii) $35 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 0.75 percent of the utility's gross operating revenues from natural gas service in the state at the time of the plan's filing; or

(ii) $10 per nonexempt customer.

(d) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in two of the same utility's previously approved innovation plans, all subsequent plans filed by the utility under this section are subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the third or subsequent plan is the lesser of:
(i) four percent of the utility's gross operating revenues from natural gas service in the state at the time of the plan's filing; or
(ii) $50 per nonexempt customer; and
(2) the cap on additional costs in paragraph (b) is the lesser of:
(i) an additional 1.5 percent of the utility's gross operating revenues from natural gas service in the state at the time of the plan's filing; or
(ii) $20 per nonexempt customer.
(e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs must be calculated at the time the innovation plan is filed as the average of the utility's forecasted total incremental costs over the five-year term of the plan.
(f) A large customer facility that has been exempted by the commissioner of commerce from a utility's conservation improvement program under section 216B.241, subdivision 1a, paragraph (b), is exempt from the utility's innovation plan offerings and may not be charged any costs incurred to implement an approved innovation plan unless the large customer facility files a request with the commissioner to be included in a utility's innovation plan. The commission may prohibit large customer facilities exempt from innovation plan costs from participating in innovation plans.
(g) A utility filing an innovation plan may also include annual spending and investments on research and development of up to ten percent of the proposed total incremental costs related to innovative plans, subject to the limitations in paragraphs (a) to (e).
(h) For purposes of this subdivision, "gross operating revenues" do not include revenues from large customer facilities exempt from innovation plan costs.

Subd. 4. **Innovative resources procured outside of an innovation plan.** (a) Without filing an innovation plan, a natural gas utility may propose and the commission may approve cost recovery for:

(1) innovative resources acquired to satisfy a commission-approved green tariff program that allows customers to choose to meet a portion of the customers' energy needs through innovative resources; or

(2) utility expenditures for innovative resources procured at a cost that is within five percent of the average of Ventura and Demarc index prices for natural gas produced from conventional geologic sources at the time of the transaction per unit of natural gas that the innovative resource will displace.
(b) An approved green tariff program must include provisions to ensure that reasonable systems are used to track and verify the environmental attributes of innovative resources included in the program, taking into account any available third party tracking or verification systems.

(c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the daily index price of wholesale natural gas sold at the Northern Natural Gas Company's Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

Subd. 5. **Power-to-ammonia.** In determining whether to approve a power-to-ammonia pilot program as part of an innovative plan, the commission must consider:

1. the risk of exposing any person to unhealthy concentrations of ammonia;
2. the risk that any home or business might be affected by ammonia odors;
3. whether the greenhouse gas emissions addressed by the proposed power-to-ammonia project could be more efficiently addressed using power-to-hydrogen; and
4. whether the power-to-ammonia project will achieve lifecycle greenhouse gas emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide thermal energy audits to small- and medium-sized business in order to identify opportunities to reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must provide incentives for businesses to implement recommendations made by the audit. The utility must develop criteria to identify businesses that achieve significant emissions reductions by implementing audit recommendations and must recognize such businesses as thermal energy leaders.

Subd. 7. **Innovative resources for certain industrial processes.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide innovative resources to industrial facilities whose manufacturing processes, for technical reasons, are not amenable to electrification. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to participate in this pilot program.

Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program that facilitates deep energy retrofits and the installation of cold climate electric air-source heat pumps in existing residential homes that have natural gas heating systems.
(b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
measure or combination of measures, including air sealing and addressing thermal bridges,
that under normal weather and operating conditions can reasonably be expected to reduce
a building's calculated design load to ten or fewer British Thermal Units per hour per square
foot of conditioned floor area. Deep energy retrofit does not include the installation of
photovoltaic electric generation equipment, but may include the installation of a qualifying
solar thermal energy project.

Subd. 9. District energy. The first innovation plan filed under this section by a utility
with more than 800,000 customers must include a pilot program to facilitate the development,
expansion, or modification of district energy systems in this state. This subdivision does
not require the utility to propose, construct, maintain, or own district energy infrastructure.

Subd. 10. Throughput goal. It is the goal of the state of Minnesota that through the
Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the
overall amount of natural gas produced from conventional geologic sources delivered to
customers.

Subd. 11. Utility system report and forecasts. (a) A public utility filing an innovation
plan shall concurrently submit a report to the commission containing the following
information:

(1) methane gas emissions attributed to venting or leakage across the utility's system,
including emissions information reported to the Environmental Protection Agency and gas
leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's
expectations regarding the cost and performance of its leakage reduction programs over the
next five years;

(2) total system greenhouse gas emissions and greenhouse gas emissions projected to
be reduced or avoided through innovative resource investments and energy conservation
investments, and a narrative description of the costs required to achieve them over the next
five years through investments in innovative sources and energy conservation;

(3) the quantity of pipe in service in the utility's natural gas network in this state, by
material, size, coating, operating pressure, and decade of installation based on utility
information reported to the U.S. Department of Transportation;

(4) a narrative description of other significant equipment owned and operated by the
utility through which gas is transported or stored, including regulator stations and storage
facilities, a discussion of the function of that equipment, how it is maintained, and utility
efforts to prevent leaks from the equipment.
(5) a five-year forecast of fuel prices and anticipated purchases including, as available, natural gas produced from conventional geologic sources, renewable natural gas, and alternative fuels;

(6) a five-year forecast of potential capital investments by the utility in existing infrastructure and new infrastructure for natural gas produced from conventional geologic sources and for innovative resources; and

(7) an inventory of the utility's current financial incentive programs for natural gas, including rebates and incentives offered for new and existing buildings and a description of the utility's projected changes in incentives it is likely to implement over the next five years.

(b) Information filed under this subdivision is intended to be used by the commission to evaluate a utility's innovation plan in the context of the utility's other planned investments and activities with respect to natural gas produced from conventional geologic sources. Information filed under this subdivision may not be used by the commission to set or limit utility rate recovery.

EFFECTIVE DATE. This section is effective June 1, 2022.

Sec. 33. [216B.2428] PUBLIC UTILITIES COMMISSION; LIFECYCLE GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.

By June 1, 2022, the Public Utilities Commission shall, by order, issue frameworks the commission will use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource, as follows:

(1) a general framework for the comparison of the lifecycle greenhouse gas emissions intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-ammonia; and

(2) a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed under section 216B.2427 that the commission will use to compare the cost-effectiveness of those resources and plans. This analytic framework must take into account:

(i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);
(ii) additional economic costs and benefits, programmatic costs and benefits, additional
environmental costs and benefits, and other costs or benefits that may be expected under a
plan; and

(iii) baseline cost-effectiveness criteria against which an innovation plan should be
compared. In establishing baseline criteria, the commission must take into account options
available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the
goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1. To
the maximum reasonable extent, the cost-benefit framework must be consistent with
environmental cost values established under section 216B.2422, subdivision 3, and other
calculations of the social value of greenhouse gas emissions reductions used by the
commission. The commission may update frameworks established under this section as
necessary.

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

Sec. 34. [216B.247] **BENEFICIAL BUILDING ELECTRIFICATION.**

(a) It is the goal of the state of Minnesota to promote energy end uses powered by
electricity in the building sector that result in a net reduction in greenhouse gas emissions
and improvements to public health, consistent with the goal established under section
216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification
in the building sector should prioritize investment and activity in low-income and
under-resourced communities, maintain or improve the quality of electricity service,
maximize customer savings, improve the integration of renewable and carbon-free resources,
and prioritize job creation.

Sec. 35. [216B.248] **PUBLIC UTILITY BENEFICIAL BUILDING ELECTRIFICATION.**

(a) A public utility may submit to the commission a plan to promote energy end uses
powered by electricity within its service area in residential and commercial buildings. To
the maximum reasonable extent, a plan must:

(1) maximize consumer savings over the lifetime of the investment;

(2) mitigate cost and avoid duplication with the utility's conservation improvement plan
under section 216B.241;

(3) maintain or enhance the reliability of electricity service;
(4) quantify the acres of land needed for new generation, transmission, and distribution facilities to provide the additional electricity required under the plan;

(5) maintain or enhance public health and safety when temperatures fall below 25 degrees below zero Fahrenheit;

(6) support the integration of renewable and carbon-free resources;

(7) encourage demand response and load shape management opportunities and the use of energy storage that reduce overall system costs;

(8) prioritize electrification projects in economically disadvantaged communities;

(9) consider cost protections for low- and moderate-income customers;

(10) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan, or based on the electricity serving the end-use in the event that a public utility providing retail natural gas service proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner; and

(11) consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 36. [216B.491] DEFINITIONS.

Subdivision 1. Scope. For the purposes of sections 216B.491 to 216B.4991, the terms defined in this subdivision have the meanings given them.

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

Subd. 3. Assignee. "Assignee" means any person to which an interest in energy transition property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.
Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition bonds.

Subd. 5. **Clean energy resource.** "Clean energy resource" means:

1. renewable energy, as defined in section 216B.2422, subdivision 1;
2. an energy storage system; or
3. energy efficiency and load management, as defined in section 216B.241, subdivision 1.

Subd. 6. **Customer.** "Customer" means a person who takes electric service from an electric utility for consumption of electricity in Minnesota.

Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that generates electricity, is owned in whole or in part by an electric utility, and is used to serve customers in Minnesota. Electric generating facility includes any interconnected infrastructure or facility used to transmit or deliver electricity to Minnesota customers.

Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity to Minnesota customers, including the electric utility's successors or assignees.

Subd. 9. **Energy storage system.** "Energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

1. store energy and deliver the stored energy for use at a later time; or
2. store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by an electric utility or an assignee under a financing order.

Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

1. is imposed on all customer bills by an electric utility that is the subject of a financing order, or the electric utility's successors or assignees;
2. is separate from the utility's base rates; and
(3) provides a source of revenue solely to repay, finance, or refinance energy transition costs.

Subd. 12. Energy transition costs. "Energy transition costs" means:

(1) as approved by the commission in a financing order issued under section 216B.492, the pretax costs that the electric utility has incurred or will incur that are caused by, associated with, or remain as a result of retiring or replacing electric generating facilities serving Minnesota retail customers; and

(2) pretax costs that an electric utility has previously incurred related to the closure or replacement of electric infrastructure or facilities occurring before the effective date of this act.

Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed against an electric utility by a government agency or court under a federal or state environmental statute, rule, or regulation.

Subd. 13. Energy transition property. "Energy transition property" means:

(1) all rights and interests of an electric utility or successor or assignee of an electric utility under a financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments to energy transition charges authorized under a financing order issued by the commission; and

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


Subd. 15. Financing costs. "Financing costs" means:

(1) principal, interest, and redemption premiums that are payable on energy transition bonds;

(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;
(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other demonstrable costs necessary to otherwise ensure and guarantee the timely payment of the bonds or other amounts or charges payable in connection with the bonds;

(4) taxes and license fees imposed on the revenue generated from collecting an energy transition charge;

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

(6) costs incurred by the commission to hire and compensate additional temporary staff needed to perform its responsibilities under this section and, in accordance with section 216B.494, to engage specialized counsel and expert consultants experienced in securitized electric utility ratepayer-backed bond financing similar to energy transition bonds.

Subd. 16. **Financing order.** "Financing order" means an order issued by the commission under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in one or more series, (2) impose, charge, and collect energy transition charges, and (3) create energy transition property.

Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds and a trustee, collateral agent, a party under an ancillary agreement, or any other person acting for the benefit of energy transition bondholders.

Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy transition charge required to repay bonds and related costs may not be avoided by any retail customer located within an electric utility service area.

Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission, including but not limited to:

(1) unrecovered capitalized costs of retired or replaced electric generating facilities;

(2) costs to decommission and restore the site of an electric generating facility;

(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance and salvage proceeds; and
(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing
debt agreements, or for waivers or consents related to existing debt agreements.

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

Sec. 37. [216B.492] FINANCING ORDER.

Subdivision 1. Application. (a) An electric utility that has received approval from the
commission to retire an electric generating facility owned by the utility prior to the full
depreciation of the electric generating facility's value may file an application with the
commission for the issuance of a financing order to enable the utility to recover energy
transition costs through the issuance of energy transition bonds under this section.

(b) The application must include all of the following information:

(1) a description of the electric generating facility to be retired;

(2) the undepreciated value remaining in the electric generating facility that is proposed
to be financed through the issuance of bonds under this act, and the method used to calculate
the amount;

(3) the estimated savings to electric utility customers if the financing order is issued as
requested in the application, calculated by comparing the costs to customers that are expected
to result from implementing the financing order and the estimated costs associated with
implementing traditional electric utility financing mechanisms with respect to the same
undepreciated balance, expressed in net present value terms;

(4) an estimated schedule for the electric generating facility's retirement;

(5) a description of the nonbypassable energy transition charge electric utility customers
would be required to pay in order to fully recover financing costs, and the method and
assumptions used to calculate the amount;

(6) a proposed methodology for allocating the revenue requirement for the energy
transition charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary
to correct any overcollection or undercollection of energy transition charges, in order to
complete payment of scheduled principal and interest on energy transition bonds and other
financing costs in a timely fashion;
(8) a memorandum with supporting exhibits, from a securities firm that is experienced in the marketing of bonds and that is approved by the commissioner of management and budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher rating or equivalent rating criteria of at least one nationally recognized securities rating organization for issuances similar to the proposed energy transition bonds;

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

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

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

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

(13) a workforce transition plan that includes estimates of:

(i) the number of workers currently employed at the electric generating facility to be retired by the electric utility and, separately reported, by contractors, including workers that directly deliver fuel to the electric generating facility;

(ii) the number of workers identified in clause (i) who, as a result of the retirement of the electric generating facility:

(A) are offered employment by the electric utility in the same job classification;

(B) are offered employment by the electric utility in a different job classification;

(C) are not offered employment by the electric utility;

(D) are offered early retirement by the electric utility; and

(E) retire as planned; and

(iii) if the electric utility plans to replace the retiring generating facility with a new electric generating facility owned by the electric utility, the number of jobs at the new generating facility outsourced to contractors or subcontractors; and

(14) a plan to replace the retired electric generating facilities with other electric generating facilities owned by the utility or power purchase agreements that meet the requirements of...
subdivision 3, clause (15), and a schedule reflecting that the replacement resources are
operational or available at the time the retiring electric generating facilities cease operation.

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

(1) the energy transition costs described in the application related to the retirement of
electric generation facilities are reasonable;

(2) the proposed issuance of energy transition bonds and the imposition and collection
of energy transition charges:

(i) are just and reasonable;

(ii) are consistent with the public interest;

(iii) constitute a prudent and reasonable mechanism to finance the energy transition costs
described in the application; and

(iv) provide tangible and quantifiable benefits to customers that are substantially greater
than the benefits that would have been achieved absent the issuance of energy transition
bonds; and

(3) the proposed structuring, marketing, and pricing of the energy transition bonds:

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

(ii) achieve the maximum net present value of customer savings, as determined by the
commission in a financing order, consistent with market conditions at the time of sale and
the terms of the financing order.

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

(1) determine the maximum amount of energy transition costs that may be financed from
proceeds of energy transition bonds issued pursuant to the financing order;

(2) describe the proposed customer billing mechanism for energy transition charges and
include a finding that the mechanism is just and reasonable;

(3) describe the financing costs that may be recovered through energy transition charges
and the period over which the costs may be recovered, which must end no earlier than the
date of final legal maturity of the energy transition bonds;
(4) describe the energy transition property that is created and that may be used to pay, and secure the payment of, the energy transition bonds and financing costs authorized in the financing order;

(5) authorize the electric utility to finance energy transition costs through the issuance of one or more series of energy transition bonds. An electric utility is not required to secure a separate financing order for each issuance of energy transition bonds or for each scheduled phase of the retirement or replacement of electric generating facilities approved in the financing order;

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

(7) specify the degree of flexibility afforded to the electric utility in establishing the terms and conditions of the energy transition bonds, including but not limited to repayment schedules, expected interest rates, and other financing costs;

(8) specify that the energy transition bonds must be issued as soon as feasible following issuance of the financing order;

(9) require the electric utility, at the same time as energy transition charges are initially collected and independent of the schedule to close and decommission the electric generating facility, to remove the electric generating facility to be retired from the utility's rate base and commensurately reduce the utility's base rates;

(10) specify a future ratemaking process to reconcile any difference between the projected pretax costs included in the amount financed by energy transition bonds and the final actual pretax costs incurred by the electric utility to retire or replace the electric generating facility;

(11) specify information regarding bond issuance and repayments, financing costs, energy transaction charges, energy transition property, and related matters that the electric utility is required to provide to the commission on a schedule determined by the commission;

(12) allow and may require the creation of an electric utility's energy transition property to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy transition property to an assignee and the pledge of the energy transition property to secure the energy transition bonds;
(13) ensure that the structuring, marketing, and pricing of energy transition bonds result in the lowest securitization bond charges and maximize net present value customer savings, consistent with market conditions and the terms of the financing order;

(14) specify that the electric utility is prohibited from, after the electric generating facilities subject to the finance order are removed from the electric utility's base rate:

(i) operating the electric generating facilities; or

(ii) selling the electric generating facilities to another entity to be operated as electric generating facilities; and

(15) specify that the electric utility must send a payment from energy transition bond proceeds equal to 15 percent of the net present value of electric utility cost savings estimated by the commission under subdivision 2, clause (3), item (ii), to the commissioner of employment and economic development for deposit in the energy worker transition account established in section 216B.4991, and that the balance of the proceeds:

(i) must not be used to acquire, construct, finance, own, operate, or purchase energy from an electric generating facility that is not powered by a clean energy resource; and

(ii) may be used to construct, finance, operate, own, or purchase energy from, an electric generating facility that complies with item (i), under conditions determined by the commission, including the capacity of generating assets, the estimated date the asset is placed into service, and any other factors deemed relevant by the commission, taking into account the electric utility's resource plan most recently approved by the commission under section 216B.2422.

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

(1) include conditions different from those requested in the application that the commission determines are necessary to:

(i) promote the public interest; and

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

(2) specify the selection of one or more underwriters of the energy transition bonds.

Subd. 4. Duration; irrevocability; subsequent order. (a) A financing order remains in effect until the energy transition bonds issued under the financing order and all financing costs related to the bonds have been paid in full.
(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the electric utility to which the financing order applies or any affiliate, successor, or assignee of the electric utility.

(c) Subject to judicial review as provided for in section 216B.52, a financing order is irrevocable and is not reviewable by future commissions. The commission may not reduce, impair, postpone, or terminate energy transition charges approved in a financing order, or impair energy transition property or the collection or recovery of energy transition revenue.

(d) Notwithstanding paragraph (c), the commission may, on its own motion or at the request of an electric utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding energy transition bonds issued under the original financing order if:

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

(2) the modification contained in the subsequent financing order does not in any way impair the covenants and terms of the energy transition bonds to be refinanced, retired, or refunded.

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

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

(2) considering the energy transition charges paid under the financing order to be revenue of the electric utility;

(3) considering the energy transition costs or financing costs specified in the financing order to be the regulated costs or assets of the electric utility; or

(4) determining any prudent action taken by an electric utility that is consistent with the financing order to be unjust or unreasonable.

(b) Nothing in this subdivision:

(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover energy transition charges:
(2) prevents or precludes the commission from investigating an electric utility's 
compliance with the terms and conditions of a financing order and requiring compliance 
with the financing order; or 

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

(c) The commission is prohibited from refusing to allow the recovery of any costs 
associated with the retirement or replacement of electric generating facilities by an electric 
utility solely because the electric utility has elected to finance those activities through a 
financing mechanism other than energy transition bonds. 

Sec. 38. [216B.493] POST-ORDER COMMISSION DUTIES. 

Subdivision 1. Financing cost review. Within 120 days after the date energy transition 
bonds are issued, an electric utility subject to a financing order must file with the commission 
the actual initial and ongoing financing costs, the final structure and pricing of the energy 
transition bonds, and the actual energy transition charge. The commission must review the 
prudence of the electric utility's actions to determine whether the actual financing costs 
were the lowest that could reasonably be achieved, given the terms of the financing order 
and market conditions prevailing at the time of the bond's issuance. 

Subd. 2. Enforcement. If the commission determines that an electric utility's actions 
under this section are not prudent or are inconsistent with the financing order, the commission 
may apply any remedies available, provided that any remedy applied may not directly or 
indirectly impair the security for the energy transition bonds. 

Sec. 39. [216B.494] USE OF OUTSIDE EXPERTS. 

(a) In carrying out the duties under this section, the commission may: 

(1) contract with outside consultants and counsel experienced in securitized electric 
utility customer-backed bond financing similar to energy transition bonds; and 

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

Expenses incurred by the commission under this paragraph must be treated as financing 
costs and included in the energy transition charge. The costs incurred under clause (1) are 
not an obligation of the state and are assigned solely to the transaction.
If a utility's application for a financing order is denied or withdrawn for any reason and energy transition bonds are not issued, the commission's costs to retain expert consultants under this subdivision must be paid by the applicant utility and are deemed by the commission to be prudent deferred expense eligible for recovery in the utility's future rates.

Sec. 40. [216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.

(a) An electric utility that obtains a financing order and causes energy transition bonds to be issued must:

(1) include on each customer's monthly electricity bill:

(i) a statement that a portion of the charges represents energy transition charges approved in a financing order;

(ii) the amount and rate of the energy transition charge as a separate line item titled "energy transition charge"; and

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

(2) file annually with the commission:

(i) a calculation of the impact of financing the retirement or replacement of electric generating facilities on customer electricity rates, by customer class; and

(ii) evidence demonstrating that energy transition revenues are applied solely to the repayment of energy transition bonds and other financing costs.

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

(c) An electric utility's failure to comply with this section does not invalidate, impair, or affect any financing order, energy transition property, energy transition charge, or energy transition bonds, but does subject the electric utility to penalties under applicable commission rules.

Sec. 41. [216B.496] ENERGY TRANSITION PROPERTY.

Subdivision 1. General. (a) Energy transition property is an existing present property right or interest in a property right even though the imposition and collection of energy transition charges depends on the electric utility's collecting energy transition charges and
on future electricity consumption. The property right or interest exists regardless of whether
the revenues or proceeds arising from the energy transition property have been billed, have
accrued, or have been collected.

(b) Energy transition property exists until all energy transition bonds issued under a
financing order are paid in full and all financing costs and other costs of the energy transition
bonds have been recovered in full.

(c) All or any portion of energy transition property described in a financing order issued
to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee
that is wholly owned, directly or indirectly, by the electric utility and is created for the
limited purpose of acquiring, owning, or administering energy transition property or issuing
energy transition bonds as authorized by the financing order. All or any portion of energy
transition property may be pledged to secure energy transition bonds issued under a financing
order, amounts payable to financing parties and to counterparties under any ancillary
agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or
pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary
course of business.

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

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy
transition property specified in a financing order issued to an electric utility, and in the
revenue and collections arising from that property, is not subject to setoff, counterclaim,
surcharges, or defense by the electric utility or any other person, or in connection with the
reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

(f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy,
or other insolvency proceeding, merger or acquisition, sale, other business combination,
transfer by operation of law, electric utility restructuring, or otherwise, must perform and
satisfy all obligations of, and has the same duties and rights under, a financing order as the
electric utility to which the financing order applies, and must perform the duties and exercise
the rights in the same manner and to the same extent as the electric utility, including
collecting and paying to any person entitled to receive revenues, collections, payments, or
proceeds of energy transition property.
Subd. 2. Security interests in energy transition property. (a) The creation, perfection, and enforcement of any security interest in energy transition property to secure the repayment of the principal and interest on energy transition bonds, amounts payable under any ancillary agreement, and other financing costs are governed solely by this section.

(b) A security interest in energy transition property is created, valid, and binding when:

1. the financing order that describes the energy transition property is issued;
2. a security agreement is executed and delivered; and
3. value is received for the energy transition bonds.

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

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

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

(f) The priority of a security interest in energy transition property is not affected by the commingling of energy transition property or energy transition revenue with other money. An assignee, bondholder, or financing party has a perfected security interest in the amount of all energy transition property or energy transition revenue that is pledged to pay energy transition bonds, even if the energy transition property or energy transition revenue is deposited in a cash or deposit account of the electric utility in which the energy transition revenue is commingled with other money. Any other security interest that applies to the other money does not apply to the energy transition revenue.

(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of energy transition property.
A valid and enforceable security interest in energy transition property is perfected only when it has attached and when a financing order has been filed with the secretary of state in accordance with procedures that the secretary of state may establish. The financing order must name the pledgor of the energy transition property as debtor and identify the property.

Subd. 3. Sales of energy transition property. (a) A sale, assignment, or transfer of energy transition property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the energy transition property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in energy transition property may be created when:

(1) the financing order creating and describing the energy transition property is effective;

(2) the documents evidencing the transfer of the energy transition property are executed and delivered to the assignee; and

(3) value is received.

(b) A transfer of an interest in energy transition property must be filed with the secretary of state against all third persons and perfected under chapter 336, revised article 9, part 3, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the energy transition property previously perfected under this subdivision or subdivision 2.

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

(1) commingling of energy transition revenue with other money;

(2) the retention by the seller of:

(i) a partial or residual interest, including an equity interest, in the energy transition property, whether direct or indirect, or whether subordinate or otherwise; or

(ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of energy transition revenue;

(3) any recourse that the purchaser may have against the seller;
(4) any indemnification rights, obligations, or repurchase rights made or provided by the seller;

(5) an obligation of the seller to collect energy transition revenues on behalf of an assignee;

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

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

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

Sec. 42. [216B.497] ENERGY TRANSITION BONDS.

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

(b) Energy transition bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of energy transition bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on energy transition bonds. The issuance of energy transition bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the energy transition bonds.

(c) The state pledges to and agrees with holders of energy transition bonds, any assignee, and any financing parties that the state will not:

(1) take or permit any action that impairs the value of energy transition property; or

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

(d) A person who issues energy transition bonds may include the pledge specified in paragraph (c) in the energy transition bonds, ancillary agreements, and documentation related to the issuance and marketing of the energy transition bonds.
Sec. 43. **ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.**

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

Sec. 44. **EFFECT ON OTHER LAWS.**

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

(b) Nothing in this subdivision precludes an electric utility for which the commission has initially issued a financing order from applying to the commission for:

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

(2) approval to issue energy transition bonds to refund all or a portion of an outstanding series of energy transition bonds.

Sec. 45. **ENERGY WORKER TRANSITION ACCOUNT.**

Subd. 1. **Account established.** The energy worker transition account is established as a separate account in the special revenue fund in the state treasury. The commissioner of employment and economic development must credit to the account appropriations and transfers to the account, and payments of proceeds from the sale of bonds realized by an electric utility operating under a financing order issued by the commission under section 216B.492. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The commissioner of employment and economic development must manage the account.

Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance to workers whose employment was terminated by an electric utility that has ceased operation and issued bonds under a financing order issued by the Public Utilities Commission under section 216B.492. The types of assistance that may be provided from the account are:

(1) transition, support, and training services listed under section 116L.17, subdivision 4, clauses (1) to (5);
(2) employment and training services, as defined in section 116L.19, subdivision 4;

(3) income maintenance and support services, as defined in section 116L.19, subdivision 5;

(4) assistance to workers in starting a business, as described in section 116L.17, subdivision 11; and

(5) extension of unemployment benefits.

(b) No more than five percent of funds in the account may be used to pay the department's costs to administer the account.

(c) The commissioner may make grants to a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization to provide the services allowed under this subdivision. No more than ten percent of funds allocated to a grantee may be used to pay administrative costs.

Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

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

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

(c) The commission shall require, as a condition of permit issuance, that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require, as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of
the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(d) The commission may require, as a condition of permit issuance, that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for their work on the project. The commission may also require, as a condition of modifying a site permit for a large electric power generating plant repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for their work on the project. In deciding whether to require participation in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for their work on the project, the commission shall consider relevant factors including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

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

Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.
(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

(e) The commission shall require, as a condition of permit issuance, that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require, as a condition of modifying a site permit for an LWECS repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate as defined in section 177.42.

(f) The commission may require, as a condition of permit issuance, that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for their work on the project. The commission may also require, as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for their work on the project. In deciding whether to require participation in apprenticeship programs that are registered with the Minnesota Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

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

Sec. 48. PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS REDUCTION GOALS.

By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to support the state's
greenhouse gas emissions reductions goals, including those established in section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050, as determined by the Intergovernmental Panel on Climate Change.

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

Section 49. **APPROPRIATIONS.**

Subdivision 1. **Construction materials; environmental impact study.** (a) $100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of administration for completing the study required under this section. This is a onetime appropriation.

(b) The commissioner of administration must contract with the Center for Sustainable Building Research at the University of Minnesota to examine the feasibility, economic costs, and environmental benefits of requiring a bid that proposes to use or construct one or more eligible materials in the construction or major renovation of a new state building or state-funded highway, bridge, or related infrastructure to include a supply-chain specific type III environmental product declaration for each of those materials, which information must be taken into consideration in making a contract award. In conducting the study, the Center for Sustainable Building Research must examine and evaluate similar programs adopted in other states.

(c) By February 1, 2022, the commissioner of administration must submit the findings and recommendations of the study to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy.

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

(1) "eligible materials" means any of the following materials that function as part of a structural system or structural assembly:

(i) concrete, including structural cast in place, shortcrete, and precast;

(ii) unit masonry;

(iii) metal of any type; and

(iv) wood of any type, including but not limited to wood composites and wood-laminated products;
(2) "engineered wood" means a product manufactured by banding or fixing strands, particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat and pressure, or other methods to form composite material;

(3) "state building" means a building owned by the state of Minnesota;

(4) "structural" means a building material or component that supports gravity loads of building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake loads, including but not limited to shear walls, braced or moment frames, foundations, below-grade walls, and floors;

(5) "supply-chain specific" means an environmental product declaration that includes supply-chain specific data for production processes that contribute to 80 percent or more of a product's lifecycle global warming potential. For engineered wood products, "supply-chain specific" also means an environmental product declaration that reports:

(i) any chain of custody certification; and

(ii) the percentage of wood, by volume, used in the product that is sourced:

(A) by state or province and country;

(B) by type of owner, whether federal, state, private, or other; and

(C) with forest management certification; and

(6) "type III environmental product declaration" means a document verified and registered by a third party that contains a life-cycle assessment of the environmental impacts, including, but not limited to, the use of water, land, and energy resources in the manufacturing process, of a specific product constructed or manufactured by a specific firm and that meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

**Subd. 2. Natural gas innovation plan; implementation.** (a) $189,000 in fiscal year 2022 and $189,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(b) $112,000 in fiscal year 2022 and $112,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for the activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.
Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $450,000 in fiscal year 2022 and $450,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for the operation of the Energy Transition Office established under Minnesota Statutes, section 116J.5491.

Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $10,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the task force of the Minnesota Innovation Finance Authority established under Minnesota Statutes, section 216C.441. This is a onetime appropriation. Of this amount, up to $50,000 must be made available to the task force of the Minnesota Innovation Finance Authority for start-up expenses, including but not limited to expenses incurred prior to incorporation.

Subd. 5. **Beneficial electrification.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for the purpose of participating in Public Utilities Commission proceedings regarding utility beneficial electrification plans, as described in section 35.

(b) $56,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with utility beneficial electrification plans, as described in section 35.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

**ARTICLE 3**

**CLIMATE CHANGE**

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

Subdivision 1. **Title.** This act may be known and cited as the "Buy Clean and Buy Fair Minnesota Act."
Subd. 2. Definitions. For purposes of this section, the following terms have the meanings given.

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

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

(c) "Eligible material category" means:

(1) carbon steel rebar;

(2) structural steel;

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

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

(d) "Eligible project" means:

(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space; or

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value.

(e) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified and registered by a third-party; and

(3) meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

(f) "Global warming potential" has the meaning given in section 216H.10, subdivision 5.

(g) "Greenhouse gas" has the meaning given to "statewide greenhouse gas emissions" in section 216H.01, subdivision 2.
(h) "Lifecycle" means an analysis that includes the environmental impacts of all stages of a specific product's production, from mining and processing its raw materials to the process of manufacturing the product itself.

(i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(j) "State building" means a building whose construction or renovation is funded wholly or partially from the proceeds of bonds issued by the state of Minnesota.

(k) "Structural steel" means steel that is classified by the shapes of its cross-sections, such as I, T, and C shapes.

(l) "Supply chain specific" means an environmental product declaration that includes specific data for the production processes of the materials and components composing a product that contribute at least 80 percent of the product's lifecycle global warming potential, as defined in International Organization for Standardization standard 21930.

Subd. 3. Standard; maximum global warming potential. (a) No later than September 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming potential for each eligible material used in an eligible project, in accordance with the following requirements:

(1) the commissioner shall, after considering nationally or internationally recognized databases of environmental product declarations for an eligible material category, establish the maximum acceptable global warming potential at the industry average global warming potential for that eligible material category; and

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

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

(b) No later than September 1, 2025, and every three years thereafter, the commissioner shall review the maximum acceptable global warming potential for each eligible materials category and for specific products within an eligible materials category established under paragraph (a). The commissioner may adjust those values downward for any eligible material category or product to reflect industry improvements if the commissioner, based on the process described in paragraph (a), clause (1), determines that the industry average has declined. The commissioner may not adjust the maximum acceptable global warming potential upward for any eligible material category or product.
Subd. 4. Bidding process. (a) Except as provided in paragraph (c), the department shall require in a specification for bids for an eligible project that the global warming potential reported by a bidder in the environmental product declaration for any eligible material category must not exceed the maximum acceptable global warming potential for that eligible material category or product established under subdivision 2. The department may require in a specification for bids for an eligible project a global warming potential for any eligible material that is lower than the maximum acceptable global warming potential for that material established under subdivision 2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. Greenhouse gas emissions-reduction goal. (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050, by at least the following amounts, compared with the level of emissions in 2005:

(1) 15 percent by 2015;

(2) 30 percent by 2025;

(3) 45 percent by 2030; and

(4) to net zero by 2050.

(b) The levels targets shall be reviewed based on the climate change action plan study, annually by the commissioner of the Pollution Control Agency, taking into account the latest scientific research on the impacts of climate change and strategies to reduce greenhouse gas emissions published by the Intergovernmental Panel on Climate Change. The commissioner shall forward any recommended changes to the targets to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over climate change and environmental policy.

EFFECTIVE DATE. This section is effective the day following final enactment.
Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide emissions that have the same global warming potential as one metric ton of another greenhouse gas.

c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide equivalent per megajoule of transportation fuel, as calculated by the most recent version of Argonne National Laboratory's GREET model and adapted to Minnesota by the department through rulemaking or administrative process.

(d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below the clean fuels carbon intensity standard in a given year.

e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent, and that serves as a quantitative measure of the degree to which a fuel provider's transportation fuel volume is lower than the carbon intensity embodied in an applicable clean fuels standard.

(f) "Credit generator" means an entity involved in supplying a clean fuel.

(g) "Deficit" means a unit of measure equal to one metric ton of carbon dioxide equivalent, and that serves as a quantitative measure of the degree to which a fuel provider's volume of transportation fuel is greater than the carbon intensity embodied in an applicable future fuels standard.

(h) "Deficit generator" means a fuel provider who generates deficits and who first produces or imports a transportation fuel for use in Minnesota.

(i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from all stages of a fuel pathway for a specific transportation fuel.

(j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's production and use, including extraction, processing, transportation, distribution, and combustion or use by an end-user.

(k) "Fuel provider" means an entity that supplies a transportation fuel for use in Minnesota.
"Global warming potential" or "GWP" means a quantitative measure of a greenhouse gas emission's potential to contribute to global warming over a 100-year period, expressed in terms of the equivalent carbon dioxide emission needed to produce the same 100-year warming effect.

"Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

"Motor vehicle" has the meaning given in section 169.011, subdivision 42.

"Relevant petroleum-only portion of transportation fuels" means the component of gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

"Technology provider" means a manufacturer of an end-use consumer technology involved in supplying clean fuels.

"Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended, sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in Minnesota, and (2) meets applicable standards, specifications, and testing requirements under this chapter. Transportation fuel includes but is not limited to electricity used as fuel in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

Subd. 2. Clean fuels standard; establishment by rule; goals. (a) No later than ..., the commissioner must begin the process to adopt rules under chapter 14 that implement a clean fuels standard and other provisions of this section. The timing requirement to publish a notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to rules adopted under this subdivision.

(b) The commissioner must consult with the commissioners of transportation, agriculture, and pollution control when developing the rules under this subdivision. The commissioner may gather input from stakeholders through various means, including a task force, working groups, and public workshops. The commissioner, collaborating with the Department of Transportation, may consult with stakeholders, including but not limited to fuel providers, consumers, rural, urban and tribal communities, agriculture, environmental and environmental justice organizations, technology providers, and other businesses.

(c) In developing the rule, the commissioner must endeavor to make available to Minnesota a fuel-neutral clean fuels portfolio that:

(1) creates broad rural and urban economic development;
(2) provides benefits for communities, consumers, clean fuel providers, technology providers, and feedstock suppliers;

(3) increases energy security from expanded reliance on domestically produced fuels;

(4) supports equitable transportation electrification that benefits all communities and is powered primarily with low-carbon and carbon-free electricity;

(5) improves air quality and public health, targeting communities that bear a disproportionate health burden from transportation pollution;

(6) supports state solid waste recycling goals by facilitating credit generation from renewable natural gas produced from organic waste;

(7) aims to support, through credit generation or other financial means, voluntary farmer-led efforts to adopt agricultural practices that benefit soil health and water quality while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks; and

(8) maximizes benefits to the environment and natural resources, develops safeguards and incentives to protect natural lands, and enhances environmental integrity, including biodiversity.

Subd. 3. Clean fuels standard; establishment. (a) A clean fuels standard is established that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In consultation with the Pollution Control Agency, Department of Agriculture, and Department of Transportation the commissioner must establish by rule a schedule of annual standards that steadily decreases the carbon intensity of transportation fuels.

(b) When determining the schedule of annual standards, the commissioner must consider the cost of compliance, the technologies available to a provider to achieve the standard, the need to maintain fuel quality and availability, and the policy goals under subdivision 2, paragraph (c).

(c) Nothing in this chapter precludes the department from adopting rules that allow the generation of credits associated with electric or alternative transportation fuels or infrastructure that existed prior to the effective date of this section or the start date of program requirements.

Subd. 4. Clean fuels standard; baseline calculation. The department must calculate the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels.
for the 2018 calendar year after reviewing and considering the best available applicable scientific data and calculations.

Subd. 5. Clean fuels standard; compliance. A deficit generator may comply with this section by:

(1) producing or importing transportation fuels whose carbon intensity is at or below the level of that year's standard; or

(2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon intensity of the deficit generator's transportation fuels exceeding that year's standard.

Subd. 6. Clean fuel credits. The commissioner must establish by rule a program for tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably operate a credit market, that may include:

(1) a market mechanism that allows credits to be traded or banked for future use;

(2) transaction fees associated with the credit market; and

(3) procedures to verify the validity of credits and deficits generated by a fuel provider under this section.

Subd. 7. Fuel pathway and carbon intensity determination. The commissioner must establish a process to determine the carbon intensity of transportation fuels, including but not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider. Fuel pathways must be calculated using the most recent version of the Argonne National Laboratory's GREET model adapted to Minnesota, as determined by the commissioner. The fuel pathway determination process must (1) be consistent for all fuel types, (2) be science and engineering-based, and (3) reflect differences in vehicle fuel efficiency and drive trains. The commissioner must consult with the Department of Agriculture, Department of Transportation, and Pollution Control Agency to determine fuel pathways, and may coordinate with third-party entities or other states to review and approve pathways to reduce the administrative cost.

Subd. 8. Fuel provider reports. The commissioner must collaborate with the Department of Transportation, Department of Agriculture, Pollution Control Agency, and the Public Utilities Commission to develop a process, including forms developed by the commissioner, for credit and deficit generators to submit required compliance reporting.

Subd. 9. Enforcement. The commissioner of commerce may enforce this section under section 45.027.
Subd. 10. Report to the legislature. No later than 48 months after the effective date of a rule implementing a clean fuels standard, the commissioner must submit a report detailing program implementation to the chairs and ranking minority members of the senate and house committees with jurisdiction over transportation and climate change. The commissioner must make summary information on the program available to the public.

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

Sec. 4. INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE ACTIVITIES; PLAN.

By February 15, 2022, the Climate Change Subcabinet established in Executive Order 19-37 must provide to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over climate and energy a Climate Transition Plan for incorporating the statewide greenhouse gas emission reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects of state agency activities, including, but not limited to, planning, awarding grants, purchasing, regulating, funding, and permitting. The Minnesota Pollution Control Agency must collaborate with the Department of Administration to estimate greenhouse gas emissions from governmental activities. The Climate Transition Plan must identify any statutory changes or additional resources required to implement its recommendations.

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

Sec. 5. SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.

(a) The Board of Regents of the University of Minnesota is requested to conduct a study that generates climate model projections for the entire state of Minnesota at a level of detail as small as three square miles in area. At a minimum, the study must:

1. Use resources at the Minnesota Supercomputing Institute to analyze high-performing climate models under varying greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other climate parameters through the year 2100;
2. Downscale the climate impact results under clause (1) to areas as small as three square miles;
3. Develop a publicly accessible data portal website to:
   1. Allow other universities, nonprofit organizations, businesses, and government agencies to use the model projections; and
(ii) educate and train users to use the data most effectively; and

(4) incorporate information on how to use the model results in the University of Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate Adaptation Partnership.

(b) In conjunction with the study, the university must conduct at least two "train the trainer" workshops for state agencies, municipalities, and other stakeholders to educate them as to how to use and interpret the model data as a basis for their own climate adaptation and resilience efforts.

(c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of Minnesota must provide a written report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results and must note any obstacles encountered that could prevent successful completion of the study.

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

Sec. 6. APPROPRIATIONS.

Subdivision 1. Clean fuels report. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to pay for costs incurred to create the report under Minnesota Statutes, section 239.7912, subdivision 10. The money from this appropriation does not cancel, but remains available until expended. This is a onetime appropriation.

Subd. 2. Small-area climate-model projections. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $583,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant to The Board of Regents of the University of Minnesota is requested to conduct a study that generates climate model projections for the entire state of Minnesota, at a level of detail as small as three square miles in area. This is a onetime appropriation.

Subd. 3. Climate Transition Plan. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j):
(1) $500,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency for the purpose of contracting with an independent consultant to produce a plan, as directed by the Climate Change Subcabinet, to incorporate the state’s greenhouse gas emissions reduction targets into all activities of state agencies;

(2) $118,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities; and

(3) $128,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency for costs associated with managing the contract under clause (1), and to assist the Department of Administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities.

(b) All the appropriations in this subdivision are onetime appropriations.

ARTICLE 4

ELECTRIC VEHICLES

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

Subd. 3. Vehicle purchases. (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the central motor pool or for use by an agency, the commissioner or the agency shall purchase

a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable, according to the following preferences, in order:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner may only reject a more-preferred vehicle type if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased; or
(2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten percent higher than the next lower preference vehicle type.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. Goals and actions. Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles purchased, excluding emergency and law enforcement vehicles, are purchased in conformity with the hierarchy of preferences established in section 16C.135, subdivision 3;

(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;

(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or

(iii) are powered solely by electricity;

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. Dealer training; electric vehicles. (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;
(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota's cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

EFFECTIVE DATE. This section is effective January 1, 2022.

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

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

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

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

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

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

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

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

(f) "Electrolysis" means the process of using electricity to split water into hydrogen and oxygen.
(g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

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

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

1. the purchase of electric vehicles by the public utility's customers; and
2. the deployment of electric vehicle infrastructure in the public utility's service territory.

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

1. programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment to potential users and deployers, including individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, and vehicle fleet managers;
2. utility investments and incentives to facilitate the deployment of electric vehicles, customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure, and other electric utility infrastructure;
3. research and demonstration projects to publicize and measure the value electric vehicles provide to the electric grid;
4. rate structures or programs, including time-varying rates and charging optimization programs, that encourage electric vehicle charging that optimizes electric grid operation; and
5. programs to increase access to the benefits of electricity as a transportation fuel by low-income customers and communities, including the installation of electric vehicle infrastructure in neighborhoods with a high proportion of low- or moderate-income households, the deployment of electric vehicle infrastructure in community-based locations or multifamily residences, car share programs, and electrification of public transit vehicles.

(c) A public utility must give priority under this section to making investments in communities whose governing body has enacted a resolution or goal supporting electric vehicle adoption.
A public utility must work with local communities to identify suitable high-density
locations, consistent with a community's local development plans, where electric vehicle
infrastructure may be strategically deployed.

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

1. improve electric grid operation and the integration of renewable energy sources;
2. increase access to the benefits of electricity as a transportation fuel in low-income
and rural communities;
3. reduce statewide greenhouse gas emissions, as defined in section 216H.01, and
emissions of other air pollutants that impair the environment and public health;
4. stimulate private capital investment and the creation of skilled jobs as a consequence
of widespread electric vehicle deployment;
5. educate potential customers about the benefits of electric vehicles;
6. support increased consumer choice with respect to electrical vehicle charging options
and related infrastructure; and
7. are transparent and incorporate sufficient and frequent public reporting of program
activities to facilitate changes in program design and commission policy with respect to
electric vehicles.

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

1. a rider or other tariff mechanism for the automatic annual adjustment of charges;
2. performance-based incentives; or
3. placing the investment, including rebates, in the public utility's rate base and allowing
the public utility to earn a rate of return on the investment at (i) the public utility's average
weighted cost of capital, including the rate of return on equity, approved by the commission
in the public utility's most recent general rate case, or (ii) another rate determined by the
commission.
(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

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

Subdivision 1. Definitions.

(a) For the purposes of this section, the following terms have the meanings given them.

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

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

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

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

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

(g) "Poor air quality" means:

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

   (i) total suspended particulates;

   (ii) particulate matter less than ten microns wide (PM-10);

   (iii) particulate matter less than 2.5 microns wide (PM-2.5);

   (iv) sulfur dioxide; or

   (v) nitrogen dioxide; or

(2) levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.
Subd. 2. **Program.** (a) A public utility may file with the commission a program to promote deployment of electric school buses.

(b) The program may include, but is not limited to, the following elements:

1. a school district may purchase one or more electric school buses;

2. the public utility may provide a rebate to the school district for the incremental cost the school district incurs to purchase one or more electric school buses compared with fossil-fuel-powered school buses;

3. at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required for charging electric school buses;

4. for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

   i. accepts any and all liability for operation of the electric school bus;

   ii. accepts responsibility for maintenance and repair of the electric school bus; and

   iii. must allow the public utility the option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

5. in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. **Program review and implementation.** The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of receipt of the proposal, based on its likelihood to, through prudent and reasonable utility investments:

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

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

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

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

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

Sec. 6. [216C.401] ELECTRIC VEHICLE REBATES.

Subdivision 1. Definitions. (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle license under chapter 168 and:

(1) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(2) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011, subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision 26a, paragraph (a). "Electric vehicle" does not include a plug-in hybrid electric vehicle, as defined in section 169.011, subdivision 54a.

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (b).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred, other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. Eligible vehicle. (a) A new electric vehicle is eligible for a rebate under this section if it meets all of the following conditions, and, if applicable, one of the conditions of paragraph (b):
(1) has not been previously owned or has been returned to a dealer before the purchaser
or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(2) has not been modified from the original manufacturer's specifications;

(3) has a base manufacturer's suggested retail price that does not exceed $50,000;

(4) is purchased or leased after the effective date of this act for use by the purchaser and
not for resale; and

(5) is purchased or leased from a dealer or directly from an original equipment
manufacturer that does not have licensed franchised dealers in Minnesota.

(b) A new electric vehicle is eligible for a rebate under this section if, in addition to
meeting all of the conditions of paragraph (a), it also meets one or more of the following
conditions, if applicable:

(1) is used by a dealer as a floor model or test drive vehicle and has not been previously
registered in Minnesota or any other state; or

(2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or
leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

(c) A used electric vehicle is eligible for an electric vehicle rebate under this section if
the electric vehicle has previously been owned in this state or another state and has not been
modified from the original manufacturer's specifications.

Subd. 3. Eligible purchaser or lessee. A person who purchases or leases an eligible
new or used electric vehicle is eligible for a rebate under this section if the purchaser or
lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
when the electric vehicle is purchased or leased;

(ii) a business that has a valid address in Minnesota from which business is conducted;

(iii) a nonprofit corporation incorporated under chapter 317A; or

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
from Minnesota; and

(3) registers the electric vehicle in Minnesota.
Subd. 4. Rebate amounts. (a) A $2,000 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the Department of Health and Human Services is eligible for a rebate, in addition to a rebate under paragraph (a) or (b), as applicable, of $500 for the purchase or lease of an eligible new electric vehicle and $100 for the purchase or lease of an eligible used electric vehicle.

Subd. 5. Limits. The number of rebates allowed under this section is limited to:

1. no more than one rebate per resident per household; and
2. no more than one rebate per business entity per year.

Subd. 6. Program administration. (a) Rebate applications under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on fund availability or other factors.

Subd. 7. Expiration. This section expires June 30, 2025.

EFFECTIVE DATE. This section is effective the day following final enactment.
and equipment that is required by electric vehicle manufacturers in order to certify a dealer

to sell electric vehicles produced by the manufacturer.

Subd. 2. Application. An application for a grant under this section must be made to the
commissioner on a form developed by the commissioner. The commissioner must develop
administrative procedures and processes to review applications and award grants under this
section.

Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must
be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise
from a manufacturer of electric vehicles.

Subd. 4. Eligible expenditures. Appropriations made to support the activities of this
section must be used only to reimburse:

(1) a dealer for the reasonable costs of obtaining training and certification for the dealer's
employees from the electric vehicle manufacturer that awarded the franchise to the dealer;
(2) a dealer for the reasonable costs to purchase and install equipment to service and
repair electric vehicles, as required by the electric vehicle manufacturer that awarded the
franchise to the dealer; and
(3) the department for the reasonable costs to administer this section.

Subd. 5. Limitation. A grant awarded under this section to a single dealer must not
exceed $40,000.

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

Sec. 8. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN
STATE AND REGIONAL PARKS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
the meanings given.
(b) "DC Fast charger" means electric vehicle charging station equipment that transfers
direct current electricity directly to an electric vehicle's battery.
(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
subdivision 26a.
(d) "Electric vehicle charging station" means infrastructure that connects an electric
vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.
(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. Program. The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

1. the optimal number and location of charging stations installed in a given state park;
2. alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and
3. any other issues deemed relevant by the commissioners.

Subd. 3. Deployment; regional parks. The commissioner of natural resources may allocate a portion of the appropriation under this act to install electric vehicle charging stations in regional parks located within the retail electric service area of a public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

Sec. 9. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.

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

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

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

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.
"Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. Program. The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed at each county government center;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and

(3) any other issues deemed relevant by the commissioner.

Subd. 3. County role. (a) A county has a right of first refusal with respect to ownership of electric vehicle charging stations receiving funding under this section and installed at its county government center.

(b) A county may enter into agreements to, wholly or partially, own, operate, or maintain an electric vehicle charging system receiving funding under this section and installed at its county government center, or to receive reports on its operations.

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

Sec. 10. METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.

Beginning on the effective date of this act, any bus purchased by the Metropolitan Council for Metro Transit bus service must operate solely on electricity provided by rechargeable on-board batteries. The appropriation in section 2 must be used to pay the incremental cost of buses that operate solely on electricity provided by rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise comparable in size, features, and performance.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the appropriation under section 2 has been spent or is canceled.
Sec. 11. APPROPRIATIONS.

Subdivision 1. Electric vehicle rebates; Xcel service area. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $9,000,000 in fiscal year 2022 and $8,000,000 in fiscal year 2023 are appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates may be awarded under this paragraph only to eligible purchasers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 2. Electric vehicle rebates; non-Xcel service area. $2,500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates may be awarded under this paragraph only to eligible purchasers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 3. Auto dealer grants; Xcel service area. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification from an electric vehicle manufacturer to sell electric vehicles. Rebates may only be awarded under this paragraph to eligible dealers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 4. Auto dealer grants; non-Xcel service area. $500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles. Rebates may only be awarded under this paragraph to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 5. Electric school buses. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for the purpose of purchasing electric school buses under Minnesota Statutes, section 216B.1616. This is a onetime appropriation.

Article 4 Sec. 11.
(b) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from
the general fund to the commissioner of commerce for activities associated with the electric
school bus deployment program under Minnesota Statutes, section 216B.161. These are
onetime appropriations.

(c) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from
the general fund to the Public Utilities Commission for activities associated with the electric
school bus deployment program under Minnesota Statutes, section 216B.161. These are
onetime appropriations.

Subd. 6. Charging stations; parks. Notwithstanding Minnesota Statutes, section
116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 and $59,000 in fiscal
year 2023 are appropriated from the renewable development account established in Minnesota
Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to
the commissioner of natural resources to install electric vehicle charging stations in state
and regional parks located in the retail electric service area of the public utility subject to
Minnesota Statutes, section 116C.779, subdivision 1, as described in section 8.

Subd. 7. Charging stations; counties. Notwithstanding Minnesota Statutes, section
116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from
the renewable development account established in Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce to install electric vehicle charging stations
in parking facilities at county government centers located in the retail electric service area
of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as
described in section 9. This is a onetime appropriation.

Subd. 8. Electric buses; Metropolitan Council. Notwithstanding Minnesota Statutes,
section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 is appropriated
from the renewable development account under Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council
to defray the cost of purchasing electric buses, as described in section 10. This appropriation
does not cancel and is available until there is insufficient money remaining to completely
defray the cost of purchasing one additional electric bus, as described in section 10. Any
remaining money cancels back to the renewable development account under Minnesota
Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.
ARTICLE 5
SOLAR ENERGY

Section 1. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

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

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

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

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

(b) A solar garden is a facility that generates electricity by means of a ground-mounted
or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
electricity generated in proportion to the size of their subscription. The solar garden must
have a nameplate capacity of no more than one megawatt three megawatts. Each subscription
shall be sized to represent at least 200 watts of the community solar garden's generating
capacity and to supply, when combined with other distributed generation resources serving
the premises, no more than 120 percent of the average annual consumption of electricity
by each subscriber at the premises to which the subscription is attributed.

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

(d) The public utility must purchase from the community solar garden all energy generated
by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the
most recent three-year average of the rate calculated under section 216B.164, subdivision
10, or, until that rate for the public utility has been approved by the commission, the
applicable retail rate. A solar garden is eligible for any incentive programs offered under
section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
the subscriber's bill.

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

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

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

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

(4) be consistent with the public interest;

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

(6) include a program implementation schedule;

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

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

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

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

(i) an estimate of the annual generation of subscribed energy, based on the methodology
approved by the commission; and
(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

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

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

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

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

For the purposes of this section, the following terms have the meanings given:

1. “subscriber” means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and

2. “subscription” means a contract between a subscriber and the owner of a solar garden.

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

1. before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

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

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

1. at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

2. the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or
screen subscribers based on income or credit score and that any customer of a utility with

a community solar garden plan approved by the commission under subdivision 3 is eligible
to become a subscriber;

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

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

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

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

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

(3) all renewable energy credits generated by the community access project belong to
subscribers unless the operator:

(i) contracts to:

(A) sell the credits to a third party; or
(B) sell or transfer the credits to the utility; and

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

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

(c) An owner of a solar garden whose designation as a community access project is
revoked under this subdivision may reapply to the commission at any time to have the
designation as a community access project reinstated under subdivision 4.
Subd. 6. Community access project; reporting. The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

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

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

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

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

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

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

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

(iii) other methods approved by the commission.

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

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

Sec. 2. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

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

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

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.
(d) "School" means a school that operates as part of an independent or special school district.

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

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

Subd. 2. Establishment; purpose. A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost, and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. Establishment of account. (a) A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Money deposited in the account remains in the account until expended, and does not cancel to the general fund.

(b) When a grant is awarded under this section, the commissioner must reserve the grant amount in the account.

Subd. 4. Expenditures. (a) Money in the account may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with funds in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. Eligible system. (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial support.
Subd. 6. Application process. (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed, and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's life-cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the school and the public utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location in the school or on-demand in the classroom;

(7) information that demonstrates the school district's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed, and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;
(9) with respect to the installation and operation of the solar energy system, the
willingness and ability of the developer or the public utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or public utility plans to reduce the school's initial capital expense
to purchase and install the solar energy system, and to provide financial benefits to the
school from the utilization of federal and state tax credits, utility incentives, and other
financial incentives; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section
at least twice annually.

(d) The commissioner must develop administrative procedures governing the application
and grant award process.

Subd. 7. Energy conservation review. At the commissioner's request, a school awarded
a grant under this section shall provide the commissioner information regarding energy
conservation measures implemented at the school building at which the solar energy system
is installed. The commissioner may make recommendations to the school regarding
cost-effective conservation measures it can implement and may provide technical assistance
and direct the school to available financial assistance programs.

Subd. 8. Technical assistance. The commissioner must provide technical assistance to
schools to develop and execute projects under this section.

Subd. 9. Grant payments. The commissioner must award a grant from the account
established under subdivision 3 to a school for the necessary costs associated with the
purchase and installation of a solar energy system. The amount of the grant must be based
on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. Limitations. (a) No more than 50 percent of the grant payments awarded to
schools under this section may be awarded to schools where the proportion of students
eligible for free and reduced-price lunch under the National School Lunch Program is less
than 50 percent.

(b) No more than ten percent of the total amount of grants awarded under this section
may be awarded to schools that are part of the same school district.
Subd. 11. Application deadline. No application may be submitted under this section after December 31, 2025.

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

Sec. 3. [216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.

Subdivision 1. Establishment; purpose. The utility subject to section 116C.779 must operate a program to develop, and to supplement with additional funding, financial arrangements that enable schools to install and operate solar energy systems that can be used as teaching tools and integrated into the school curriculum.

Subd. 2. Required plan. (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain, at a minimum the following elements:

(1) a description of how the public utility proposes to utilize funds appropriated to the program under this section to assist schools to install solar energy systems;

(2) an estimate of the amount of financial assistance that the public utility proposes to provide to a school on a per kilowatt-hour produced basis, and the length of time the public utility estimates it will provide financial assistance to a school;

(3) administrative procedures governing the application and financial benefit award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner may modify a plan, and no later than December 31, 2021, the commissioner must approve a plan and the financial incentives it provides the public utility if the commissioner determines both to be in the public interest. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. System eligibility. A solar energy system is eligible to receive financial benefits under this section if it meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's service territory.
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152.1 electric service territory, provided that any land situated between the school building and
152.2 the site where the solar energy system is installed is owned by the school district in which
152.3 the school building operates; and

152.4 (2) the total aggregate nameplate capacity of all distributed generation serving the school
152.5 building, including any subscriptions to a community solar garden under section 216B.1641,
152.6 may not exceed the lesser of one megawatt alternating current or 120 percent of the average
152.7 annual electric energy consumption of the school building.

152.8 Subd. 4. Application process. (a) A school seeking financial assistance under this section
152.9 must submit an application to the public utility, including a plan for how the school uses
152.10 the solar energy system as a visible learning tool for students, teachers, and visitors to the
152.11 school, and how the solar energy system may be integrated into the school's curriculum.

152.12 (b) The public utility must award financial assistance under this section on a first-come,
152.13 first-served basis.

152.14 (c) The public utility must discontinue accepting applications under this section after
152.15 all funds appropriated to the program are allocated to program participants, including funds
152.16 from canceled projects.

152.17 Subd. 5. Benefits information. Before signing an agreement with the public utility to
152.18 receive financial assistance under this section, a school must obtain from the developer and
152.19 provide to the public utility information the developer shared with potential investors in the
152.20 project regarding future financial benefits to be realized from installation of a solar energy
152.21 system at the school and potential financial risks.

152.22 Subd. 6. Cost recovery; renewable energy credits. (a) Payments by the public utility
152.23 to a school receiving financial assistance under this section are fully recoverable by the
152.24 public utility through the public utility's fuel clause adjustment.

152.25 (b) The renewable energy credits associated with the electricity generated by a solar
152.26 energy system receiving financial assistance under this section are the property of the public
152.27 utility that is subject to this section.

152.28 Subd. 7. Limitation. (a) No more than 50 percent of the financial assistance provided
152.29 by the public utility to schools under this section may be provided to schools where the
152.30 proportion of students eligible for free and reduced-price lunch under the National School
152.31 Lunch Program is less than 50 percent.
(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

Subd. 8. Technical assistance. The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. Application deadline. No application may be submitted under this section after December 31, 2025.

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

Sec. 4. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. Solar energy generating system. "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high voltage transmission line.

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

Sec. 5. PHOTOVOLTAIC DEMAND CREDIT RIDER.

By October 1, 2021, an investor-owned utility that has not already done so must submit to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all demand metered customers with solar photovoltaic systems greater than 40 kilowatts alternating current for the demand charge overbilling that occurs. The utility may submit to the commission multiple options to calculate reimbursement for demand charge overbilling. At least one submission must use a capacity value stack methodology. The commission is prohibited from approving a photovoltaic demand credit rider unless the rider allows stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

Sec. 6. SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME FARMLAND.

(a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400, subpart 4, to allow the siting of a solar energy generating system on prime farmland that meets any of the following conditions:
(1) the site has been identified as a sensitive groundwater area by the Department of Natural Resources under Minnesota Statutes, section 103H.101;

(2) the owner of the solar energy generating system has entered into an agreement with the Board of Soil and Water Resources committing the owner to comply with the provisions of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to the board every three years on progress made toward establishing beneficial habitat; or

(3) the solar energy generating system is colocated with and does not disrupt the operation of agricultural uses, including, but not limited to grazing and harvesting forage.

(b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting rules under this section.

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

Sec. 7. DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT PROGRAM.

The Department of Administration shall not extend the term of its current on-site solar photovoltaic master contract, but shall instead, no later than February 1, 2022, announce an open request for proposals for a new statewide on-site solar photovoltaic master contract to allow additional applicants to submit proposals to enable their participation in the state’s solar master contract program.

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

Sec. 8. APPROPRIATIONS.

Subdivision 1. Solar on schools; non-Xcel service territory. $1,564,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce for the purpose of providing financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation remains available until expended, and does not cancel to the general fund. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 2. Solar on schools; Xcel service territory. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce...
for the purpose of providing financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.376. This appropriation remains available until expended, and does not cancel to the renewable development account. This appropriation must be expended on schools located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 3. Solar devices; state parks. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install solar photovoltaic devices in state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

Subd. 4. Solar devices; state buildings. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $4,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to install solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioner of commerce must consult with the commissioner of administration to both identify the state-owned buildings to install the solar photovoltaic devices on and facilitate the installation process. This is a onetime appropriation.

Subd. 5. Participant compensation. (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for the purpose of addressing participant compensation issues in Public Utilities Commission proceedings, as described in Minnesota Statutes, section 216B.631.

(b) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for the purpose of addressing participant compensation issues under Minnesota Statutes, section 216B.631.

Subd. 6. Solar on prime farmland. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $14,000 in fiscal year 2022 and $14,000 in fiscal year 2023 are appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Board of Water and Soil Resources for the purposes of activities associated
with the installation of solar energy generating systems on prime farmland, as described in
section 6.

(b) $46,000 in fiscal year 2022 and $46,000 in fiscal year 2023 are appropriated from
the general fund to the Public Utilities Commission for activities associated with the
installation of solar energy systems on prime farmland, as described in section 6. These are
onetime appropriations.

Subd. 7. Mountain Iron solar plant expansion. Notwithstanding Minnesota Statutes,
section 116C.779, subdivision 1, paragraph (j), $5,500,000 in fiscal year 2021 is appropriated
from the renewable development account established in Minnesota Statutes, section
116C.779, subdivision 1, to the commissioner of employment and economic development
for a grant to the Mountain Iron Economic Development Authority to expand a city-owned
This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022,
must be returned to the renewable development account under Minnesota Statutes, section
116C.779, subdivision 1.

Subd. 8. Northfield distribution system upgrades. Notwithstanding Minnesota Statutes,
section 116C.779, subdivision 1, paragraph (j), $550,000 in fiscal year 2022 is appropriated
from the renewable development account established in Minnesota Statutes, section
116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility
that is subject to Minnesota Statutes, section 116C.779, subdivision 1, for the purpose of
upgrading the utility's distribution system in and bordering on the city of Northfield to
enable the interconnection of additional customer-sited solar deployment. No later than
October 15, 2021, the public utility that is to receive the transferred funds must submit a
report to the commissioner of commerce, the Public Utilities Commission, and to the chairs
and ranking minority members of the senate and house of representatives committees with
jurisdiction over energy policy and finance describing how the utility proposes to utilize
the transfer made under this subdivision, including the specific locations at which additional
equipment will be installed, the nature of the equipment, and the amount of incremental
capacity that will result from the installation of the equipment. The commissioner may not
transfer the funds appropriated under this subdivision to the public utility until the
commissioner and the Public Utilities Commission have reviewed and approved the report.
ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

Subdivision 1. Response to releases. The commissioner may take any environmental
response action, including emergency action, related to a release or threatened release of a
hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility
that the commissioner deems reasonable and necessary to protect the public health or welfare
or the environment under the standards required in sections 115B.01 to 115B.20. The
commissioner may undertake studies necessary to determine reasonable and necessary
environmental response actions at individual facilities. The commissioner may develop
general work plans for environmental studies, presumptive remedies, and generic remedial
designs for facilities with similar characteristics, as well as implement reuse and
redevelopment strategies. Prior to selecting environmental response actions for a facility,
the commissioner shall hold at least one public informational meeting near the facility and
provide for receiving and responding to comments related to the selection. The commissioner
shall design, implement, and provide oversight consistent with the actions selected under
this subdivision.

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

Sec. 2. Minnesota Statutes 2020, section 115B.412, subdivision 9, is amended to read:

Subd. 9. Land management plans. (a) The commissioner shall develop a land use plan
for each qualified facility. All local land use plans must be consistent with a land use plan
developed under this subdivision. Plans developed under this subdivision must include
provisions to prevent any use that disturbs the integrity of the final cover, liners, any other
components of any containment system, or the function of any monitoring systems unless
the commissioner finds that the disturbance:

(1) is necessary to the proposed use of the property, and will not increase the potential
hazard to human health or the environment; or

(2) is necessary to reduce a threat to human health or the environment.

(b) Before completing any plan under this subdivision, the commissioner shall consult
with the commissioner of management and budget regarding any restrictions that the
commissioner of management and budget deems necessary on the disposition of property
resulting from the use of bond proceeds to pay for response actions on the property, and
shall incorporate the restrictions in the plan.
A land use plan may include any of the following provisions for potential reuse and redevelopment of the qualified facility:

1. solar photovoltaic equipment;
2. pollinator habitat; or
3. another environmentally beneficial reuse as determined by the commissioner through a notice and comment period process.

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

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

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

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

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

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $2,500,000 each year for each dry cask containing spent fuel that is located at the Monticello power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.
plant must transfer to the renewable development account $350,000 each year for each dry
cask containing spent fuel that is located at the Monticello nuclear power plant for each
year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered
by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
any part of a year.

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

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

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

(h) The collective amount paid under the grant contracts awarded under paragraphs (f)
and (g) is limited to the amount deposited into the renewable development account, and its
predecessor, the renewable development account, established under this section, that was
not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
10.
(i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

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

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

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

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

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

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

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

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

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

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

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

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative...
of the Prairie Island Indian community appointed by that community's Tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable:

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

and

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

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

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

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

(2) may not appropriate money for a project the commission has not recommended funding.
A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

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

(b) "Cold weather period" means the period from October 1 through April 30 of the following year.
(e) "Customer" means a residential customer of a utility.

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

(e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis.

Household income does not include any amount received for energy assistance.

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

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

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

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

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

(3) a third-party notice;

(4) ways to avoid disconnection;

(5) information regarding payment agreements;

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

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

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

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

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

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.
(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

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

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

Sec. 5. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

Subd. 3. Utility obligations before cold weather period. Each year, between September 1 and October 15, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

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

Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

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

(1) The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.
A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

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

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

Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

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

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

Sec. 8. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

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

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;
(2) on a weekend, holiday, or the day before a holiday;
(3) when utility offices are closed; or
(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.
Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

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

Sec. 9. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

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

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

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

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

Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision

to read:

Subd. 5b. Definitions. (a) For the purposes of subdivision 5c, the following terms have
the meanings given.

(b) "Agreement period" means the period beginning January 1, 2023, and ending
December 31, 2024.

(c) "Ash" means all species of the genus *Fraxinus*.

(d) "Cogeneration facility" means the St. Paul district heating and cooling system
cogeneration facility that uses waste wood as the facility's primary fuel source, provides
thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
agreement approved by the Public Utilities Commission.

(e) "Department" means the Department of Agriculture.

(f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis*
Fairmaire, in any stage of development.

(g) "Renewable energy technology" has the meaning given to "eligible energy technology"
in section 216B.1691, subdivision 1.

(h) "St. Paul district heating and cooling system" means a system of boilers, distribution
pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
includes the cogeneration facility.

(i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
chips and mulch.

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

Sec. 11. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
to read:

Subd. 5c. New power purchase agreement. (a) No later than August 1, 2021, a public
utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
commission to enter into a power purchase agreement that governs the public utility's
purchase of electricity generated by the cogeneration facility. The power purchase agreement may extend no later than December 21, 2024, and must not be extended beyond that date except as provided in paragraph (f).

(b) The commission is prohibited from approving a new power purchase agreement filed under this subdivision that does not meet all of the following conditions:

(1) the cogeneration facility agrees that any waste wood from ash trees removed from Minnesota counties that have been designated as quarantined areas in Section IV of the Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization as biomass fuel by the cogeneration facility must be accompanied by evidence:

(i) demonstrating that the transport of biomass fuel from processed waste wood from ash trees to the cogeneration facility complies with the department's regulatory requirements under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist of:

(A) a certificate authorized or prepared by the commissioner of agriculture or an employee of the Animal and Plant Health Inspection Service of the United States Department of Agriculture verifying compliance; or

(B) shipping documents demonstrating compliance; or

(ii) certifying that the waste wood from ash trees has been chipped to one inch or less in two dimensions, and was chipped within the county from which the ash trees were originally removed;

(2) the price per megawatt hour of electricity paid by the public utility demonstrates significant savings compared to the existing power purchase agreement, with a price that does not exceed $98 per megawatt hour;

(3) the proposal includes a proposal to the commission for one or more electrification projects that result in the St. Paul district heating and cooling system being powered by electricity generated from renewable energy technologies. The plan must evaluate electrification at three or more levels from ten to 100 percent, including 100 percent of the energy used by the St. Paul district heating and cooling system to be implemented by December 31, 2027. The proposal may also evaluate alternative dates for implementation. For each level of electrification analyzed, the proposal must contain:

(i) a description of the alternative electrification technologies evaluated and whose implementation is proposed as part of the electrification project;
(ii) an estimate of the cost of the electrification project to the public utility, the impact on the monthly energy bills of the public utility's Minnesota customers, and the impact on the monthly energy bills of St. Paul district heating and cooling system customers;

(iii) an estimate of the reduction in greenhouse gas emissions resulting from the electrification project, including greenhouse gas emissions associated with the transportation of waste wood;

(iv) estimated impacts on the operations of the St. Paul district heating and cooling system; and

(v) a timeline for the electrification project; and

(4) the power purchase agreement provides a net benefit to the utility customers or the state.

(c) The commission may approve, or approve as modified, a proposed electrification project that meets the requirements of this subdivision if it finds the electrification project is in the public interest, or the commission may reject the project if it finds that the project is not in the public interest. When determining whether an electrification project is in the public interest, the commission may consider the effects of the electrification project on air emissions from the St. Paul district heating and cooling system and how the emissions impact the environment and residents of affected neighborhoods.

(d) During the agreement period, the cogeneration facility must attempt to obtain funding to reduce the cost of generating electricity and enable the facility to continue to operate beyond the agreement period to address the removal of ash trees, as described in paragraph (b), clause (1), without any subsidy or contribution from any power purchase agreement after December 31, 2024. The cogeneration facility must submit periodic reports to the commission regarding the efforts made under this paragraph.

(e) Upon approval of the new power purchase agreement, the commission must require periodic reporting regarding progress toward development of a proposal for an electrification project.

(f) The commission is prohibited from approving either an extension of an existing power purchase agreement or a new power purchase agreement that operates after the agreement period unless it approves an electrification project. Nothing in this section shall require any utility to enter into a power purchase agreement with the cogeneration facility after December 31, 2024.
Upon approval of an electrification project, the commission must require periodic reporting regarding the progress toward implementation of the electrification project.

If the commission approves the proposal submitted under paragraph (b), clause (3), the commission may allow the public utility to recover prudently incurred costs net of revenues resulting from the electrification project through an automatic cost recovery mechanism that allows for cost recovery outside of a general rate case. The cost recovery mechanism approved by the commission must:

1. allow a reasonable return on the capital invested in the electrification project by the public utility, as determined by the commission; and
2. recover costs only from the public utility's Minnesota electric service customers.

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

Sec. 12. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

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

1. cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;
2. a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;
3. the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;
4. a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;
5. conversion of the fuel source of an existing electric generating plant to using natural gas;
6. the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;
(7) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216E.01, subdivision 9, if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility:

(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or

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

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

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

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

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

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

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

Sec. 13. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. Assessment for department regional and national duties. In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this
subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, 2021.

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

Sec. 14. [216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.

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

(b) "Participant" means a person who meets the requirements of subdivision 2 and who:

(1) files comments or appears in a Public Utilities Commission proceeding, other than public hearings, concerning one or more public utilities; or

(2) is permitted by the Public Utilities Commissions to intervene in a commission proceeding concerning one or more public utilities; and

(3) files a request for compensation under this section.

(c) "Proceeding" means an undertaking of the commission in which it seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

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

Subd. 2. Participants; eligibility. Any of the following participants is eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated in Minnesota; and

(iii) governed under chapter 317A;

(2) a tribal government of a federally recognized Indian tribe that is located in Minnesota; or
Subd. 3. Compensation; conditions. (a) The commission may order a public utility to compensate all or part of an eligible participant's reasonable costs of participation in a proceeding that comes before the commission when the commission finds that the participant has materially assisted the commission's deliberation.

(b) In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

1. the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

2. the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

3. the participant's position promoted a public purpose or policy;

4. the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been a part of the record;

5. the participant was active in any stakeholder process made part of the proceeding; and

6. the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. Compensation; amount. (a) Compensation may not exceed $50,000 for a single participant in any proceeding, except that:

1. if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

2. in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation may not exceed $75,000.

(b) A single participant may not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.
(d) Notwithstanding paragraphs (a) and (b), the commission may not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts, based on the public utility's annual gross operating revenue in Minnesota:

1. $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;
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;
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
4. $1,250,000, for a public utility with more than $2,000,000,000 annual gross operating revenue in Minnesota.

(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.

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.

(b) A compensation request must include:

1. the name and address of the participant or nonprofit organization the participant is representing;
2. evidence of the organization's nonprofit, tax-exempt status;
3. the name and docket number of the proceeding for which compensation is requested;
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;
5. amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, by docket;
(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

(7) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant shall comply with reasonable requests for information by the commission and other participants. A participant shall reply to information requests within ten calendar days of receipt, unless this would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) Within 15 days after the response is filed, the participant may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 60 days of a filing of a request for compensation by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 60 days upon the request of a participant or on its own initiative, if applicable.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision.

Subd. 6. Compensation; orders. (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the compensation to the participant, and file proof of payment with the commission, within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date
the commission issues an order following reconsideration of its order on participant
compensation.

(b) If the commission issues an order requiring payment of participant compensation in
a proceeding involving multiple public utilities, the commission shall apportion costs among
the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the
costs of participant compensation on a timely basis.

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

Sec. 15. [216C.51] UTILITY DIVERSITY REPORTING.

Subdivision 1. Policy. It is the policy of this state to encourage each utility that serves
Minnesota residents to focus on and improve the diversity of the utility's workforce and
suppliers.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the
meanings given.

(b) "Certification" means official recognition by a governmental unit that a business is
a preferred vendor as a result of the characteristics of the business owner or owners or the
location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. Annual report. (a) Beginning March 15, 2022, and each March 15 thereafter,
each utility authorized to do business in Minnesota must file an annual diversity report to
the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current
workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned,
veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
total work performed by the utility submitting the report. The actual spending for
female-owned, minority-owned, veteran-owned, and small business enterprises must also
be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. Report elements. Each utility required to report under this section must include
the following in the annual report to the department:
(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, to encourage other companies to emulate best practices.

Subd. 5. State data. Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data it possesses and explain why it could not submit state-specific data, and how it intends to include state-specific data in future reports, if possible.

Subd. 6. Publication; retention. The department must publish an annual report on its website and must maintain each annual report for at least five years.

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. Applicable projects. The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

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

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) high-voltage transmission lines in excess of 200 kilovolts and less than five 30 miles in length in Minnesota;

(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;
(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy.

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

Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

**216F.012 SIZE ELECTION.**

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).

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

Sec. 18. TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.

(a) The Department of Commerce must provide technical support and subject matter expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish and operate a Tribal advocacy council on energy.
When requested by a Tribal advocacy council on energy, the Department of Commerce must assist the council to:

1. assess and evaluate common Tribal energy issues, including:
   a. identifying and prioritizing energy issues;
   b. facilitating idea sharing among the Tribes to generate solutions to energy issues; and
   c. assisting decision making with respect to resolving energy issues;

2. develop new statewide energy policies or proposed legislation, including:
   a. organizing stakeholder meetings;
   b. gathering input and other relevant information;
   c. assisting with policy proposal development, evaluation, and decision making; and
   d. helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

3. make efforts to raise awareness of and provide educational opportunities with respect to Tribal energy issues among Tribal members by:
   a. identifying information resources;
   b. gathering feedback on issues and topics the council identifies as areas of interest; and
   c. identifying topics for and helping to facilitate educational forums; and

4. identify, evaluate, disseminate, and implement successful energy-related practices.

Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.

Sec. 19. PILOT PROJECT; REPORTING REQUIREMENTS.

Upon completion of the solar energy pilot project described in section 21, subdivision 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the
Pollution Control Agency, in cooperation with the electric cooperative association operating the pilot project, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, energy, and environment on the following:

1. project accomplishments and milestones including any project growth, developments, or agreements that resulted from the project;
2. challenges or barriers faced during development or after completion of the project;
3. project financials, including expenses, utility agreements, and project viability; and
4. replicability of the pilot project to other future closed landfill projects.

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

Sec. 20. APPROPRIATIONS.

Subdivision 1. Microgrid research and application. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,400,000 in fiscal year 2022 and $1,200,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the University of St. Thomas Center for Microgrid Research for the purposes of paragraph (b). The base in fiscal year 2024 is $1,000,000, and the base in fiscal year 2025 is $400,000. The base in fiscal year 2026 is $400,000.

(b) The appropriations in this section are to be used by the University of St. Thomas Center for Microgrid Research for the purposes of:

1. increasing the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real-world scale and to multiply opportunities for innovative research;
2. procuring advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and
3. expanding hands-on educational opportunities to better understand the operations of microgrids to undergraduate and graduate electrical engineering students and partnerships with community colleges.

Subd. 2. Clean energy training; pilot project. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,500,000 in fiscal year 2022 is appropriated from the renewable development account to the commissioner of employment and economic development for a grant to Northgate Development, LLC for a pilot project to provide...
training pathways into careers in clean energy for students and young adults in underserved communities. Any unexpended funds remaining at the end of the biennium cancel to the renewable development account. This is a onetime appropriation.

(b) The pilot project must develop skills among program participants, short of the level required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design, construction, operation, or maintenance of:

1. systems producing solar or wind energy;

2. improvements in energy efficiency, as defined in Minnesota Statutes, section 216B.241, subdivision 1;

3. energy storage systems connected to renewable energy facilities, including battery technology;

4. infrastructure for charging all-electric or electric hybrid vehicles; or

5. grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to a postsecondary degree, industry certification or to a registered apprenticeship program under chapter 178 that is related to the fields in paragraph (b) and then to stable career employment at a living wage.

(d) Training must be provided at a location that is accessible by public transportation and must prioritize the inclusion of communities of color, indigenous people, and low-income individuals.

(e) Grant funds may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the program.

(f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate Development, LLC shall submit an annual report the commissioner of employment and economic development that must include, at a minimum, information on:

1. program expenditures, including, but not limited to, amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

2. other public or private funding sources, including in-kind donations, supporting the pilot program;

3. the number of program participants;
(4) demographic information on program participants, including, but not limited to, race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Subd. 3. Landfill bond prepayment; solar pilot project. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of management and budget to prepay and defease any outstanding general obligation bonds used to acquire property, finance improvements and betterments, or pay any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may be deposited, invested, and applied to accomplish the purposes of this section as provided in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment and defeasance of all associated debt on the real property and improvements, all conditions set forth in Minnesota Statutes, section 16A.695, subdivision 3, shall be deemed to have been satisfied and the real property and improvements shall no longer constitute state bond financed property under Minnesota Statutes, section 16A.695. This is a onetime appropriation.

(b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution Control Agency may take actions and execute agreements to facilitate the beneficial reuse of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a solar energy generating system, as defined in Minnesota Statutes, section 216E.01, subdivision 9a, as a pilot project at the closed landfill, to be owned and operated by a cooperative electric association that has more than 130,000 customers in Minnesota. The appropriation in paragraph (a) may not be used to finance the pilot project, procure land rights, or to manage the solar energy generating system.

Subd. 4. Commerce department; Energy Resources Division. $3,493,000 in fiscal year 2022 and $3,547,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for general operating activities of the Energy Resources Division.

Subd. 5. Weatherization; vermiculite remediation. $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to remediate vermiculite insulation from households that are eligible for
weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

Subd. 6. **Energy regulation and planning.** $851,000 in fiscal year 2022 and $870,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities of the energy regulation and planning unit staff.

Subd. 7. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

Subd. 8. **Grant cycle; proposal evaluation.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

Subd. 9. **Petroleum Tank Release Compensation Board.** $1,056,000 in fiscal year 2022 and $1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to the Petroleum Tank Release Compensation Board for its operations.

Subd. 10. **Public Utilities Commission.** $7,923,000 in fiscal year 2022 and $8,052,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for its general operations.

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2020, sections 115C.13; and 216B.16, subdivision 10, are repealed.

(b) Laws 2017, chapter 5, section 1, is repealed.

**EFFECTIVE DATE.** This section is effective the day following final enactment."
184.1 Amend the title accordingly