

1.8 Section 1. TITLE.

1.9 Sections 2 to 19 may be cited as the "Energy Conservation and Optimization Act of  
1.10 2021."

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

1.12 Sec. 2. [216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.

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

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

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

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

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

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

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

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

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

2.6 and

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

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

2.10 (1) for a public utility providing service to 200,000 or more retail Minnesota customers,  
2.11 \$6,000,000; or

2.12 (2) for a public utility providing service to fewer than 200,000 retail Minnesota customers,  
2.13 \$3,000,000.

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

1.8 Section 1. TITLE.

1.9 Sections 2 to 18 may be cited as the "Energy Conservation and Optimization Act of  
1.10 2021."

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

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

2.21 Sec. 3. Minnesota Statutes 2020, section 216B.2401, is amended to read:

2.22 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

2.23 (a) The legislature finds that energy savings are an energy resource, and that cost-effective  
2.24 energy savings are preferred over all other energy resources. In addition, the legislature  
2.25 finds that optimizing the timing and method used by energy consumers to manage energy  
2.26 use provides significant benefits to the consumers and to the utility system as a whole. The  
2.27 legislature further finds that cost-effective energy savings and load management programs  
2.28 should be procured systematically and aggressively in order to reduce utility costs for  
2.29 businesses and residents, improve the competitiveness and profitability of businesses, create  
2.30 more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution  
2.31 and emissions that cause climate change. Therefore, it is the energy policy of the state of  
2.32 Minnesota to achieve annual energy savings ~~equal equivalent~~ to at least ~~1.5~~ 2.5 percent of  
3.1 annual retail energy sales of electricity and natural gas through ~~cost-effective energy~~  
3.2 ~~conservation improvement programs and rate design, energy efficiency achieved by energy~~  
3.3 ~~consumers without direct utility involvement, energy codes and appliance standards, programs~~  
3.4 ~~designed to transform the market or change consumer behavior, energy savings resulting~~  
3.5 ~~from efficiency improvements to the utility infrastructure and system, and other efforts to~~  
3.6 ~~promote energy efficiency and energy conservation.~~ multiple measures, including but not  
3.7 limited to:

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

3.10 (2) rate design;

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

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

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

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

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

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

1.12 Sec. 2. Minnesota Statutes 2020, section 216B.2401, is amended to read:

1.13 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

1.14 (a) The legislature finds that energy savings are an energy resource, and that cost-effective  
1.15 energy savings are preferred over all other energy resources. In addition, the legislature  
1.16 finds that optimizing the timing and method used by energy consumers to manage energy  
1.17 use provides significant benefits to the consumers and to the utility system as a whole. The  
1.18 legislature further finds that cost-effective energy savings and load management programs  
1.19 should be procured systematically and aggressively in order to reduce utility costs for  
1.20 businesses and residents, improve the competitiveness and profitability of businesses, create  
1.21 more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution  
1.22 and emissions that cause climate change. Therefore, it is the energy policy of the state of  
1.23 Minnesota to achieve annual energy savings equal to at least 1.5 percent of annual retail  
2.1 energy sales of electricity and natural gas through ~~cost-effective energy conservation~~  
2.2 ~~improvement programs and rate design, energy efficiency achieved by energy consumers~~  
2.3 ~~without direct utility involvement, energy codes and appliance standards, programs designed~~  
2.4 ~~to transform the market or change consumer behavior, energy savings resulting from~~  
2.5 ~~efficiency improvements to the utility infrastructure and system, and other efforts to promote~~  
2.6 ~~energy efficiency and energy conservation.~~ multiple measures, including but not limited to:

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

2.9 (2) rate design;

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

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

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

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

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

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

3.23 (c) The commissioner must provide a reasonable estimate of progress made toward the  
3.24 statewide energy-savings goal under paragraph (a) in the annual report required under section  
3.25 216B.241, subdivision 1c, and make recommendations for administrative or legislative  
3.26 initiatives to increase energy savings toward that goal. The commissioner must also annually  
3.27 report on the energy productivity of the state's economy by estimating the ratio of economic  
3.28 output produced in the most recently completed calendar year to the primary energy inputs  
3.29 used in that year.

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

4.1 **Sec. 4. [216B.2402] DEFINITIONS.**

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

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

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

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

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

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

4.16 (3) otherwise meets the criteria established for consumer-owned utilities in section  
4.17 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11  
4.18 and 12; and

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

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

2.22 (c) The commissioner must provide a reasonable estimate of progress made toward the  
2.23 statewide energy-savings goal under paragraph (a) in the annual report required under section  
2.24 216B.241, subdivision 1c, and make recommendations for administrative or legislative  
2.25 initiatives to increase energy savings toward that goal. The commissioner must also annually  
2.26 report on the energy productivity of the state's economy by estimating the ratio of economic  
2.27 output produced in the most recently completed calendar year to the primary energy inputs  
2.28 used in that year.

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

2.30 **Sec. 3. [216B.2402] DEFINITIONS.**

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

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

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

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

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

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

3.13 (3) otherwise meets the criteria established for consumer-owned utilities in section  
3.14 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivision 11;  
3.15 and

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

3.18 An efficient fuel-switching improvement is not an energy conservation improvement or  
3.19 energy efficiency even if it results in a net reduction in electricity or natural gas use. An  
3.20 efficient fuel-switching improvement does not include, and shall not count toward any  
3.21 energy savings goal from energy conservation improvements required under this section,  
3.22 when fuel switching would result in an increase of greenhouse gas emissions into the  
3.23 atmosphere on an annual basis. A consumer-owned utility or public utility filing an energy  
3.24 conservation and optimization plan that includes an efficient fuel-switching program to  
3.25 achieve the utility's energy savings goal must, as part of the filing, demonstrate by a  
3.26 comparison of greenhouse gas emissions between the fuels, that the carbon intensity of an

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

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

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

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

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

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

5.12 (1) gas sales to:

5.13 (i) a large energy facility;

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

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

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

5.23 (3) the amount of electric sales prior to December 31, 2032, that are associated with a  
5.24 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

3.27 equivalent amount of energy, using a full fuel-cycle energy analysis meets the requirements  
3.28 of this subdivision.

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

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

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

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

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

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

4.17 (1) gas sales to:

4.18 (i) a large energy facility;

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

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

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

4.28 (3) the amount of electric sales prior to December 31, 2032, that are associated with a  
4.29 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

5.25 assumptions developed by the department in consultation with interested stakeholders no  
5.26 later than December 31, 2021. After December 31, 2032, incremental sales to electric  
5.27 vehicles must be included in calculating a utility's gross annual retail sales.

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

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

6.7 Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section  
6.8 216B.2421, subdivision 2, clause (1).

6.9 Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of  
6.10 savings a particular energy conservation improvement is projected to produce over the  
6.11 improvement's effective useful lifetime.

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

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

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

6.22 Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision  
6.23 15.

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

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

4.30 assumptions developed by the department in consultation with interested stakeholders no  
4.31 later than December 31, 2020. After December 31, 2032, incremental sales to electric  
4.32 vehicles must be included in calculating a utility's gross retail sales.

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

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

5.12 Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section  
5.13 216B.2421, subdivision 2, clause (1).

5.14 Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of  
5.15 savings a particular energy conservation improvement is projected to produce over the  
5.16 improvement's effective useful lifetime.

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

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

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

5.27 Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision  
5.28 15.

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

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

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

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

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

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

7.10 Sec. 5. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION**  
7.11 **AND OPTIMIZATION.**

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

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

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

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

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

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

7.26 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
7.27 1, that result in increased efficiency greater than would have occurred through normal  
7.28 maintenance activity;

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

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

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

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

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

6.15 Sec. 4. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION**  
6.16 **AND OPTIMIZATION.**

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

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

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

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

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

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

7.1 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
7.2 1, that result in increased efficiency greater than would have occurred through normal  
7.3 maintenance activity;

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

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

8.4 (b) The energy-savings goals specified in this section must be calculated based on  
8.5 weather-normalized sales averaged over the most recent three years. A consumer-owned  
8.6 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the  
8.7 next three years, except that energy savings from electric utility infrastructure projects may  
8.8 be carried forward for five years. A particular energy savings can only be used to meet one  
8.9 year's goal.

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

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

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

8.29 (1) state why each goal is projected to be unmet; and

8.30 (2) demonstrate how the consumer-owned utility proposes to meet both goals on an  
8.31 average basis over the duration of the plan.

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

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

7.9 (b) The energy-savings goals specified in this section must be calculated based on  
7.10 weather-normalized sales averaged over the most recent three years. A consumer-owned  
7.11 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the  
7.12 next three years, except that savings from electric utility infrastructure projects may be  
7.13 carried forward for five years. A particular energy savings can only be used to meet one  
7.14 year's goal.

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

7.22 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending on  
7.23 efficient fuel-switching improvements done to meet the annual energy savings goal under  
7.24 this section for a consumer-owned utility subject to this section must not exceed .5 percent  
7.25 per year, averaged over a three-year period, of the consumer-owned utility's gross annual  
7.26 retail energy sales.

7.27 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)  
7.28 By June 1, 2024, and at least every three years thereafter, each consumer-owned utility must  
7.29 file with the commissioner an energy conservation and optimization plan that describes the  
7.30 programs for energy conservation, efficient fuel-switching, load management, and other  
7.31 measures the consumer-owned utility intends to offer to achieve the utility's energy savings  
7.32 goal.

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

8.5 (1) state why each goal is projected to be unmet; and

8.6 (2) demonstrate how the consumer-owned utility proposes to meet both goals on an  
8.7 average basis over the duration of the plan.

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

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

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

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

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

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

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

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

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

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

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

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

8.22 (e) Beginning June 1, 2025, and every June 1 thereafter, each consumer-owned utility  
8.23 must file: (1) an annual update identifying the status of its plan filed under this subdivision,  
8.24 including: (i) total expenditures and investments made to date under the plan; and (ii) any  
8.25 intended changes to the plan; and (2) a summary of the annual energy-savings achievements  
8.26 under a plan. An annual filing made in the last year of a plan must contain a new plan that  
8.27 complies with this section.

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

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

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

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

10.4 (j) The energy conservation and optimization plan of a consumer-owned utility may  
10.5 include activities to improve energy efficiency in the public schools served by the utility.  
10.6 These activities may include programs to:  
10.7 (1) increase the efficiency of the school's lighting and heating and cooling systems;  
10.8 (2) recommission buildings;  
10.9 (3) train building operators; and  
10.10 (4) provide opportunities to educate students, teachers, and staff regarding energy  
10.11 efficiency measures implemented at the school.  
10.12 (k) A consumer-owned utility may request that the commissioner adjust its minimum  
10.13 goal for energy savings from energy conservation improvements under subdivision 2,  
10.14 paragraph (a), for the duration of the plan filed under this subdivision. The request must be  
10.15 made by January 1 of the year when the consumer-owned utility must file a plan under this  
10.16 subdivision. The request must be based on:  
10.17 (1) historical energy conservation improvement program achievements;  
10.18 (2) customer class makeup;  
10.19 (3) projected load growth;  
10.20 (4) an energy conservation potential study that estimates the amount of cost-effective  
10.21 energy conservation potential that exists in the consumer-owned utility's service territory;  
10.22 (5) the cost-effectiveness and quality of the energy conservation programs offered by  
10.23 the consumer-owned utility; and  
10.24 (6) other factors the commissioner and consumer-owned utility determine warrant an  
10.25 adjustment.  
10.26 The commissioner must adjust the energy savings goal to a level the commissioner determines  
10.27 is supported by the record, but must not approve a minimum energy savings goal from  
10.28 energy conservation improvements that is less than an average of one percent per year over  
10.29 the consecutive years of the plan's duration, including the year the minimum energy savings  
10.30 goal is adjusted.  
11.1 Subd. 4. Consumer-owned utility; energy savings investment. (a) Except as otherwise  
11.2 provided, a consumer-owned utility that the commissioner determines falls short of the  
11.3 minimum energy savings goal from energy conservation improvements established in  
11.4 subdivision 2, paragraph (a), for three consecutive years during which the utility has annually  
11.5 spent on energy conservation improvements less than 1.5 percent of its gross operating  
11.6 revenues for an electric utility or less than 0.5 percent of its gross operating revenues for a  
11.7 natural gas utility, must spend no less than the following amounts for energy conservation  
11.8 improvements:

9.13 (j) The energy conservation and optimization plan of a consumer-owned utility may  
9.14 include activities to improve energy efficiency in the public schools served by the utility.  
9.15 These activities may include programs to:  
9.16 (1) increase the efficiency of the school's lighting and heating and cooling systems;  
9.17 (2) recommission buildings;  
9.18 (3) train building operators; and  
9.19 (4) provide opportunities to educate students, teachers, and staff regarding energy  
9.20 efficiency measures implemented at the school.  
9.21 (k) A consumer-owned utility may request that the commissioner adjust its minimum  
9.22 goal for energy savings from energy conservation improvements under subdivision 2,  
9.23 paragraph (a), for the duration of the plan filed under this subdivision. The request must be  
9.24 made by January 1 of the year when the consumer-owned utility must file a plan under this  
9.25 subdivision. The request must be based on:  
9.26 (1) historical energy conservation improvement program achievements;  
9.27 (2) customer class makeup;  
9.28 (3) projected load growth;  
9.29 (4) an energy conservation potential study that estimates the amount of cost-effective  
9.30 energy conservation potential that exists in the consumer-owned utility's service territory;  
9.31 (5) the cost-effectiveness and quality of the energy conservation programs offered by  
9.32 the consumer-owned utility; and  
10.1 (6) other factors the commissioner and consumer-owned utility determine warrant an  
10.2 adjustment.  
10.3 The commissioner must adjust the energy savings goal to a level the commissioner determines  
10.4 is supported by the record, but must not approve a minimum energy savings goal from  
10.5 energy conservation improvements that is less than an average of one percent per year over  
10.6 the consecutive years of the plan's duration, including the year the minimum energy savings  
10.7 goal is adjusted.  
10.8 Subd. 4. Consumer-owned utility; energy savings investment. (a) Except as otherwise  
10.9 provided, a consumer-owned utility that the commissioner determines falls short of the  
10.10 minimum energy savings goal from energy conservation improvements established in  
10.11 subdivision 2, paragraph (a), for three consecutive years during which the utility has annually  
10.12 spent on energy conservation improvements less than 1.5 percent of its gross operating  
10.13 revenues for an electric utility or less than 0.5 percent of its gross operating revenues for a  
10.14 natural gas utility, must spend no less than the following amounts for energy conservation  
10.15 improvements:

11.9 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
11.10 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
11.11 operating revenues from electric and gas service provided in Minnesota to large electric  
11.12 customer facilities; and

11.13 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
11.14 from service provided in the state, excluding gross operating revenues from service provided  
11.15 in Minnesota to large electric customers facilities indirectly through a distribution cooperative  
11.16 electric association.

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

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

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

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

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

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

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

10.16 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
10.17 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
10.18 operating revenues from electric and gas service provided in Minnesota to large electric  
10.19 customer facilities; and

10.20 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
10.21 from service provided in the state, excluding gross operating revenues from service provided  
10.22 in Minnesota to large electric customers facilities indirectly through a distribution cooperative  
10.23 electric association.

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

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

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

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

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

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

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

12.13 gross operating revenue from the sale of electricity to residential customers in Minnesota  
12.14 by all of the association's member distribution cooperatives.

12.15 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned  
12.16 utility may contribute money to the energy and conservation account established in section  
12.17 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount  
12.18 of contributions the consumer-owned utility plans to make to the energy and conservation  
12.19 account. Contributions to the account must be used for energy conservation programs serving  
12.20 low-income households, including renters, located in the service area of the consumer-owned  
12.21 utility making the contribution. Contributions must be remitted to the commissioner by  
12.22 February 1 each year.

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

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

13.4 (e) The commissioner must develop and establish guidelines for determining the eligibility  
13.5 of multifamily buildings to participate in energy conservation programs provided to  
13.6 low-income households. Notwithstanding the definition of low-income household in section  
13.7 216B.2402, a consumer-owned utility or association may apply the most recent guidelines  
13.8 published by the department for purposes of determining the eligibility of multifamily  
13.9 buildings to participate in low-income programs. The commissioner must convene a  
13.10 stakeholder group to review and update these guidelines by July 1, 2021, and at least once  
13.11 every five years thereafter. The stakeholder group must include but is not limited to  
13.12 representatives of public utilities; municipal electric or gas utilities; electric cooperative  
13.13 associations; multifamily housing owners and developers; and low-income advocates.

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

11.20 gross operating revenue from the sale of electricity to residential customers in Minnesota  
11.21 by all of the association's member distribution cooperatives.

11.22 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned  
11.23 utility may contribute money to the energy and conservation account established in section  
11.24 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount  
11.25 of contributions the consumer-owned utility plans to make to the energy and conservation  
11.26 account. Contributions to the account must be used for energy conservation programs serving  
11.27 low-income households, including renters, located in the service area of the consumer-owned  
11.28 utility making the contribution. Contributions must be remitted to the commissioner by  
11.29 February 1 each year.

11.30 (c) The commissioner must establish energy conservation programs for low-income  
11.31 households funded through contributions to the energy and conservation account under  
11.32 paragraph (b). When establishing energy conservation programs for low-income households,  
11.33 the commissioner must consult political subdivisions, utilities, and nonprofit and community  
11.34 organizations, including organizations providing energy and weatherization assistance to  
11.35 low-income households. The commissioner must record and report expenditures and energy  
12.1 savings achieved as a result of energy conservation programs for low-income households  
12.2 funded through the energy and conservation account in the report required under section  
12.3 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political  
12.4 subdivision, nonprofit or community organization, public utility, municipality, or  
12.5 consumer-owned utility to implement low-income programs funded through the energy and  
12.6 conservation account.

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

12.10 (e) The commissioner must develop and establish guidelines for determining the eligibility  
12.11 of multifamily buildings to participate in energy conservation programs provided to  
12.12 low-income households. Notwithstanding the definition of low-income household in section  
12.13 216B.2402, a consumer-owned utility or association may apply the most recent guidelines  
12.14 published by the department for purposes of determining the eligibility of multifamily  
12.15 buildings to participate in low-income programs. The commissioner must convene a  
12.16 stakeholder group to review and update these guidelines by July 1, 2021, and at least once  
12.17 every five years thereafter. The stakeholder group must include but is not limited to  
12.18 representatives of public utilities; municipal electric or gas utilities; electric cooperative  
12.19 associations; multifamily housing owners and developers; and low-income advocates.

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

13.18 (g) The commissioner must, by order, establish a list of preweatherization measures  
13.19 eligible for inclusion in low-income energy conservation programs no later than March 15,  
13.20 2021.

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

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

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

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

14.12 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
14.13 improvement is deemed efficient if, applying the technical criteria established under section  
14.14 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being  
14.15 displaced:

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

14.18 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
14.19 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
14.20 improvement installed by an electric consumer-owned utility, the reduction in emissions  
14.21 must be measured based on the hourly emissions profile of the consumer-owned utility or  
14.22 the utility's electricity supplier, as reported in the most recent resource plan approved by

12.24 (g) The commissioner must, by order, establish a list of preweatherization measures  
12.25 eligible for inclusion in low-income energy conservation programs no later than March 15,  
12.26 2021.

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

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

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

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

13.18 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
13.19 improvement is deemed efficient if, applying the technical criteria established under section  
13.20 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being  
13.21 displaced:

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

13.24 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
13.25 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
13.26 improvement installed by an electric consumer-owned utility, the reduction in emissions  
13.27 must be measured based on the hourly emissions profile of the consumer-owned utility or  
13.28 the utility's electricity supplier, as reported in the most recent resource plan approved by

14.23 the commission under section 216B.2422. If the hourly emissions profile is not available,  
14.24 the commissioner must develop a method consumer-owned utilities must use to estimate  
14.25 that value;

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

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

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

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

15.8 (b) The submission of a document to the department's electronic filing system constitutes  
15.9 service on the department. If a department rule requires service of a notice, order, or other  
15.10 document by the department, a consumer-owned utility, or an interested party upon persons  
15.11 on a service list maintained by the department, service may be made by personal delivery,  
15.12 mail, or electronic service. Electronic service may be made only to persons on the service  
15.13 list that have previously agreed in writing to accept electronic service at an e-mail address  
15.14 provided to the department for electronic service purposes.

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

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

15.23 Sec. 6. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

15.24 Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ **Large customer**  
15.25 **facility.** (a) For purposes of this subdivision and subdivision 2, "public utility" has the  
15.26 meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and

13.29 the commission under section 216B.2422. If the hourly emissions profile is not available,  
13.30 the commissioner must develop a method consumer-owned utilities must use to estimate  
13.31 that value;

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

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

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

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

14.13 (b) The submission of a document to the department's electronic filing system constitutes  
14.14 service on the department. If a department rule requires service of a notice, order, or other  
14.15 document by the department, a consumer-owned utility, or an interested party upon persons  
14.16 on a service list maintained by the department, service may be made by personal delivery,  
14.17 mail, or electronic service. Electronic service may be made only to persons on the service  
14.18 list that have previously agreed in writing to accept electronic service at an e-mail address  
14.19 provided to the department for electronic service purposes.

14.20 Subd. 10. **Assessment.** The commission or department may assess consumer-owned  
14.21 utilities subject to this section to carry out the purposes of section 216B.241, subdivisions  
14.22 Id, 1e, and 1f. An assessment under this paragraph must be proportionate to the  
14.23 consumer-owned utility's ~~respective~~ gross operating revenue from sales of gas or electric  
14.24 service in Minnesota during the previous calendar year. Assessments under this subdivision  
14.25 are not subject to the cap on assessments under section 216B.62 or any other law.

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

14.27 Sec. 5. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

14.28 Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ **Large customer**  
14.29 **facility.** (a) For purposes of this subdivision and subdivision 2, "public utility" has the  
14.30 meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and

15.27 invest for energy conservation improvements under this subdivision and subdivision 2 the  
15.28 following amounts:

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

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

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

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

16.7 ~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt  
16.8 both electric and gas utilities serving the large customer facility from ~~the investment and~~  
16.9 ~~expenditure requirements of paragraph (a) contributing to investments and expenditures~~  
16.10 ~~made under an energy and conservation optimization plan filed under subdivision 2 or~~  
16.11 ~~section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large~~  
16.12 ~~customer facility. The filing must include a discussion of the competitive or economic~~  
16.13 ~~pressures facing the owner of the facility and the efforts taken by the owner to identify,~~  
16.14 ~~evaluate, and implement energy conservation and efficiency improvements. A filing~~  
16.15 ~~submitted on or before October 1 of any year must be approved within 90 days and become~~  
16.16 ~~effective January 1 of the year following the filing, unless the commissioner finds that the~~  
16.17 ~~owner of the large customer facility has failed to take reasonable measures to identify,~~  
16.18 ~~evaluate, and implement energy conservation and efficiency improvements. If a facility~~  
16.19 ~~qualifies as a large customer facility solely due to its peak electrical demand or annual~~  
16.20 ~~natural gas usage, the exemption may be limited to the qualifying utility if the commissioner~~  
16.21 ~~finds that the owner of the large customer facility has failed to take reasonable measures to~~  
16.22 ~~identify, evaluate, and implement energy conservation and efficiency improvements with~~  
16.23 ~~respect to the nonqualifying utility. Once an exemption is approved, the commissioner may~~  
16.24 ~~request the owner of a large customer facility to submit, not more often than once every~~  
16.25 ~~five years, a report demonstrating the large customer facility's ongoing commitment to~~  
16.26 ~~energy conservation and efficiency improvement after the exemption filing. The~~  
16.27 ~~commissioner may request such reports for up to ten years after the effective date of the~~  
16.28 ~~exemption, unless the majority ownership of the large customer facility changes, in which~~  
16.29 ~~case the commissioner may request additional reports for up to ten years after the change~~  
16.30 ~~in ownership occurs. The commissioner may, within 180 days of receiving a report submitted~~  
16.31 ~~under this paragraph, rescind any exemption granted under this paragraph upon a~~  
16.32 ~~determination that the large customer facility is not continuing to make reasonable efforts~~  
16.33 ~~to identify, evaluate, and implement energy conservation improvements. A large customer~~  
16.34 ~~facility that is, under an order from the commissioner, exempt from the investment and~~  
16.35 ~~expenditure requirements of paragraph (a) as of December 31, 2010, is not required to~~

14.31 invest for energy conservation improvements under this subdivision and subdivision 2 the  
14.32 following amounts:

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

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

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

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

15.11 ~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt  
15.12 both electric and gas utilities serving the large customer facility from ~~the investment and~~  
15.13 ~~expenditure requirements of paragraph (a) contributing to investments and expenditures~~  
15.14 ~~made under an energy and conservation optimization plan filed under subdivision 2 or~~  
15.15 ~~section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large~~  
15.16 ~~customer facility. The filing must include a discussion of the competitive or economic~~  
15.17 ~~pressures facing the owner of the facility and the efforts taken by the owner to identify,~~  
15.18 ~~evaluate, and implement energy conservation and efficiency improvements. A filing~~  
15.19 ~~submitted on or before October 1 of any year must be approved within 90 days and become~~  
15.20 ~~effective January 1 of the year following the filing, unless the commissioner finds that the~~  
15.21 ~~owner of the large customer facility has failed to take reasonable measures to identify,~~  
15.22 ~~evaluate, and implement energy conservation and efficiency improvements. If a facility~~  
15.23 ~~qualifies as a large customer facility solely due to its peak electrical demand or annual~~  
15.24 ~~natural gas usage, the exemption may be limited to the qualifying utility if the commissioner~~  
15.25 ~~finds that the owner of the large customer facility has failed to take reasonable measures to~~  
15.26 ~~identify, evaluate, and implement energy conservation and efficiency improvements with~~  
15.27 ~~respect to the nonqualifying utility. Once an exemption is approved, the commissioner may~~  
15.28 ~~request the owner of a large customer facility to submit, not more often than once every~~  
15.29 ~~five years, a report demonstrating the large customer facility's ongoing commitment to~~  
15.30 ~~energy conservation and efficiency improvement after the exemption filing. The~~  
15.31 ~~commissioner may request such reports for up to ten years after the effective date of the~~  
15.32 ~~exemption, unless the majority ownership of the large customer facility changes, in which~~  
15.33 ~~case the commissioner may request additional reports for up to ten years after the change~~  
15.34 ~~in ownership occurs. The commissioner may, within 180 days of receiving a report submitted~~  
15.35 ~~under this paragraph, rescind any exemption granted under this paragraph upon a~~  
16.1 ~~determination that the large customer facility is not continuing to make reasonable efforts~~  
16.2 ~~to identify, evaluate, and implement energy conservation improvements. A large customer~~  
16.3 ~~facility that is, under an order from the commissioner, exempt from the investment and~~  
16.4 ~~expenditure requirements of paragraph (a) as of December 31, 2010, is not required to~~

17.1 submit a report to retain its exempt status, except as otherwise provided in this paragraph  
17.2 with respect to ownership changes. No exempt large customer facility may participate in a  
17.3 utility conservation improvement program unless the owner of the facility submits a filing  
17.4 with the commissioner to withdraw its exemption.

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

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

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

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

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

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

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

16.5 submit a report to retain its exempt status, except as otherwise provided in this paragraph  
16.6 with respect to ownership changes. No exempt large customer facility may participate in a  
16.7 utility conservation improvement program unless the owner of the facility submits a filing  
16.8 with the commissioner to withdraw its exemption.

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

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

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

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

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

16.32 (d) Large customer facilities and commercial gas customers that are, under an order  
16.33 from the commissioner, exempt from the investment and expenditure requirements of this  
16.34 section as of December 31, 2020, are not required to submit additional documentation to  
17.1 maintain that exemption and shall not be assessed any costs related to any energy  
17.2 conservation and optimization plan filed under this section or section 216B.2403, including  
17.3 but not limited to, costs, incentives, or rates of return associated with investments in programs  
17.4 for efficient fuel-switching improvements.

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

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

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

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

18.6 (b) ~~Each individual~~ A public utility ~~and association shall have providing electric service~~  
18.7 ~~has~~ an annual energy-savings goal equivalent to ~~1.5~~ 1.75 percent of gross annual retail  
18.8 energy sales unless modified by the commissioner under paragraph ~~(d)~~. (c) A public utility  
18.9 ~~providing natural gas service~~ has an annual energy-savings goal equivalent to one percent  
18.10 ~~of gross annual retail energy sales, which cannot be lowered by the commissioner.~~ The  
18.11 savings goals must be calculated based on the most recent three-year weather-normalized  
18.12 average. A ~~public utility or association providing electric service~~ may elect to carry forward  
18.13 energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar  
18.14 years, except that savings from electric utility infrastructure projects allowed under paragraph  
18.15 (d) may be carried forward for five years. ~~A public utility providing natural gas service may~~  
18.16 ~~elect to carry forward energy savings in excess of one percent for a year to the succeeding~~  
18.17 ~~three calendar years.~~ A particular energy savings can ~~only be used~~ only for to meet one  
18.18 year's goal.

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

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

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

18.29 A utility ~~or association~~ may include in its energy conservation plan energy savings from  
18.30 The balance of the 1.75 percent annual energy savings goal may be achieved through energy  
18.31 savings from:

18.32 (1) additional energy conservation improvements;

19.1 (2) electric utility infrastructure projects approved by the commission under section  
19.2 216B.1636 that result in increased efficiency greater than would have occurred through  
19.3 normal maintenance activity; or ~~waste heat recovery converted into electricity projects that~~  
19.4 ~~may count as energy savings in addition to a minimum energy-savings goal of at least one~~  
19.5 ~~percent for energy conservation improvements.~~ Energy savings from electric utility  
19.6 infrastructure projects, as defined in section 216B.1636, may be included in the energy  
19.7 conservation plan of a municipal utility or cooperative electric association. Electric utility

17.9 Sec. 6. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

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

17.14 (b) ~~Each individual~~ A public utility ~~and association shall have providing electric service~~  
17.15 ~~has~~ an annual energy-savings goal equivalent to ~~1.5~~ 1.75 percent of gross annual retail  
17.16 energy sales unless modified by the commissioner under paragraph ~~(d)~~. (c) A public utility  
17.17 ~~providing natural gas service~~ has an annual energy-savings goal equivalent to one percent  
17.18 ~~of gross annual retail energy sales, which cannot be lowered by the commissioner.~~ The  
17.19 savings goals must be calculated based on the most recent three-year weather-normalized  
17.20 average. A ~~public utility or association providing electric service~~ may elect to carry forward  
17.21 energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar  
17.22 years, except that savings from electric utility infrastructure projects allowed under paragraph  
17.23 (d) may be carried forward for five years. ~~A public utility providing natural gas service may~~  
17.24 ~~elect to carry forward energy savings in excess of one percent for a year to the succeeding~~  
17.25 ~~three calendar years.~~ A particular energy savings can ~~only be used~~ only for to meet one  
17.26 year's goal.

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

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

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

18.4 A utility ~~or association~~ may include in its energy conservation plan energy savings from  
18.5 The balance of the 1.75 percent annual energy savings goal may be achieved through energy  
18.6 savings from:

18.7 (1) additional energy conservation improvements;

18.8 (2) electric utility infrastructure projects approved by the commission under section  
18.9 216B.1636 that result in increased efficiency greater than would have occurred through  
18.10 normal maintenance activity; or ~~waste heat recovery converted into electricity projects that~~  
18.11 ~~may count as energy savings in addition to a minimum energy-savings goal of at least one~~  
18.12 ~~percent for energy conservation improvements.~~ Energy savings from electric utility  
18.13 infrastructure projects, as defined in section 216B.1636, may be included in the energy  
18.14 conservation plan of a municipal utility or cooperative electric association. Electric utility

19.8 ~~infrastructure projects must result in increased energy efficiency greater than that which~~  
19.9 ~~would have occurred through normal maintenance activity.~~

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

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

19.16 ~~(f) An association or~~ (c) A public utility is not required to make energy conservation  
19.17 investments to attain the energy-savings goals of this subdivision that are not cost-effective  
19.18 even if the investment is necessary to attain the energy-savings goals. For the purpose of  
19.19 this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the  
19.20 costs and benefits to ratepayers, the utility, participants, and society. ~~In addition, the~~  
19.21 ~~commissioner shall consider;~~ (2) the rate at which ~~an association or municipal~~ a public  
19.22 utility is increasing both its energy savings and its expenditures on energy conservation;  
19.23 and (3) the public utility's lifetime energy savings and cumulative energy savings.

19.24 ~~(g) (f) On an annual basis, the commissioner shall produce and make publicly available~~  
19.25 ~~a report on the annual energy and capacity savings and estimated carbon dioxide reductions~~  
19.26 ~~achieved by the energy conservation improvement programs under this section and section~~  
19.27 ~~216B.2403 for the two most recent years for which data is available. The report must also~~  
19.28 ~~include information regarding any annual energy sales or generation capacity increases~~  
19.29 ~~resulting from efficient fuel-switching improvements. The commissioner shall report on~~  
19.30 ~~program performance both in the aggregate and for each entity filing an energy conservation~~  
19.31 ~~improvement plan for approval or review by the commissioner, and must estimate progress~~  
19.32 ~~made toward the statewide energy-savings goal under section 216B.2401.~~

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

20.4 (i) This subdivision does not apply to:

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

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

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

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

18.15 ~~infrastructure projects must result in increased energy efficiency greater than that which~~  
18.16 ~~would have occurred through normal maintenance activity.~~

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

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

18.23 ~~(f) An association or~~ (c) A public utility is not required to make energy conservation  
18.24 investments to attain the energy-savings goals of this subdivision that are not cost-effective  
18.25 even if the investment is necessary to attain the energy-savings goals. For the purpose of  
18.26 this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the  
18.27 costs and benefits to ratepayers, the utility, participants, and society. ~~In addition, the~~  
18.28 ~~commissioner shall consider;~~ (2) the rate at which ~~an association or municipal~~ a public  
18.29 utility is increasing both its energy savings and its expenditures on energy conservation;  
18.30 and (3) the public utility's lifetime energy savings and cumulative energy savings.

18.31 ~~(g) (f) On an annual basis, the commissioner shall produce and make publicly available~~  
18.32 ~~a report on the annual energy and capacity savings and estimated carbon dioxide reductions~~  
18.33 ~~achieved by the energy conservation improvement programs under this section and section~~  
18.34 ~~216B.2403 for the two most recent years for which data is available. The report must also~~  
19.1 ~~include information regarding any annual energy sales or generation capacity increases~~  
19.2 ~~resulting from efficient fuel-switching improvements. The commissioner shall report on~~  
19.3 ~~program performance both in the aggregate and for each entity filing an energy conservation~~  
19.4 ~~improvement plan for approval or review by the commissioner, and must estimate progress~~  
19.5 ~~made toward the statewide energy-savings goal under section 216B.2401.~~

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

19.9 (i) This subdivision does not apply to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20.18 The guidelines must be issued by the commissioner by order no later than March 15, 2021,  
20.19 and must be updated as the commissioner determines is necessary.

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

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

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

21.20 (b) The commissioner of administration and the commissioner of commerce shall maintain  
21.21 and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section  
21.22 3, so that all public buildings can use the benchmarking tool to maintain energy use  
21.23 information for the purposes of establishing energy efficiency benchmarks, tracking building  
21.24 performance, and measuring the results of energy efficiency and conservation improvements.

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

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

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

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

22.6 Subd. 1g. **Manner of filing and service.** (a) A public utility, ~~generation and transmission  
22.7 cooperative electric association, municipal power agency, cooperative electric association,  
22.8 and municipal utility~~ shall submit filings to the department via the department's electronic  
22.9 filing system. The commissioner may approve an exemption from this requirement in the  
22.10 event ~~an affected a public utility or association~~ is unable to submit filings via the department's  
22.11 electronic filing system. All other interested parties shall submit filings to the department  
22.12 via the department's electronic filing system whenever practicable but may also file by  
22.13 personal delivery or by mail.

22.14 (b) Submission of a document to the department's electronic filing system constitutes  
22.15 service on the department. Where department rule requires service of a notice, order, or  
22.16 other document by the department, ~~public utility, association,~~ or interested party upon  
22.17 persons on a service list maintained by the department, service may be made by personal  
22.18 delivery, mail, or electronic service, except that electronic service may only be made upon  
22.19 persons on the service list who have previously agreed in writing to accept electronic service  
22.20 at an electronic address provided to the department for electronic service purposes.

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

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

20.25 (b) The commissioner of administration and the commissioner of commerce shall maintain  
20.26 and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section  
20.27 3, so that all public buildings can use the benchmarking tool to maintain energy use  
20.28 information for the purposes of establishing energy efficiency benchmarks, tracking building  
20.29 performance, and measuring the results of energy efficiency and conservation improvements.

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

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

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

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

21.11 Subd. 1g. **Manner of filing and service.** (a) A public utility, ~~generation and transmission  
21.12 cooperative electric association, municipal power agency, cooperative electric association,  
21.13 and municipal utility~~ shall submit filings to the department via the department's electronic  
21.14 filing system. The commissioner may approve an exemption from this requirement in the  
21.15 event ~~an affected public utility or association~~ is unable to submit filings via the department's  
21.16 electronic filing system. All other interested parties shall submit filings to the department  
21.17 via the department's electronic filing system whenever practicable but may also file by  
21.18 personal delivery or by mail.

21.19 (b) Submission of a document to the department's electronic filing system constitutes  
21.20 service on the department. Where department rule requires service of a notice, order, or  
21.21 other document by the department, ~~public utility, association,~~ or interested party upon  
21.22 persons on a service list maintained by the department, service may be made by personal  
21.23 delivery, mail, or electronic service, except that electronic service may only be made upon  
21.24 persons on the service list who have previously agreed in writing to accept electronic service  
21.25 at an electronic address provided to the department for electronic service purposes.

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

22.22 Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

22.23 Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a)

22.24 The commissioner may require a public ~~utilities~~ utility to make investments and expenditures

22.25 in energy conservation improvements, explicitly setting forth the interest rates, prices, and

22.26 terms under which the improvements must be offered to the customers. ~~The required~~

22.27 ~~programs must cover no more than a three-year period.~~

22.28 (b) A public ~~utilities~~ utility shall file an energy conservation ~~improvement plans and~~

22.29 ~~optimization plan~~ by June 1, on a schedule determined by order of the commissioner, but

22.30 at least every three years. ~~Plans received~~ As provided in subdivisions 11 to 13, plans may

22.31 include programs for efficient fuel-switching improvements and load management. An

22.32 individual utility program may combine elements of energy conservation, load management,

23.1 or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative

23.2 lifetime energy savings projected to be achieved under the plan. A plan filed by a public

23.3 utility by June 1 must be approved or approved as modified by the commissioner by

23.4 December 1 of that same year.

23.5 (c) The commissioner shall evaluate the ~~program plan~~ on the basis of cost-effectiveness

23.6 and the reliability of technologies employed. The commissioner's order must provide to the

23.7 extent practicable for a free choice, by consumers participating in ~~the~~ an energy conservation

23.8 program, of the device, method, material, or project constituting the energy conservation

23.9 improvement and for a free choice of the seller, installer, or contractor of the energy

23.10 conservation improvement, provided that the device, method, material, or project seller,

23.11 installer, or contractor is duly licensed, certified, approved, or qualified, including under

23.12 the residential conservation services program, where applicable.

23.13 ~~(b)~~ (d) The commissioner may require a utility subject to subdivision 1c to make an

23.14 energy conservation improvement investment or expenditure whenever the commissioner

23.15 finds that the improvement will result in energy savings at a total cost to the utility less than

23.16 the cost to the utility to produce or purchase an equivalent amount of new supply of energy.

23.17 ~~The commissioner shall nevertheless ensure that every public utility operate one or more~~

23.18 ~~programs under periodic review by the department.~~

23.19 ~~(c)~~ (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually

23.20 up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation

23.21 improvements under this section by the public utility on research and development projects

23.22 that meet the definition of energy conservation improvement in ~~subdivision 1~~ and that are

23.23 ~~funded directly by the public utility.~~

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

21.27 Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

21.28 Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a)

21.29 The commissioner may require a public ~~utilities~~ utility to make investments and expenditures

21.30 in energy conservation improvements, explicitly setting forth the interest rates, prices, and

21.31 terms under which the improvements must be offered to the customers. ~~The required~~

21.32 ~~programs must cover no more than a three-year period.~~

22.1 (b) A public ~~utilities~~ utility shall file an energy conservation ~~improvement plans and~~

22.2 ~~optimization plan~~ by June 1, on a schedule determined by order of the commissioner, but

22.3 at least every three years. ~~Plans received~~ As provided in subdivisions 11 to 13, plans may

22.4 include programs for efficient fuel-switching improvements and load management. An

22.5 individual utility program may combine elements of energy conservation, load management,

22.6 or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative

22.7 lifetime energy savings projected to be achieved under the plan. A plan filed by a public

22.8 utility by June 1 must be approved or approved as modified by the commissioner by

22.9 December 1 of that same year. Notwithstanding any provision to the contrary, until July 1,

22.10 2028, spending on efficient fuel-switching improvements made under this section for a

22.11 public utility must not exceed .35 percent per year, averaged over a three-year period, of

22.12 the public utility's gross annual retail energy sales.

22.13 (c) The commissioner shall evaluate the ~~program plan~~ on the basis of cost-effectiveness

22.14 and the reliability of technologies employed. The commissioner's order must provide to the

22.15 extent practicable for a free choice, by consumers participating in ~~the~~ an energy conservation

22.16 program, of the device, method, material, or project constituting the energy conservation

22.17 improvement and for a free choice of the seller, installer, or contractor of the energy

22.18 conservation improvement, provided that the device, method, material, or project seller,

22.19 installer, or contractor is duly licensed, certified, approved, or qualified, including under

22.20 the residential conservation services program, where applicable.

22.21 ~~(b)~~ (d) The commissioner may require a utility subject to subdivision 1c to make an

22.22 energy conservation improvement investment or expenditure whenever the commissioner

22.23 finds that the improvement will result in energy savings at a total cost to the utility less than

22.24 the cost to the utility to produce or purchase an equivalent amount of new supply of energy.

22.25 ~~The commissioner shall nevertheless ensure that every public utility operate one or more~~

22.26 ~~programs under periodic review by the department.~~

22.27 ~~(c)~~ (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually

22.28 up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation

22.29 improvements under this section by the public utility on research and development projects

22.30 that meet the definition of energy conservation improvement in ~~subdivision 1~~ and that are

22.31 ~~funded directly by the public utility.~~

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

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

23.30 ~~(e)~~ (g) A public utility, a political subdivision, or a nonprofit or community organization  
23.31 that has suggested ~~a~~ an energy conservation program, the attorney general acting on behalf  
23.32 of consumers and small business interests, or a public utility customer that has suggested ~~a~~  
23.33 an energy conservation program and is not represented by the attorney general under section  
23.34 8.33 may petition the commission to modify or revoke a department decision under this  
24.1 section, and the commission may do so if it determines that the energy conservation program  
24.2 is not cost-effective, does not adequately address the residential conservation improvement  
24.3 needs of low-income persons, has a long-range negative effect on one or more classes of  
24.4 customers, or is otherwise not in the public interest. The commission shall reject a petition  
24.5 that, on its face, fails to make a reasonable argument that ~~a~~ an energy conservation program  
24.6 is not in the public interest.

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

24.15 ~~(g) A gas utility may not spend for or invest in energy conservation improvements that~~  
24.16 ~~directly benefit a large customer facility or commercial gas customer facility for which the~~  
24.17 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or~~  
24.18 ~~(e). The commissioner shall consider and may require a utility to undertake a program~~  
24.19 ~~suggested by an outside source, including a political subdivision, a nonprofit corporation,~~  
24.20 ~~or a community organization.~~

24.21 (i) The energy conservation and optimization plan of each public utility subject to this  
24.22 section must include activities to improve energy efficiency in public schools served by the  
24.23 utility. As applicable to each public utility, at a minimum the activities must include programs  
24.24 to increase the efficiency of the school's lighting and heating and cooling systems, and to  
24.25 provide for building recommissioning, building operator training, and opportunities to  
24.26 educate students, teachers, and staff regarding energy efficiency measures implemented at  
24.27 the school.

24.28 (j) The commissioner may require investments or spending greater than the amounts  
24.29 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose

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

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

23.4 ~~(e)~~ (g) A public utility, a political subdivision, or a nonprofit or community organization  
23.5 that has suggested ~~a~~ an energy conservation program, the attorney general acting on behalf  
23.6 of consumers and small business interests, or a public utility customer that has suggested ~~a~~  
23.7 an energy conservation program and is not represented by the attorney general under section  
23.8 8.33 may petition the commission to modify or revoke a department decision under this  
23.9 section, and the commission may do so if it determines that the energy conservation program  
23.10 is not cost-effective, does not adequately address the residential conservation improvement  
23.11 needs of low-income persons, has a long-range negative effect on one or more classes of  
23.12 customers, or is otherwise not in the public interest. The commission shall reject a petition  
23.13 that, on its face, fails to make a reasonable argument that ~~a~~ an energy conservation program  
23.14 is not in the public interest.

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

23.23 ~~(g) A gas utility may not spend for or invest in energy conservation improvements that~~  
23.24 ~~directly benefit a large customer facility or commercial gas customer facility for which the~~  
23.25 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or~~  
23.26 ~~(e). The commissioner shall consider and may require a utility to undertake a program~~  
23.27 ~~suggested by an outside source, including a political subdivision, a nonprofit corporation,~~  
23.28 ~~or a community organization.~~

23.29 (i) The energy conservation and optimization plan of each public utility subject to this  
23.30 section must include activities to improve energy efficiency in public schools served by the  
23.31 utility. As applicable to each public utility, at a minimum the activities must include programs  
23.32 to increase the efficiency of the school's lighting and heating and cooling systems, and to  
23.33 provide for building recommissioning, building operator training, and opportunities to  
23.34 educate students, teachers, and staff regarding energy efficiency measures implemented at  
23.35 the school.

24.1 (j) The commissioner may require investments or spending greater than the amounts  
24.2 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose

24.30 most recent advanced forecast required under section 216B.2422 projects a peak demand  
24.31 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

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

25.2 Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to  
25.3 recover expenses resulting from ~~a an energy conservation improvement program required~~  
25.4 ~~and optimization plan approved~~ by the department under this section and contributions and  
25.5 assessments to the energy and conservation account, unless the recovery would be  
25.6 inconsistent with a financial incentive proposal approved by the commission. ~~The commission~~  
25.7 ~~shall allow a cooperative electric association subject to rate regulation under section~~  
25.8 ~~216B.026, to recover expenses resulting from energy conservation improvement programs,~~  
25.9 ~~load management programs, and assessments and contributions to the energy and~~  
25.10 ~~conservation account unless the recovery would be inconsistent with a financial incentive~~  
25.11 ~~proposal approved by the commission. In addition,~~

25.12 (b) A public utility may file annually, or the Public Utilities Commission may require  
25.13 the public utility to file, and the commission may approve, rate schedules containing  
25.14 provisions for the automatic adjustment of charges for utility service in direct relation to  
25.15 changes in the expenses of the public utility for real and personal property taxes, fees, and  
25.16 permits, the amounts of which the public utility cannot control. A public utility is eligible  
25.17 to file for adjustment for real and personal property taxes, fees, and permits under this  
25.18 subdivision only if, in the year previous to the year in which it files for adjustment, it has  
25.19 spent or invested at least 1.75 percent of its gross revenues from provision of electric service,  
25.20 excluding gross operating revenues from electric service provided in the state to large electric  
25.21 customer facilities for which the commissioner has issued an exemption under subdivision  
25.22 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,  
25.23 excluding gross operating revenues from gas services provided in the state to large electric  
25.24 customer facilities for which the commissioner has issued an exemption under subdivision  
25.25 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

25.27 Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

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

26.1 ~~The~~ (b) A public utility has no liability for loss, damage or injury caused directly or  
26.2 indirectly by ~~an~~ a preweatherization measure or energy conservation improvement except

24.3 most recent advanced forecast required under section 216B.2422 projects a peak demand  
24.4 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

24.6 Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

24.7 Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to  
24.8 recover expenses resulting from ~~a an energy conservation improvement program required~~  
24.9 ~~and optimization plan approved~~ by the department under this section and contributions and  
24.10 assessments to the energy and conservation account, unless the recovery would be  
24.11 inconsistent with a financial incentive proposal approved by the commission. ~~The commission~~  
24.12 ~~shall allow a cooperative electric association subject to rate regulation under section~~  
24.13 ~~216B.026, to recover expenses resulting from energy conservation improvement programs,~~  
24.14 ~~load management programs, and assessments and contributions to the energy and~~  
24.15 ~~conservation account unless the recovery would be inconsistent with a financial incentive~~  
24.16 ~~proposal approved by the commission. In addition,~~

24.17 (b) A public utility may file annually, or the Public Utilities Commission may require  
24.18 the public utility to file, and the commission may approve, rate schedules containing  
24.19 provisions for the automatic adjustment of charges for utility service in direct relation to  
24.20 changes in the expenses of the public utility for real and personal property taxes, fees, and  
24.21 permits, the amounts of which the public utility cannot control. A public utility is eligible  
24.22 to file for adjustment for real and personal property taxes, fees, and permits under this  
24.23 subdivision only if, in the year previous to the year in which it files for adjustment, it has  
24.24 spent or invested at least 1.75 percent of its gross revenues from provision of electric service,  
24.25 excluding gross operating revenues from electric service provided in the state to large electric  
24.26 customer facilities for which the commissioner has issued an exemption under subdivision  
24.27 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,  
24.28 excluding gross operating revenues from gas services provided in the state to large electric  
24.29 customer facilities for which the commissioner has issued an exemption under subdivision  
24.30 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

25.1 Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

25.2 Subd. 3. **Ownership of preweatherization measure or energy conservation**  
25.3 **improvement.** ~~An~~ A preweatherization measure or energy conservation improvement made  
25.4 to or installed in a building in accordance with this section, except systems owned by ~~the~~ a  
25.5 public utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive  
25.6 property of the owner of the building except to the extent that the improvement is subjected  
25.7 to a security interest in favor of the public utility in case of a loan to the building owner.  
25.8 ~~The~~ public utility has no liability for loss, damage or injury caused directly or indirectly by  
25.9 ~~an~~ a preweatherization measure or energy conservation improvement except for negligence  
25.10 by the utility in purchase, installation, or modification of the product.

26.3 for negligence by the utility in ~~purchase, installation, or modification of the product,~~  
26.4 ~~purchasing, installing, or modifying a preweatherization measure or energy conservation~~  
26.5 ~~improvement.~~

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

26.7 Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

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

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

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

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

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

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

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

25.12 Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

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

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

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

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

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

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

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

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

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

27.16 Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

27.17 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public  
27.18 utility ~~and association~~ subject to subdivision 1c provides low-income energy conservation  
27.19 programs to low-income households. When approving spending and energy-savings goals  
27.20 for low-income programs, the commissioner shall consider historic spending and participation  
27.21 levels, energy savings ~~for achieved by~~ low-income programs, and the number of low-income  
27.22 persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service~~  
27.23 ~~must spend at least 0.2 percent, and a public utility furnishing gas service must spend at~~  
27.24 ~~least 0.4 0.8 percent, of its most recent three-year average gross operating revenue from~~  
27.25 ~~residential customers in the state on low-income programs. A public utility or association~~  
27.26 ~~that furnishes electric service must spend at least 0.4 0.4 percent of its gross operating~~  
27.27 ~~revenue from residential customers in the state on low-income programs. For a generation~~  
27.28 ~~and transmission cooperative association, this requirement shall apply to each association's~~  
27.29 ~~members' aggregate gross operating revenue from sale of electricity to residential customers~~  
27.30 ~~in the state. Beginning in 2010, a utility or association that furnishes electric service must~~  
27.31 ~~spend 0.2 percent of its gross operating revenue from residential customers in the state on~~  
27.32 ~~low-income programs.~~

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

28.7 (c) The commissioner shall establish low-income energy conservation programs to utilize  
28.8 ~~money contributed~~ contributions made to the energy and conservation account under  
28.9 paragraph (b). In establishing low-income programs, the commissioner shall consult political  
28.10 subdivisions, utilities, and nonprofit and community organizations, especially organizations  
28.11 ~~engaged in providing energy and weatherization assistance to low-income persons~~  
28.12 ~~households. Money contributed~~ Contributions made to the energy and conservation account  
28.13 under paragraph (b) must provide programs for low-income ~~persons~~ households, including  
28.14 low-income renters, in the service territory of the public utility or association providing the  
28.15 money. The commissioner shall record and report expenditures and energy savings achieved

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

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

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

26.22 Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

26.23 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public  
26.24 utility ~~and association~~ subject to subdivision 1c provides low-income energy conservation  
26.25 programs to low-income households. When approving spending and energy-savings goals  
26.26 for low-income programs, the commissioner shall consider historic spending and participation  
26.27 levels, energy savings ~~for achieved by~~ low-income programs, and the number of low-income  
26.28 persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service~~  
26.29 ~~must spend at least 0.2 percent, and a public utility furnishing gas service must spend at~~  
26.30 ~~least 0.4 0.8 percent, of its most recent three-year average gross operating revenue from~~  
26.31 ~~residential customers in the state on low-income programs. A public utility or association~~  
26.32 ~~that furnishes electric service must spend at least 0.4 0.4 percent of its gross operating~~  
26.33 ~~revenue from residential customers in the state on low-income programs. For a generation~~  
27.1 ~~and transmission cooperative association, this requirement shall apply to each association's~~  
27.2 ~~members' aggregate gross operating revenue from sale of electricity to residential customers~~  
27.3 ~~in the state. Beginning in 2010, a utility or association that furnishes electric service must~~  
27.4 ~~spend 0.2 percent of its gross operating revenue from residential customers in the state on~~  
27.5 ~~low-income programs.~~

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

27.12 (c) The commissioner shall establish low-income energy conservation programs to utilize  
27.13 ~~money contributed~~ contributions made to the energy and conservation account under  
27.14 paragraph (b). In establishing low-income programs, the commissioner shall consult political  
27.15 subdivisions, utilities, and nonprofit and community organizations, especially organizations  
27.16 ~~engaged in providing energy and weatherization assistance to low-income persons~~  
27.17 ~~households. Money contributed~~ Contributions made to the energy and conservation account  
27.18 under paragraph (b) must provide programs for low-income ~~persons~~ households, including  
27.19 low-income renters, in the service territory of the public utility or association providing the  
27.20 money. The commissioner shall record and report expenditures and energy savings achieved

28.16 as a result of low-income programs funded through the energy and conservation account in  
28.17 the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract  
28.18 with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~  
28.19 or ~~cooperative electric association~~ consumer-owned utility to implement low-income  
28.20 programs funded through the energy and conservation account.

28.21 (d) A public utility ~~or association~~ may petition the commissioner to modify its required  
28.22 spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been  
28.23 unable to expend the amount required under paragraph (a) for three consecutive years.

28.24 (e) The commissioner must develop and establish guidelines to determine the eligibility  
28.25 of multifamily buildings to participate in low-income energy conservation programs.  
28.26 Notwithstanding the definition of low-income household in section 216B.2402, for purposes  
28.27 of determining the eligibility of multifamily buildings for low-income programs, a public  
28.28 utility may apply the most recent guidelines published by the department. The commissioner  
28.29 must convene a stakeholder group to review and update guidelines by July 1, 2022, and at  
28.30 least once every five years thereafter. The stakeholder group must include but is not limited  
28.31 to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal  
28.32 electric or gas utilities; electric cooperative associations; multifamily housing owners and  
28.33 developers; and low-income advocates.

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

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

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

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

27.21 as a result of low-income programs funded through the energy and conservation account in  
27.22 the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract  
27.23 with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~  
27.24 or ~~cooperative electric association~~ consumer-owned utility to implement low-income  
27.25 programs funded through the energy and conservation account.

27.26 (d) A public utility ~~or association~~ may petition the commissioner to modify its required  
27.27 spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been  
27.28 unable to expend the amount required under paragraph (a) for three consecutive years.

27.29 (e) The commissioner must develop and establish guidelines to determine the eligibility  
27.30 of multifamily buildings to participate in low-income energy conservation programs.  
27.31 Notwithstanding the definition of low-income household in section 216B.2402, for purposes  
27.32 of determining the eligibility of multifamily buildings for low-income programs, a public  
27.33 utility may apply the most recent guidelines published by the department. The commissioner  
27.34 must convene a stakeholder group to review and update guidelines by July 1, 2021, and at  
27.35 least once every five years thereafter. The stakeholder group must include but is not limited  
28.1 to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal  
28.2 electric or gas utilities; electric cooperative associations; multifamily housing owners and  
28.3 developers; and low-income advocates.

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

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

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

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

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

29.23 Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

29.24 Subd. 8. **Assessment.** The commission or department may assess public utilities subject  
29.25 to this section in proportion to their respective to carry out the purposes of subdivisions 1d,  
29.26 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's  
29.27 gross operating revenue from sales of gas or electric service within the state Minnesota  
29.28 during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those  
29.29 assessments, as applicable. Assessments made under this subdivision are not subject to the  
29.30 cap on assessments provided by section 216B.62, or any other law.

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

30.1 Sec. 17. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
30.2 to read:

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

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

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

30.22 (d) A fuel-switching improvement is deemed efficient if, applying the technical criteria  
30.23 established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets  
30.24 the following criteria, relative to the fuel that is being displaced:

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

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

28.26 Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

28.27 Subd. 8. **Assessment.** The commission or department may assess public utilities subject  
28.28 to this section in proportion to their respective gross operating revenue from sales of gas or  
28.29 electric service within the state during the last calendar year to carry out the purposes of  
28.30 subdivisions 1d, 1e, and 1f. Those assessments are not subject to the cap on assessments  
28.31 provided by section 216B.62, or any other law.

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

29.1 Sec. 16. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
29.2 to read:

29.3 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities. (a)**  
29.4 On or after June 1, 2023, a public utility providing electric service at retail may include in  
29.5 the plan required under subdivision 2 programs to implement efficient fuel-switching  
29.6 improvements or combinations of energy conservation improvements, fuel-switching  
29.7 improvements, and load management. For each program, the public utility must provide a  
29.8 proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy  
29.9 and demand savings.

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

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

29.23 (d) A fuel-switching improvement is deemed efficient if, applying the technical criteria  
29.24 established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets  
29.25 the following criteria, relative to the fuel that is being displaced:

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

30.27 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section  
30.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
30.29 improvement installed by an electric utility, the reduction in emissions must be measured  
30.30 based on the hourly emission profile of the electric utility, using the hourly emissions profile  
30.31 in the most recent resource plan approved by the commission under section 216B.2422;

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

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

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

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

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

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

31.15 (1) the electric technology to be installed meets the criteria established under section  
31.16 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

31.19 (b) If a program is approved by the commission under this subdivision, the public utility  
31.20 may count the program's energy savings toward its energy savings goal under section  
31.21 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient  
31.22 fuel-switching achieved through programs approved under this subdivision is energy  
31.23 conservation.

31.24 (c) A public utility may file rate schedules with the commission that provide annual  
31.25 cost-recovery for programs approved by the department under this subdivision, including  
31.26 reasonable and prudent costs to implement and promote the programs.

31.27 (d) The commission may approve, modify, or reject a proposal made by the department  
31.28 or a utility for an incentive plan to encourage efficient fuel-switching programs approved  
31.29 under this subdivision, applying the considerations established under section 216B.16,  
31.30 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive

29.28 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section  
29.29 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
29.30 improvement installed by an electric utility, the reduction in emissions must be measured  
29.31 based on the hourly emission profile of the electric utility, using the hourly emissions profile  
29.32 in the most recent resource plan approved by the commission under section 216B.2422;

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

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

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

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

30.6 Sec. 17. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision  
30.7 to read:

30.8 Subd. 12. **Programs for efficient fuel-switching improvements; natural gas**  
30.9 **utilities.** (a) ~~On or after June 1, 2023,~~ as part of a public utility's plan filed under subdivision  
30.10 2, a public utility that provides natural gas service to Minnesota retail customers may propose  
30.11 one or more programs to install electric technologies that reduce the consumption of natural  
30.12 gas by the utility's retail customers as an energy conservation improvement. The  
30.13 commissioner may approve a proposed program if the commissioner, applying the technical  
30.14 criteria developed under section 216B.241, subdivision 1d, paragraph (b), determines that:

30.15 (1) the electric technology to be installed meets the criteria established under section  
30.16 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

30.19 (b) If a program is approved by the commission under this subdivision, the public utility  
30.20 may count the program's energy savings toward its energy savings goal under section  
30.21 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient  
30.22 fuel-switching achieved through programs approved under this subdivision is energy  
30.23 conservation.

30.24 (c) A public utility may file rate schedules with the commission that provide annual  
30.25 cost-recovery for programs approved by the department under this subdivision, including  
30.26 reasonable and prudent costs to implement and promote the programs.

30.27 (d) The commission may approve, modify, or reject a proposal made by the department  
30.28 or a utility for an incentive plan to encourage efficient fuel-switching programs approved  
30.29 under this subdivision, applying the considerations established under section 216B.16,  
30.30 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive

31.31 mechanism that is calculated based on the combined energy savings and net benefits that  
31.32 the commission has determined have been achieved by a program approved under this  
32.1 subdivision, provided the commission determines that the financial incentive mechanism  
32.2 is in the ratepayers' interest.

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

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

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

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

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

32.19 (c) A public utility providing retail service to Minnesota customers may file rate schedules  
32.20 with the commission that provide for annual cost recovery of reasonable and prudent costs  
32.21 incurred to implement and promote cost-effective load management programs approved by  
32.22 the department under this subdivision.

32.23 (d) When determining whether to approve, modify, or reject a proposal made by the  
32.24 department or a public utility for an incentive plan to encourage investments in load  
32.25 management programs, the commission must consider whether the plan:

32.26 (1) is needed to increase the public utility's investment in cost-effective load management;  
32.27 (2) is compatible with the interest of the public utility's ratepayers; and

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

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

33.1 (f) The commission may include the net benefits from a load management activity  
33.2 integrated with an energy efficiency program approved under this section in the net benefits

30.31 mechanism that is calculated based on the combined energy savings and net benefits that  
30.32 the commission has determined have been achieved by a program approved under this  
31.1 subdivision, provided the commission determines that the financial incentive mechanism  
31.2 is in the ratepayers' interest.

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

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

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

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

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

31.19 (c) A public utility providing retail **electric** service to Minnesota customers may file rate  
31.20 schedules with the commission that provide for annual cost recovery of reasonable and  
31.21 prudent costs incurred to implement and promote cost-effective load management programs  
31.22 approved by the department under this subdivision.

31.23 (d) **The commission may** approve, modify, or reject a proposal made by the department  
31.24 or a public utility for an incentive plan to encourage investments in load management  
31.25 programs **if the commission determines that the program:**

31.26 (1) is needed to increase the public utility's investment in cost-effective load management;  
31.27 (2) is compatible with the interest of the public utility's ratepayers; and

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

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

32.1 (f) The commission may include the net benefits from a load management activity  
32.2 integrated with an energy efficiency program approved under this section in the net benefits

33.3 of the energy efficiency program for purposes of a financial incentive program under section  
33.4 216B.16, subdivision 6c, if the department determines the primary purpose of the load  
33.5 management activity is energy efficiency.

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

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

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

33.12 Sec. 20. **REPEALER.**

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

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

32.3 of the energy efficiency program for purposes of a financial incentive program under section  
32.4 216B.16, subdivision 6c, if the department determines the primary purpose of the load  
32.5 management activity is energy efficiency.

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

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

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

32.12 Sec. 19. **REPEALER.**

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

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