

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 972

(SENATE AUTHORS: DAHMS and Senjem)

DATE	D-PG	OFFICIAL STATUS
02/11/2021	342	Introduction and first reading Referred to Commerce and Consumer Protection Finance and Policy
04/06/2021	1196a	Comm report: To pass as amended and re-refer to Finance
04/07/2021	1312	Author added Senjem
04/12/2021	1931a	Comm report: To pass as amended
	2264	Second reading
04/14/2021		Special Order: Amended Third reading Passed

1.1 A bill for an act

1.2 relating to commerce and energy; appropriating money for the Department of

1.3 Commerce; modifying the evaluation process for mandated health benefit proposals;

1.4 requiring the commissioner of commerce to apply for continuation of the state

1.5 innovation waiver; establishing a revolving loan fund for energy conservation

1.6 improvements in state buildings; establishing the Minnesota efficient technology

1.7 accelerator; authorizing a power purchase agreement for certain electric

1.8 cogeneration activities; encouraging natural gas utilities to develop innovative

1.9 resources; establishing a program to provide financial incentives for the production

1.10 of wood pellets; abolishing prohibition on issuing certificate of need for new

1.11 nuclear power plant; establishing a program to promote the use of solar energy on

1.12 school buildings; establishing a process to compensate businesses for loss of

1.13 business opportunity resulting from sale and closure of a biomass energy plant;

1.14 authorizing a local exchange carrier to elect competitive market regulation under

1.15 certain conditions; appropriating money; requiring reports; amending Minnesota

1.16 Statutes 2020, sections 16B.86; 16B.87; 62J.03, subdivision 4; 62J.26, subdivisions

1.17 1, 2, 3, 4, 5; 116C.779, subdivision 1; 116C.7792; 216B.1691, subdivision 2f;

1.18 216B.241, by adding a subdivision; 216B.2422, by adding a subdivision;

1.19 216B.2424, by adding subdivisions; 216B.243, subdivision 3b; 237.025,

1.20 subdivisions 6, 9; Laws 2017, chapter 13, article 1, section 15, as amended;

1.21 proposing coding for new law in Minnesota Statutes, chapters 216B; 216C;

1.22 repealing Minnesota Statutes 2020, sections 115C.13; 216C.417; Laws 2005,

1.23 chapter 97, article 10, section 3, as amended.

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

1.25 **ARTICLE 1**

1.26 **COMMERCE AND CONSUMER PROTECTION AND ENERGY AND UTILITIES**

1.27 **FINANCE**

1.28 Section 1. APPROPRIATIONS.

1.29 (a) The sums shown in the columns marked "Appropriations" are appropriated to the

1.30 agencies and for the purposes specified in this article. The appropriations are from the

1.31 general fund, or another named fund, and are available for the fiscal years indicated for

2.1 each purpose. The figures "2022" and "2023" used in this article mean that the appropriations
 2.2 listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023,
 2.3 respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The
 2.4 biennium" is fiscal years 2022 and 2023.

2.5 (b) If an appropriation in this article is enacted more than once in the 2021 regular or
 2.6 special legislative sessions, the appropriation must be given effect only once.

2.7		<u>APPROPRIATIONS</u>
2.8		<u>Available for the Year</u>
2.9		<u>Ending June 30</u>
2.10		<u>2022</u> <u>2023</u>

2.11 **Sec. 2. DEPARTMENT OF COMMERCE**

2.12	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>31,007,000</u>	<u>\$</u>	<u>28,841,000</u>
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2.13	<u>Appropriations by Fund</u>		
2.14	<u>2022</u>	<u>2023</u>	
2.15	<u>General</u>	<u>27,130,000</u>	<u>26,020,000</u>
2.16	<u>Workers'</u>		
2.17	<u>Compensation</u>	<u>761,000</u>	<u>761,000</u>
2.18	<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>
2.19	<u>Petroleum Tank</u>	<u>1,056,000</u>	<u>-0-</u>

2.20 The amounts that may be spent for each
 2.21 purpose are specified in the following
 2.22 subdivisions.

2.23	<u>Subd. 2. Telecommunications</u>	<u>3,107,000</u>	<u>3,107,000</u>
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2.24	<u>Appropriations by Fund</u>		
2.25	<u>General</u>	<u>1,047,000</u>	<u>1,047,000</u>
2.26	<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>

2.27 \$2,060,000 each year is from the
 2.28 telecommunications access Minnesota fund
 2.29 account in the special revenue fund for the
 2.30 following transfers. This appropriation is
 2.31 added to the department's base:

2.32 (1) \$1,620,000 each year is to the
 2.33 commissioner of human services to
 2.34 supplement the ongoing operational expenses
 2.35 of the Commission of Deaf, DeafBlind, and

3.1 Hard-of-Hearing Minnesotans. This
 3.2 appropriation is available until June 30, 2023,
 3.3 and any unexpended amount on that date must
 3.4 be returned to the telecommunications access
 3.5 Minnesota fund;

3.6 (2) \$290,000 each year is to the chief
 3.7 information officer for the purpose of
 3.8 coordinating technology accessibility and
 3.9 usability;

3.10 (3) \$100,000 each year is to the Legislative
 3.11 Coordinating Commission for captioning of
 3.12 legislative coverage. This transfer is subject
 3.13 to Minnesota Statutes, section 16A.281; and

3.14 (4) \$50,000 each year is to the Office of
 3.15 MN.IT Services for a consolidated access fund
 3.16 to provide grants or services to other state
 3.17 agencies related to accessibility of their
 3.18 web-based services.

3.19 **Subd. 3. Energy Resources** 4,380,000 4,380,000

3.20 (a) \$150,000 each year is to remediate
 3.21 vermiculate insulation from households that
 3.22 are eligible for weatherization assistance under
 3.23 Minnesota's weatherization assistance program
 3.24 state plan under Minnesota Statutes, section
 3.25 216C.264. Remediation must be done in
 3.26 conjunction with federal weatherization
 3.27 assistance program services.

3.28 (b) \$832,000 each year is for energy regulation
 3.29 and planning unit staff.

3.30 **Subd. 4. Petroleum Tank Release Compensation**
 3.31 **Board** 1,056,000 -0-

3.32 This appropriation is from the petroleum tank
 3.33 fund to account for base adjustments provided
 3.34 in Minnesota Statutes, section 115C.13.

4.1	<u>Subd. 5. Financial Institutions</u>	<u>1,390,000</u>	<u>1,390,000</u>
4.2	<u>\$400,000 each year is for a grant to Prepare</u>		
4.3	<u>and Prosper to develop, market, evaluate, and</u>		
4.4	<u>distribute a financial services inclusion</u>		
4.5	<u>program that (1) assists low-income and</u>		
4.6	<u>financially underserved populations to build</u>		
4.7	<u>savings and strengthen credit, and (2) provides</u>		
4.8	<u>services to assist low-income and financially</u>		
4.9	<u>underserved populations to become more</u>		
4.10	<u>financially stable and secure. Money</u>		
4.11	<u>remaining after the first year is available for</u>		
4.12	<u>the second year.</u>		
4.13	<u>Subd. 6. Administrative Services</u>	<u>9,122,000</u>	<u>8,498,000</u>
4.14	<u>(a) \$384,000 each year is for additional</u>		
4.15	<u>compliance efforts with unclaimed property.</u>		
4.16	<u>The commissioner may issue contracts for</u>		
4.17	<u>these services.</u>		
4.18	<u>(b) \$5,000 each year is for Real Estate</u>		
4.19	<u>Appraisal Advisory Board compensation</u>		
4.20	<u>pursuant to Minnesota Statutes, section</u>		
4.21	<u>82B.073, subdivision 2a.</u>		
4.22	<u>(c) \$350,000 each year is for system</u>		
4.23	<u>modernization and cybersecurity upgrades for</u>		
4.24	<u>the unclaimed property program.</u>		
4.25	<u>(d) \$564,000 each year is for additional</u>		
4.26	<u>operations of the unclaimed property program.</u>		
4.27	<u>(e) \$832,000 in fiscal year 2022 and \$208,000</u>		
4.28	<u>in fiscal year 2023 are for IT system</u>		
4.29	<u>modernization. The base amount in fiscal year</u>		
4.30	<u>2024 and beyond is \$0.</u>		

5.1	<u>Subd. 7. Enforcement</u>		<u>5,268,000</u>	<u>5,268,000</u>
5.2	<u>Appropriations by Fund</u>			
5.3	<u>General</u>	<u>5,067,000</u>	<u>5,067,000</u>	
5.4	<u>Workers'</u>			
5.5	<u>Compensation</u>	<u>201,000</u>	<u>201,000</u>	
5.6	<u>(a) \$279,000 each year is for health care</u>			
5.7	<u>enforcement.</u>			
5.8	<u>(b) \$201,000 each year is from the workers'</u>			
5.9	<u>compensation fund.</u>			
5.10	<u>Subd. 8. Insurance</u>		<u>6,424,000</u>	<u>6,093,000</u>
5.11	<u>Appropriations by Fund</u>			
5.12	<u>General</u>	<u>5,563,000</u>	<u>5,533,000</u>	
5.13	<u>Workers'</u>			
5.14	<u>Compensation</u>	<u>560,000</u>	<u>560,000</u>	
5.15	<u>(a) \$642,000 each year is for health insurance</u>			
5.16	<u>rate review staffing.</u>			
5.17	<u>(b) \$412,000 each year is for actuarial work</u>			
5.18	<u>to prepare for implementation of</u>			
5.19	<u>principle-based reserves.</u>			
5.20	<u>(c) \$30,000 in fiscal year 2022 is to pay for</u>			
5.21	<u>two years of membership dues for Minnesota</u>			
5.22	<u>to the National Conference of Insurance</u>			
5.23	<u>Legislators.</u>			
5.24	<u>(d) \$425,000 each year is for licensing</u>			
5.25	<u>activities under Minnesota Statutes, chapter</u>			
5.26	<u>62W. Of this amount, \$246,000 each year</u>			
5.27	<u>must be used only for staff costs associated</u>			
5.28	<u>with two enforcement investigators to enforce</u>			
5.29	<u>Minnesota Statutes, chapter 62W.</u>			
5.30	<u>(e) \$560,000 each year is from the workers'</u>			
5.31	<u>compensation fund.</u>			

6.1	<u>Subd. 9. Mandated Health Benefit Proposals</u>		
6.2	<u>Evaluation</u>	<u>105,000</u>	<u>105,000</u>
6.3	<u>\$105,000 each year is to evaluate legislation</u>		
6.4	<u>for new mandated health benefits under</u>		
6.5	<u>Minnesota Statutes, section 62J.26, as</u>		
6.6	<u>amended by article 3.</u>		
6.7	<u>Subd. 10. Continuation of State Innovation</u>		
6.8	<u>Waiver</u>	<u>155,000</u>	<u>-0-</u>
6.9	<u>\$155,000 in fiscal year 2022 is to prepare and</u>		
6.10	<u>submit an application for continuance of the</u>		
6.11	<u>state innovation waiver pursuant to article 4,</u>		
6.12	<u>section 2.</u>		
6.13	<u>Sec. 3. DEPARTMENT OF EDUCATION</u>		
6.14	<u>Subdivision 1. Transfer</u>		
6.15	<u>\$300,000 in fiscal year 2022 is transferred</u>		
6.16	<u>from the consumer education account in the</u>		
6.17	<u>special revenue fund to the general fund.</u>		
6.18	<u>Subd. 2. Appropriation</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
6.19	<u>(a) \$150,000 in fiscal year 2022 and \$150,000</u>		
6.20	<u>in fiscal year 2023 are for grants to the</u>		
6.21	<u>Minnesota Council on Economic Education.</u>		
6.22	<u>This is a onetime appropriation.</u>		
6.23	<u>(b) The funds under paragraph (a) must be</u>		
6.24	<u>used by the council to:</u>		
6.25	<u>(1) provide professional development to</u>		
6.26	<u>Minnesota's kindergarten through grade 12</u>		
6.27	<u>teachers implementing state graduation</u>		
6.28	<u>standards in learning areas related to economic</u>		
6.29	<u>education;</u>		
6.30	<u>(2) support the direct-to-student ancillary</u>		
6.31	<u>economic and personal finance programs that</u>		
6.32	<u>Minnesota teachers supervise and coach; and</u>		

7.1 (3) provide support to geographically diverse
7.2 affiliated higher education-based centers for
7.3 economic education, including those based at
7.4 Minnesota State University Mankato,
7.5 Minnesota State University Moorhead, St.
7.6 Cloud State University, St. Catherine
7.7 University, and the University of St. Thomas,
7.8 as their work relates to activities in clauses (1)
7.9 and (2).

7.10 (c) By February 15 of each year following the
7.11 receipt of a grant, the Minnesota Council on
7.12 Economic Education must report to the
7.13 commissioner of education on the number and
7.14 type of in-person and online teacher
7.15 professional development opportunities
7.16 provided by the Minnesota Council on
7.17 Economic Education or its affiliated state
7.18 centers. The report must include a description
7.19 of the content, length, and location of the
7.20 programs; the number of preservice and
7.21 licensed teachers receiving professional
7.22 development through each of these
7.23 opportunities; and a summary of evaluations
7.24 of professional opportunities for teachers.

7.25 (d) On August 15, 2021, the Department of
7.26 Education must pay the full amount of the
7.27 grant for fiscal year 2022 to the Minnesota
7.28 Council on Economic Education. On August
7.29 15, 2022, the Department of Education must
7.30 pay the full amount of the grant for fiscal year
7.31 2023 to the Minnesota Council on Economic
7.32 Education. The Minnesota Council on
7.33 Economic Education must submit its fiscal
7.34 reporting in the form and manner specified by

8.1 the commissioner. The commissioner may
 8.2 request additional information as necessary.

8.3 **Sec. 4. MINNESOTA MANAGEMENT AND**
 8.4 **BUDGET**

\$ **49,000 **\$** **49,000****

8.5 \$49,000 each year is for consultation with the
 8.6 commissioner of commerce to evaluate
 8.7 legislation for new mandated health benefits
 8.8 under Minnesota Statutes, section 62J.26, as
 8.9 amended by article 3.

8.10 **Sec. 5. DEPARTMENT OF HEALTH**

\$ **37,000 **\$** **37,000****

8.11 \$37,000 each year is for consultation with the
 8.12 commissioner of commerce to evaluate
 8.13 legislation for new mandated health benefits
 8.14 under Minnesota Statutes, section 62J.26, as
 8.15 amended by article 3.

8.16 **Sec. 6. PUBLIC UTILITIES COMMISSION**

\$ **7,793,000 **\$** **7,793,000****

8.17 (a) \$21,000 each year is to process utility
 8.18 applications to install equipment crossing a
 8.19 railroad right-of-way.

8.20 (b) \$300,000 each year is to enhance the
 8.21 commission's decision-making capability.

8.22 **Sec. 7. TRANSFER.**

8.23 The commissioner of management and budget shall transfer \$150,000,000 in fiscal year
 8.24 2023 from the general fund to the premium security plan account in Minnesota Statutes,
 8.25 section 62E.25, subdivision 1. This is a onetime transfer.

8.26 **Sec. 8. CANCELLATION; FISCAL YEAR 2021.**

8.27 \$1,220,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First
 8.28 Special Session chapter 7, article 1, section 6, subdivision 3, is canceled.

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

ARTICLE 2

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. RENEWABLE DEVELOPMENT FINANCE.

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative session, the appropriation must be given effect only once.

APPROPRIATIONS

Available for the Year

Ending June 30

2022

2023

Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

\$

2,500,000 \$

-0-

(a) Clean Energy Career Training Pilot Project. \$2,500,000 the first year is for a grant to Northgate Development, LLC, for a pilot project to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities. Training must be provided at a location that is accessible by public transportation and must prioritize the inclusion of communities of color, indigenous people, and individuals with low incomes.

(b) The pilot project must provide skills training relevant to the design, construction, operation, or maintenance of:

- 10.1 (1) systems producing renewable solar or wind
 10.2 energy;
- 10.3 (2) systems resulting in improvements in
 10.4 energy efficiency as defined in Minnesota
 10.5 Statutes, section 216B.241, subdivision 1;
- 10.6 (3) systems of energy storage for renewable
 10.7 energy systems, including battery technology;
- 10.8 (4) infrastructure for charging all-electric or
 10.9 electric hybrid vehicles; or
- 10.10 (5) grid technologies that manage load and
 10.11 provide services to the distribution grid that
 10.12 reduce usage or shift demand to off-peak
 10.13 periods.
- 10.14 (c) Training must be designed to create
 10.15 pathways to a postsecondary degree or
 10.16 industry certification related to the fields in
 10.17 paragraph (b) and then to stable career
 10.18 employment at a living wage.
- 10.19 (d) Grant funds may be used for all expenses
 10.20 related to the training program, including
 10.21 curriculum, instructors, equipment, materials,
 10.22 and leasing and improving space for use by
 10.23 the program.
- 10.24 (e) By January 15, 2023, the commissioner
 10.25 must report to the chairs and ranking minority
 10.26 members of the legislative committees with
 10.27 jurisdiction over economic development on
 10.28 the results of the pilot program, including but
 10.29 not limited to information on use of grant
 10.30 funds and program outcomes.
- 10.31 **Sec. 3. DEPARTMENT OF COMMERCE**
- 10.32 **Subdivision 1. Total Appropriation**

<u>\$</u>	<u>37,905,000</u>	<u>\$</u>	<u>3,750,000</u>
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11.1 The amounts that may be spent for each
11.2 purpose are specified in the following
11.3 subdivisions.

11.4 **Subd. 2. Final "Made In Minnesota" solar**
11.5 **energy production program administration**

11.6 \$26,155,000 the first year is appropriated from
11.7 the renewable development account in the
11.8 special revenue fund established under
11.9 Minnesota Statutes, section 116C.779,
11.10 subdivision 1, to make the final payments for
11.11 the remaining program obligations under the
11.12 "Made in Minnesota" solar energy production
11.13 incentive program in Minnesota Statutes,
11.14 section 216C.417. Of this amount, \$100,000
11.15 the first year is to administer the final
11.16 payments for the program. Any remaining
11.17 unspent funds at the end of fiscal year 2025
11.18 cancel to the renewable development account.

11.19 **Subd. 3. Solar for Schools**

11.20 \$8,000,000 the first year is for the solar for
11.21 schools program under Minnesota Statutes,
11.22 section 216C.376. Any unobligated amount
11.23 of this appropriation remaining on June 30,
11.24 2026, is canceled to the renewable
11.25 development account.

11.26 **Subd. 4. Wood Pellet Production Incentive**

11.27 Notwithstanding Minnesota Statutes, section
11.28 116C.779, subdivision 1, paragraph (j),
11.29 \$3,750,000 each year is for wood pellet
11.30 manufacturing incentives under Minnesota
11.31 Statutes, section 216B.2428. Any unobligated
11.32 amount of this appropriation remaining on
11.33 June 30, 2023, is canceled to the renewable
11.34 development account.

13.1 **ARTICLE 3**

13.2 **MANDATED HEALTH BENEFIT PROPOSALS EVALUATION**

13.3 Section 1. Minnesota Statutes 2020, section 62J.03, subdivision 4, is amended to read:

13.4 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of health, unless
 13.5 another commissioner is specified.

13.6 Sec. 2. Minnesota Statutes 2020, section 62J.26, subdivision 1, is amended to read:

13.7 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
 13.8 meanings given unless the context otherwise requires:

13.9 (1) "commissioner" means the commissioner of commerce;

13.10 (2) "enrollee" has the meaning given in section 62Q.01, subdivision 2b;

13.11 ~~(2)~~ (3) "health plan" means a health plan as defined in section 62A.011, subdivision 3,
 13.12 but includes coverage listed in clauses (7) and (10) of that definition;

13.13 ~~(3)~~ (4) "mandated health benefit proposal" or "proposal" means a proposal that would
 13.14 statutorily require a health plan company to do the following:

13.15 (i) provide coverage or increase the amount of coverage for the treatment of a particular
 13.16 disease, condition, or other health care need;

13.17 (ii) provide coverage or increase the amount of coverage of a particular type of health
 13.18 care treatment or service or of equipment, supplies, or drugs used in connection with a health
 13.19 care treatment or service; ~~or~~

13.20 (iii) provide coverage for care delivered by a specific type of provider;

13.21 (iv) require a particular benefit design or impose conditions on cost-sharing for:

13.22 (A) the treatment of a particular disease, condition, or other health care need;

13.23 (B) a particular type of health care treatment or service; or

13.24 (C) the provision of medical equipment, supplies, or a prescription drug used in
 13.25 connection with treating a particular disease, condition, or other health care need; or

13.26 (v) impose limits or conditions on a contract between a health plan company and a health
 13.27 care provider.

13.28 "Mandated health benefit proposal" does not include health benefit proposals amending
 13.29 the scope of practice of a licensed health care professional.

14.1 Sec. 3. Minnesota Statutes 2020, section 62J.26, subdivision 2, is amended to read:

14.2 Subd. 2. **Evaluation process and content.** (a) The commissioner, in consultation with
 14.3 the commissioners of health and management and budget, must evaluate all mandated health
 14.4 benefit proposals as provided under subdivision 3.

14.5 (b) The purpose of the evaluation is to provide the legislature with a complete and timely
 14.6 analysis of all ramifications of any mandated health benefit proposal. The evaluation must
 14.7 include, in addition to other relevant information, the following to the extent applicable:

14.8 (1) scientific and medical information on the ~~proposed health benefit~~ mandated health
 14.9 benefit proposal, on the potential for harm or benefit to the patient, and on the comparative
 14.10 benefit or harm from alternative forms of treatment, and must include the results of at least
 14.11 one professionally accepted and controlled trial comparing the medical consequences of
 14.12 the proposed therapy, alternative therapy, and no therapy;

14.13 (2) public health, economic, and fiscal impacts of the ~~proposed mandate~~ mandated health
 14.14 benefit proposal on persons receiving health services in Minnesota, on the relative
 14.15 cost-effectiveness of the ~~benefit proposal~~, and on the health care system in general;

14.16 (3) the extent to which the treatment, service, equipment, or drug is generally utilized
 14.17 by a significant portion of the population;

14.18 (4) the extent to which insurance coverage for the ~~proposed mandated benefit~~ mandated
 14.19 health benefit proposal is already generally available;

14.20 (5) the extent to which the mandated health benefit proposal, by payer category, would
 14.21 apply to the benefits offered to the payer's enrollees;

14.22 ~~(5) (6)~~ (6) the extent to which the ~~mandated coverage~~ mandated health benefit proposal will
 14.23 increase or decrease the cost of the treatment, service, equipment, or drug; and

14.24 (7) the extent to which the mandated health benefit proposal may increase enrollee
 14.25 premiums; and

14.26 (8) if the proposal applies to a qualified health plan as defined in section 62A.011,
 14.27 subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal
 14.28 using commercial market reimbursement rates in accordance with Code of Federal
 14.29 Regulations, title 45, section 155.70.

14.30 ~~(6) (c)~~ (c) The commissioner ~~may~~ shall consider actuarial analysis done by health ~~insurers~~
 14.31 plan companies and any other proponent or opponent of the mandated health benefit proposal
 14.32 in determining the cost of the ~~proposed mandated benefit~~ proposal.

15.1 ~~(e)~~ (d) The commissioner must summarize the nature and quality of available information
 15.2 on these issues, and, if possible, must provide preliminary information to the public. The
 15.3 commissioner may conduct research on these issues or may determine that existing research
 15.4 is sufficient to meet the informational needs of the legislature. The commissioner may seek
 15.5 the assistance and advice of researchers, community leaders, or other persons or organizations
 15.6 with relevant expertise.

15.7 Sec. 4. Minnesota Statutes 2020, section 62J.26, subdivision 3, is amended to read:

15.8 Subd. 3. ~~Requests~~ Requirements for evaluation. (a) ~~Whenever a legislative measure~~
 15.9 ~~containing a mandated health benefit proposal is introduced as a bill or offered as an~~
 15.10 ~~amendment to a bill, or is likely to be introduced as a bill or offered as an amendment, a~~
 15.11 No later than August 1 of the year preceding the legislative session in which a legislator is
 15.12 planning on introducing a bill containing a mandated health benefit proposal, or is planning
 15.13 on offering an amendment to a bill that adds a mandated health benefit, the prospective
 15.14 author must notify the chair of one of the standing legislative committees that have
 15.15 jurisdiction over the subject matter of the proposal. Once notification is received, the chair
 15.16 ~~of any standing legislative committee that has jurisdiction over the subject matter of the~~
 15.17 ~~proposal may request that~~ must notify the commissioner complete that ~~an evaluation of the~~
 15.18 a mandated health benefit proposal under this section, to is required to be completed in
 15.19 accordance with this section in order to inform any committee of floor the legislature before
 15.20 any action is taken on the proposal by either house of the legislature.

15.21 (b) The commissioner must conduct an evaluation described in subdivision 2 of each
 15.22 mandated health benefit proposal for which an evaluation is ~~requested~~ required under
 15.23 paragraph (a), ~~unless the commissioner determines under paragraph (c) or subdivision 4~~
 15.24 ~~that priorities and resources do not permit its evaluation.~~

15.25 (c) If ~~requests for the~~ evaluations of multiple proposals are ~~received~~ required, the
 15.26 commissioner must consult with the chairs of the standing legislative committees having
 15.27 jurisdiction over the subject matter of the mandated health benefit proposals to prioritize
 15.28 the ~~requests~~ evaluations and establish a reporting date for each proposal to be evaluated.
 15.29 ~~The commissioner is not required to direct an unreasonable quantity of the commissioner's~~
 15.30 ~~resources to these evaluations.~~

16.1 Sec. 5. Minnesota Statutes 2020, section 62J.26, subdivision 4, is amended to read:

16.2 Subd. 4. **Sources of funding.** (a) The commissioner ~~need~~ shall not use any funds for
 16.3 purposes of this section other than as provided in this subdivision or as specified in an
 16.4 appropriation.

16.5 (b) The commissioner may seek and accept funding from sources other than the state to
 16.6 pay for evaluations under this section to supplement or replace state appropriations. Any
 16.7 money received under this paragraph must be deposited in the state treasury, credited to a
 16.8 separate account for this purpose in the special revenue fund, and is appropriated to the
 16.9 commissioner for purposes of this section.

16.10 (c) If ~~a request for~~ an evaluation is required under this section ~~has been made~~, the
 16.11 commissioner may use for purposes of the evaluation:

16.12 (1) any funds appropriated to the commissioner specifically for purposes of this section;
 16.13 or

16.14 (2) funds available under paragraph (b), if use of the funds for evaluation of that mandated
 16.15 health benefit proposal is consistent with any restrictions imposed by the source of the funds.

16.16 (d) The commissioner must ensure that the source of the funding has no influence on
 16.17 the process or outcome of the evaluation.

16.18 Sec. 6. Minnesota Statutes 2020, section 62J.26, subdivision 5, is amended to read:

16.19 Subd. 5. **Report to legislature.** The commissioner must submit a written report on the
 16.20 evaluation to the ~~legislature~~ author of the proposal and to the chairs and ranking minority
 16.21 members of the legislative committees with jurisdiction over health insurance policy and
 16.22 finance no later than 180 days after the request. ~~The report must be submitted in compliance~~
 16.23 ~~with sections 3.195 and 3.197~~ commissioner receives notification from a chair as required
 16.24 under subdivision 3.

17.1

ARTICLE 4

17.2

MINNESOTA PREMIUM SECURITY PLAN

17.3 Section 1. Laws 2017, chapter 13, article 1, section 15, as amended by Laws 2017, First
17.4 Special Session chapter 6, article 5, section 10, and Laws 2019, First Special Session chapter
17.5 9, article 8, section 19, is amended to read:

17.6

Sec. 15. MINNESOTA PREMIUM SECURITY PLAN FUNDING.

17.7 (a) The Minnesota Comprehensive Health Association shall fund the operational and
17.8 administrative costs and reinsurance payments of the Minnesota security plan and association
17.9 using the following amounts deposited in the premium security plan account in Minnesota
17.10 Statutes, section 62E.25, subdivision 1, in the following order:

17.11

(1) any federal funding available;

17.12

(2) funds deposited under article 1, sections 12 and 13;

17.13

(3) any state funds from the health care access fund; and

17.14

(4) any state funds from the general fund.

17.15

17.16 (b) The association shall transfer from the premium security plan account any remaining
17.17 state funds not used for the Minnesota premium security plan by June 30, ~~2023~~ 2025, to the
17.18 commissioner of commerce. Any amount transferred to the commissioner of commerce
17.19 shall be deposited in the health care access fund in Minnesota Statutes, section 16A.724.

17.19

17.20 (c) The Minnesota Comprehensive Health Association may not spend more than
17.21 \$271,000,000 for benefit year 2018 and not more than \$271,000,000 for benefit year 2019
17.22 for the operational and administrative costs of, and reinsurance payments under, the
17.23 Minnesota premium security plan.

17.23

Sec. 2. CONTINUATION OF STATE INNOVATION WAIVER.

17.24

17.25 Subdivision 1. Submission of waiver continuation application. The commissioner of
17.26 commerce shall apply to the secretary of health and human services under United States
17.27 Code, title 42, section 18052, for a continuation of the state innovation waiver previously
17.28 granted to continue the Minnesota premium security plan for benefit years beginning January
17.29 1, 2023, and future years, to maximize federal funding. The waiver continuation application
17.30 must clearly state that operation of the Minnesota premium security plan after the 2022
benefit year is contingent on approval of the waiver continuation request.

18.1 Subd. 2. **Consultation.** In preparing the waiver continuation application, the
 18.2 commissioner shall consult with the commissioner of human services, the commissioner of
 18.3 health, and the MNsure board.

18.4 Subd. 3. **Application timelines; notification.** The commissioner shall submit the waiver
 18.5 continuation application to the secretary of health and human services on or before June
 18.6 15, 2021. The commissioner shall notify the chairs and ranking minority members of the
 18.7 legislative committees with jurisdiction over health and human services and insurance, and
 18.8 the board of directors of the Minnesota Comprehensive Health Association, of any federal
 18.9 actions regarding the waiver continuation application.

18.10 Subd. 4. **Minnesota premium security plan administration.** (a) The Minnesota
 18.11 Comprehensive Health Association must administer the Minnesota premium security plan
 18.12 through the 2022 benefit year.

18.13 (b) The Minnesota Comprehensive Health Association must administer the Minnesota
 18.14 premium security plan through the 2023 benefit year, provided that the waiver continuation
 18.15 application described in this section is granted.

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

18.17 **ARTICLE 5**

18.18 **ENERGY POLICY**

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

18.20 **16B.86 ~~PRODUCTIVITY~~ STATE BUILDING ENERGY CONSERVATION** 18.21 **IMPROVEMENT REVOLVING LOAN ACCOUNT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19.26 (3) a detailed project budget;

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

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

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

19.30 (b) The committee shall review applications for loans and shall award a loan based upon
 19.31 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~

20.1 ~~other terms of the loan. The time for repayment of a loan may not exceed five years. Priority~~
 20.2 in granting awards shall be given to projects for state buildings located within the retail
 20.3 electric service area of the public utility that is subject to section 116C.779.

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

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

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

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

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

20.33 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
 20.34 each January 15 thereafter, the public utility that owns the Monticello nuclear generating

21.1 plant must transfer to the renewable development account \$350,000 each year for each dry
21.2 cask containing spent fuel that is located at the Monticello nuclear power plant for each
21.3 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
21.4 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
21.5 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
21.6 any part of a year.

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

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

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

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

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

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

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

22.11 (2) to encourage grid modernization, including, but not limited to, projects that implement
 22.12 electricity storage, load control, and smart meter technology; and

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

22.15 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
 22.16 from the utility that owns a nuclear-powered electric generating plant in this state or the
 22.17 Prairie Island Indian community or its members.

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

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

22.21 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
 22.22 (c), clauses (1), (2), (4), and (5); and

22.23 (2) "grid modernization" means:

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

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

22.27 (iii) increasing energy conservation opportunities by facilitating communication between
 22.28 the utility and its customers through the use of two-way meters, control technologies, energy
 22.29 storage and microgrids, technologies to enable demand response, and other innovative
 22.30 technologies.

22.31 (l) A renewable development account advisory group that includes, among others,
 22.32 representatives of the public utility and its ratepayers, and includes at least one representative

23.1 of the Prairie Island Indian community appointed by that community's tribal council, shall
 23.2 develop recommendations on account expenditures. Except as otherwise provided herein,
 23.3 members of the advisory group shall be chosen by the public utility. The public utility may
 23.4 design a request for proposal in conjunction with the advisory group. The advisory group
 23.5 must design a request for proposal and evaluate projects submitted in response to a request
 23.6 for proposals. The advisory group must utilize an independent third-party expert to evaluate
 23.7 proposals submitted in response to a request for proposal, including all proposals made by
 23.8 the public utility. A request for proposal for research and development under paragraph (j),
 23.9 clause (1), may be limited to or include a request to higher education institutions located in
 23.10 Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for
 23.11 multiple projects may include a provision that exempts the projects from the third-party
 23.12 expert review and instead provides for project evaluation and selection by a merit peer
 23.13 review grant system. In the process of determining request for proposal scope and subject
 23.14 and in evaluating responses to request for proposals, the advisory group must strongly
 23.15 consider, where reasonable, potential benefit to Minnesota citizens and businesses and the
 23.16 utility's ratepayers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24.30 (a) The utility subject to section 116C.779 shall operate a program to provide solar
24.31 energy production incentives for solar energy systems of no more than a total aggregate
24.32 nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar

25.1 energy system installed before June 1, 2018, is eligible to receive a production incentive
25.2 under this section for any additional solar energy systems constructed at the same customer
25.3 location, provided that the aggregate capacity of all systems at the customer location does
25.4 not exceed 40 kilowatts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27.9 Sec. 6. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
 27.10 to read:

27.11 Subd. 11. **Minnesota efficient technology accelerator.** (a) A nonprofit organization
 27.12 with extensive experience implementing energy efficiency programs in Minnesota and
 27.13 conducting efficient technology research in the state may file a proposal with the
 27.14 commissioner of commerce for a program to accelerate deployment and reduce the cost of
 27.15 emerging and innovative efficient technologies and approaches and lead to lower energy
 27.16 costs for Minnesota consumers. Activities of the accelerator shall include strategic initiatives
 27.17 with technology manufacturers to improve the efficiency and performance of their products,
 27.18 as well as with equipment installers and other key actors in the technology supply chain.
 27.19 Benefits of activities expected from the accelerator include cost effective energy savings
 27.20 for Minnesota utilities, bill savings for Minnesota utility consumers, enhanced employment
 27.21 opportunities in the state, and avoidance of greenhouse gas emissions.

27.22 (b) Prior to developing and filing a proposal, the nonprofit must submit to the
 27.23 commissioner of commerce a notice of intent to file a proposal under this subdivision
 27.24 describing the eligibility and qualifications of the nonprofit to file a proposal under this
 27.25 subdivision. The commissioner shall review the notice of intent and issue a determination
 27.26 of eligibility within 30 days if the commissioner finds that the nonprofit meets the
 27.27 qualifications required.

27.28 (c) Upon receiving the determination by the commissioner under paragraph (b), the
 27.29 nonprofit organization must engage with interested stakeholders on at least the following
 27.30 attributes required of a program proposal under this subdivision:

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

27.32 (2) a proposed energy savings attribution, evaluation, and allocation methodology that
 27.33 includes a method for calculating net benefits from activities under the program. Energy

28.1 savings and net benefits from activities under the program must be allocated to participating
28.2 utilities and be considered when determining cost-effectiveness of achieved energy savings
28.3 and related incentives;

28.4 (3) a process to ensure that the technologies that are selected for the program benefit
28.5 electric and natural gas utility customers in proportion to the funds each utility sector
28.6 contributes to the program and address residential, commercial, and industrial building
28.7 energy use; and

28.8 (4) a process for identifying and tracking performance metrics for each technology
28.9 selected against which progress can be measured, including one or more methods for
28.10 evaluating cost-effectiveness.

28.11 (d) No earlier than January 1, 2023, the nonprofit may file a program proposal under
28.12 this subdivision. The filing must describe how the proposal addresses each of the required
28.13 attributes listed in paragraph (c), clauses (1) to (4), and how the proposal addresses the
28.14 recommendations and concerns identified in the stakeholder engagement process required
28.15 under paragraph (c).

28.16 (e) Within ten days of receiving the proposal, the commissioner shall provide public
28.17 notice of the proposal and solicit feedback from interested parties for a period of not less
28.18 than ten business days.

28.19 (f) Within 90 days of the filing of the proposal, the commissioner shall approve, modify,
28.20 or reject a proposal under this subdivision. In making a determination, the commissioner
28.21 must consider public comments, the expected costs and benefits of the program from the
28.22 perspectives of ratepayers, the participating utilities, and society, and the expected costs
28.23 and benefits relative to other energy conservation programming authorized under this section.

28.24 (g) A program under this section may not be implemented prior to January 1, 2024. The
28.25 initial program term may be up to five years. At the request of the nonprofit, the
28.26 commissioner may renew a program approved under paragraph (d) for up to five years at
28.27 a time. The nonprofit shall submit to the commissioner a request to renew the program no
28.28 later than 180 days prior to the end of the term of the program approved or renewed under
28.29 this subdivision. When making a request to renew and determination on renewal, the
28.30 nonprofit and commissioner shall follow the process established under this subdivision,
28.31 except that a qualified nonprofit is not required to seek eligibility under paragraph (b).

28.32 (h) Upon approval, each public utility with over 30,000 customers shall participate in
28.33 the program and contribute to the approved budget of the program in proportion to its gross
28.34 operating revenue from sales of gas or electric service in the state, excluding revenues from

29.1 large customer facilities exempted under subdivision 1a. No participating utility may be
 29.2 required to contribute more than the following percentages of the utility's spending approved
 29.3 by the commission in the plan filed under subdivision 2: (1) two percent in the program's
 29.4 initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent
 29.5 thereafter. Other utilities may elect to participate in the accelerator program. Costs incurred
 29.6 by a public utility under this subdivision are recoverable under subdivision 2b as an
 29.7 assessment to the energy and conservation account. Amounts provided to the account under
 29.8 this subdivision are not subject to the cap on assessments in section 216B.62. The
 29.9 commissioner may make expenditures from the account for the purposes of this subdivision,
 29.10 including amounts necessary to cover administrative costs incurred by the department under
 29.11 this subdivision. Costs for research projects under this subdivision that the commissioner
 29.12 determines may be duplicative to projects that would be eligible for funding under subdivision
 29.13 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities
 29.14 participating in the accelerator.

29.15 (i) The commissioner shall not approve more than one program for implementation at
 29.16 a time under paragraphs (d) to (e) or (f). No more than one program approved under this
 29.17 subdivision may be implemented or in operation at any given time.

29.18 (j) At least once during the term of a program that is approved or renewed, the
 29.19 commissioner shall contract for an independent review of the program to determine if it
 29.20 meets the objectives and requirements of this section and any criteria established by the
 29.21 department as a condition of approval. The review may not be conducted by an entity or
 29.22 person that acted as a stakeholder or interested party, or otherwise participated in the program
 29.23 preparation, filing, or review process. Upon completion, the reviewer shall prepare a report
 29.24 detailing findings and recommendations, and the commissioner must transmit a copy of the
 29.25 report to the chairs and ranking minority members of the house of representatives and senate
 29.26 committees with jurisdiction over energy policy. Funds required to conduct the review and
 29.27 prepare the report shall be deducted from the total contribution amount under paragraph
 29.28 (h).

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

29.30 Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
 29.31 to read:

29.32 Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** As a part
 29.33 of a resource plan filing, a utility that has scheduled the retirement of an electric generating
 29.34 facility located in Minnesota must include in the filing a narrative identifying and describing

30.1 the utility's plan and efforts made to date to work with the utility's workers represented by
 30.2 an exclusive representative to:

30.3 (1) minimize financial losses to workers;

30.4 (2) provide a transition timeline to ensure certainty for workers;

30.5 (3) protect pension benefits;

30.6 (4) extend or replace health insurance, life insurance, and other benefits;

30.7 (5) identify and maximize opportunities within the utility for dislocated workers, including
 30.8 providing incentives for the utility to retain as many workers as possible;

30.9 (6) provide training and skill development for workers who must or choose to leave the
 30.10 utility;

30.11 (7) create targeted transition plans for workers at all locations impacted by the facility
 30.12 retirement; and

30.13 (8) quantify any additional costs the utility would incur and specifying what costs, if
 30.14 any, the utility would request be recovered in its rates as a result of efforts made under this
 30.15 subdivision to minimize impacts to workers.

30.16 Sec. 8. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
 30.17 to read:

30.18 Subd. 5b. **Definitions.** (a) For the purposes of subdivision 5c, the following terms have
 30.19 the meanings given.

30.20 (b) "Agreement period" means the period beginning on January 1, 2023, and ending on
 30.21 December 31, 2024.

30.22 (c) "Ash" means all species of the genus *Fraxinus*.

30.23 (d) "Cogeneration facility" means the St. Paul district heating and cooling system
 30.24 cogeneration facility that uses waste wood as the facility's primary fuel source, provides
 30.25 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
 30.26 agreement approved by the Public Utilities Commission.

30.27 (e) "Department" means the Department of Agriculture.

30.28 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agilus planipennis*
 30.29 Fairmaire, in any stage of development.

31.1 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"
31.2 in section 216B.1691, subdivision 1.

31.3 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution
31.4 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
31.5 includes the cogeneration facility.

31.6 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
31.7 chips and mulch.

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

31.9 Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
31.10 to read:

31.11 **Subd. 5c. New power purchase agreement.** (a) No later than August 1, 2021, a public
31.12 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
31.13 commission to enter into a power purchase agreement that governs the public utility's
31.14 purchase of electricity generated by the cogeneration facility. The power purchase agreement
31.15 may extend no later than December 21, 2024, and must not be extended beyond that date
31.16 except as provided in paragraph (f).

31.17 (b) The commission is prohibited from approving a new power purchase agreement filed
31.18 under this subdivision that does not meet all of the following conditions:

31.19 (1) the cogeneration facility agrees that any waste wood from ash trees removed from
31.20 Minnesota counties that have been designated as quarantined areas in Section IV of the
31.21 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of
31.22 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization
31.23 as biomass fuel by the cogeneration facility must be accompanied by evidence:

31.24 (i) demonstrating that the transport of biomass fuel from processed waste wood from
31.25 ash trees to the cogeneration facility complies with the department's regulatory requirements
31.26 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist
31.27 of:

31.28 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee
31.29 of the Animal and Plant Health Inspection Service of the United States Department of
31.30 Agriculture verifying compliance; or

31.31 (B) shipping documents demonstrating compliance; or

32.1 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less
32.2 in two dimensions, and was chipped within the county from which the ash trees were
32.3 originally removed;

32.4 (2) the price per megawatt hour of electricity paid by the public utility demonstrates
32.5 significant savings compared to the existing power purchase agreement, with a price that
32.6 does not exceed \$98 per megawatt hour;

32.7 (3) the proposal includes a proposal to the commission for one or more electrification
32.8 projects that result in the St. Paul district heating and cooling system being powered by
32.9 electricity generated from renewable energy technologies. The plan must evaluate
32.10 electrification at three or more levels from ten to 100 percent, including 100 percent of the
32.11 energy used by the St. Paul district heating and cooling system to be accomplished by
32.12 December 31, 2027. The proposal may also evaluate alternative dates for implementation.
32.13 For each level of electrification analyzed, the proposal must contain:

32.14 (i) a description of the alternative electrification technologies evaluated and whose
32.15 implementation is proposed as part of the electrification project;

32.16 (ii) an estimate of the cost of the electrification project to the public utility, the impact
32.17 on the monthly energy bills of the public utility's Minnesota customers, and the impact on
32.18 the monthly energy bills of St. Paul district heating and cooling system customers;

32.19 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the
32.20 electrification project, including greenhouse gas emissions associated with the transportation
32.21 of waste wood;

32.22 (iv) estimated impacts on the operations of the St. Paul district heating and cooling
32.23 system; and

32.24 (v) a timeline for the electrification project; and

32.25 (4) the power purchase agreement provides a net benefit to the utility customers or the
32.26 state.

32.27 (c) The commission may approve, modify, or reject a proposed electrification project
32.28 that meets the requirements of this subdivision if it finds the electrification project is in the
32.29 public interest. When determining whether an electrification project is in the public interest,
32.30 the commission may consider the effects of the electrification project on air emissions from
32.31 the St. Paul district heating and cooling system and how the emissions impact the
32.32 environment and residents of affected neighborhoods.

33.1 (d) During the agreement period, the cogeneration facility must attempt to obtain funding
 33.2 sources to reduce the cost of generating electricity and enable the facility to continue to
 33.3 operate beyond the agreement period to address the removal of ash trees, as described in
 33.4 paragraph (b), clause (1), without any subsidy or contribution through any power purchase
 33.5 agreement after December 31, 2024. The cogeneration facility must submit periodic reports
 33.6 to the commission regarding the efforts made under this paragraph.

33.7 (e) Upon approval of the new power purchase agreement, the commission must require
 33.8 periodic reporting regarding progress toward development of a proposal for an electrification
 33.9 project.

33.10 (f) Except as provided in paragraph (a), the commission is prohibited from approving a
 33.11 power purchase agreement after the agreement period unless it approves an electrification
 33.12 project. Nothing in this section shall require any utility to enter into a power purchase
 33.13 agreement with the cogeneration facility after December 31, 2024.

33.14 (g) Upon approval of an electrification project, the commission must require periodic
 33.15 reporting regarding the progress toward implementation of the electrification project.

33.16 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),
 33.17 the commission may allow the public utility to recover prudently incurred costs net of
 33.18 revenues resulting from the electrification project through an automatic cost recovery
 33.19 mechanism that allows for cost recovery outside of a general rate case. The cost recovery
 33.20 mechanism approved by the commission must:

33.21 (1) allow a reasonable return on the capital invested in the electrification project by the
 33.22 public utility, as determined by the commission; and

33.23 (2) recover costs only from the public utility's Minnesota electric service customers.

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

33.25 **Sec. 10. [216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

33.26 Subdivision 1. **Definitions.** (a) For the purposes of this section and the lifecycle carbon
 33.27 accounting framework and cost-benefit test for innovative resources issued by the
 33.28 commission, the terms defined in this subdivision have the meanings given.

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

34.1 (c) "Biogas" means gas created by the anaerobic digestion of biomass, gasification of
34.2 biomass, or other effective conversion processes.

34.3 (d) "Carbon capture and utilization" means the capture of greenhouse gases that would
34.4 otherwise be released into the atmosphere and the use of those gases to create industrial or
34.5 commercial products for sale.

34.6 (e) "Carbon-free resource" means an electricity generation facility that, when operating,
34.7 does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
34.8 subdivision 2.

34.9 (f) "District energy" means a network of hot- and cold-water pipes used to provide
34.10 thermal energy to multiple buildings.

34.11 (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
34.12 paragraph (f), but does not include energy conservation investments that the commissioner
34.13 determines could reasonably be included in the natural gas utility's conservation improvement
34.14 program.

34.15 (h) "Lifecycle greenhouse gas emissions" means the emissions of an energy resource
34.16 associated with the production, processing, transmission, and consumption of energy
34.17 associated with the resource.

34.18 (i) "Natural gas utility" means a public utility as defined in section 216B.02, subdivision
34.19 4, that provides natural gas sales or transportation services to customers in Minnesota.

34.20 (j) "Power-to-ammonia" means the creation of ammonia from hydrogen created via
34.21 power-to-hydrogen using a process that has lower lifecycle greenhouse gas intensity than
34.22 conventional geologic natural gas.

34.23 (k) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource
34.24 to create hydrogen.

34.25 (l) "Renewable natural gas" means biogas that has been processed to be interchangeable
34.26 with conventional natural gas and has lower lifecycle greenhouse gas intensity than
34.27 conventional geologic natural gas.

34.28 (m) "Strategic electrification" means the installation of electric end-use equipment where
34.29 natural gas is a primary or back-up fuel source provided that installation (1) will result in
34.30 a net reduction in statewide greenhouse gas emissions as defined in section 216H.01,
34.31 subdivision 2, over the life of the equipment as compared to the most efficient commercially
34.32 available natural gas alternative, and (2) is installed and operated in a manner that improves
34.33 the customer's electric utility's load factor. Electric end-use equipment installed pursuant

35.1 to this section is the exclusive property of the building owner. Strategic electrification does
 35.2 not include investments that the commissioner determines could be reasonably included in
 35.3 the natural gas utility's conservation improvement program pursuant to section 216B.241.
 35.4 Strategic electrification approved pursuant to this section is not eligible for a financial
 35.5 incentive pursuant to section 216B.241, subdivision 2c.

35.6 (n) "Total incremental cost" means the sum of:

35.7 (1) return of and on capital investments for the production, processing, pipeline
 35.8 interconnection, storage, and distribution of innovative resources included in a utility
 35.9 innovation plan approved pursuant to subdivision 2;

35.10 (2) incremental operating costs associated with capital investments in infrastructure for
 35.11 the production, processing, pipeline interconnection, storage, and distribution of innovative
 35.12 resources included in a utility innovation plan approved under subdivision 2;

35.13 (3) the incremental cost to procure innovative resources from third parties;

35.14 (4) the incremental costs to develop and administer programs included in a utility
 35.15 innovation plan; and

35.16 (5) incremental costs for research and development related to innovative resources
 35.17 approved pursuant to subdivision 2, less the sum of:

35.18 (i) any value received by the natural gas utility upon the resale of the innovative resources
 35.19 or their byproducts, including any environmental credits included with the resale of renewable
 35.20 gaseous fuels or value received by the natural gas utility when innovative resources are used
 35.21 as vehicle fuel;

35.22 (ii) any cost savings achieved through avoidance of conventional natural gas purchases,
 35.23 including but not limited to any avoided commodity purchases or avoided pipeline costs;
 35.24 and

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

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

35.30 (1) the recommended innovative resource or resources the utility plans to implement to
 35.31 advance the state's goals established in section 216C.05, subdivision 2, clause (3), and

36.1 section 216H.02, subdivision 1, within the requirements and limitations set forth in this
36.2 section;

36.3 (2) any recommended research and development investments related to innovative
36.4 resources the utility plans to undertake as part of the plan;

36.5 (3) the total lifecycle greenhouse gas emissions that the natural gas utility expects to
36.6 reduce or avoid pursuant to the plan;

36.7 (4) the natural gas utility's estimate of how emissions expected to be avoided or reduced
36.8 compare to total emissions from natural gas use by its customers in 2020;

36.9 (5) any pilot program proposed by the natural gas utility related to the development or
36.10 provision of innovative resources, including an estimate of the total incremental costs to
36.11 implement the pilot program;

36.12 (6) the cost effectiveness of innovative resources proposed from the perspective of the
36.13 natural gas utility, society, the utility's nonparticipating customers, and participating
36.14 customers as compared to other innovative resources that could be deployed to reduce or
36.15 avoid the same greenhouse gas emissions targeted by the utility's proposed resource;

36.16 (7) for any pilot not previously approved as part of the utility's most recent innovation
36.17 plan, a third-party analysis of the lifecycle greenhouse gas intensity of any innovative
36.18 resources proposed to be included in the pilot;

36.19 (8) for any proposed pilot not previously approved as part of the utility's most recent
36.20 innovation plan, a third-party analysis of the forecasted lifecycle greenhouse gas emissions
36.21 reductions achieved or the lifecycle greenhouse gas emissions reduced or avoided if the
36.22 proposed pilot is implemented;

36.23 (9) an explanation of how the utility calculated the lifecycle greenhouse gas emissions
36.24 avoided or reduced by each pilot including descriptions of how the utility's method deviated,
36.25 if at all, from the carbon accounting frameworks established by the commission;

36.26 (10) whether the recommended plan supports the development and use of alternative
36.27 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
36.28 the recovery of energy from wastewater and, if so, a description of where those benefits
36.29 will be realized;

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

36.31 (i) track the proposed innovative resources included in the plan so that environmental
36.32 benefits are used only for this plan and not claimed for any other program; and

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

37.3 (12) a description of known local job impacts and the steps the utility and its energy
 37.4 suppliers and contractors are taking to maximize the availability of construction employment
 37.5 opportunities for local workers;

37.6 (13) a description of how the utility proposes to recover annual total incremental costs
 37.7 and any steps the utility has taken or proposes to take to reduce the expected cost impact
 37.8 on low- and moderate-income residential customers;

37.9 (14) any steps the utility has taken or proposes to take to ensure that low- and moderate-
 37.10 income residential customers will benefit from innovative resources included in the plan;

37.11 (15) a report on the utility's progress toward implementing the approved proposals
 37.12 contained in its previously approved innovation plan, if applicable; and

37.13 (16) a report of the utility's progress toward achieving the cost-effectiveness objectives
 37.14 established upon approval of its previously approved innovation plan, if applicable.

37.15 (b) Along with its recommended plan, the natural gas utility must provide forecasted
 37.16 total incremental costs and lifecycle greenhouse gas emissions for:

37.17 (1) a set of pilots that the utility estimates would provide approximately half of the
 37.18 greenhouse gas reduction or avoidance benefits of the utility's preferred plan;

37.19 (2) a set of pilots that the utility estimates would provide approximately one and a half
 37.20 times the greenhouse gas reduction or avoidance benefits of the utility's preferred plan; and

37.21 (3) a set of pilots that the utility estimates would provide approximately twice the
 37.22 greenhouse gas reduction or avoidance benefits of the utility's preferred plan.

37.23 (c) In deciding whether to approve, modify, or deny a plan, the commission may not
 37.24 approve an innovation plan unless it finds that:

37.25 (1) the size, scope, and scale of the plan and the incremental total cost of the plan will
 37.26 result in net benefits under the cost-benefit framework established by the commission;

37.27 (2) the plan will promote the use of renewable energy resources and reduce or avoid
 37.28 greenhouse gas emissions at a cost level consistent with subdivision 3;

37.29 (3) the plan will promote local economic development;

37.30 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
 37.31 intensity than conventional geologic natural gas;

38.1 (5) reasonable systems will be used to track and verify the environmental attributes of
38.2 the innovative resources included in the plan, taking into account any third-party tracking
38.3 or verification systems available;

38.4 (6) the costs and revenues expected to be incurred pursuant to the plan are reasonable
38.5 in comparison to other innovative resources the utility could deploy to address greenhouse
38.6 gas emissions and considering other benefits of the innovative resources included in the
38.7 plan;

38.8 (7) the costs and revenues expected to be incurred for any energy efficiency, district
38.9 energy, or strategic electrification measures included in the plan are reasonable in comparison
38.10 to the costs of renewable natural gas, biogas, hydrogen produced via power-to-hydrogen,
38.11 or ammonia produced via power-to-ammonia resources that the utility could deploy to
38.12 address greenhouse gas emissions;

38.13 (8) the total amount of estimated greenhouse gas reduction or avoidance to be achieved
38.14 is reasonable considering the state's goals established in section 216C.05, subdivision 2,
38.15 clause (3), and section 216H.02, subdivision 1, customer cost, and the total amount of
38.16 greenhouse gas reduction or avoidance achieved under the natural gas utility's previously
38.17 approved plans, if applicable; and

38.18 (9) 50 percent or more of estimated costs included for recovery in the plan are for the
38.19 procurement and distribution of renewable natural gas, biogas, hydrogen produced via
38.20 power-to-hydrogen, or ammonia produced via power-to-ammonia.

38.21 (d) The utility bears the burden to prove the actual total incremental costs to implement
38.22 the approved innovation plan were reasonable. Prudently incurred costs incurred pursuant
38.23 to an approved plan and prudently incurred costs for obtaining the third-party analysis
38.24 required in paragraph (a), clauses (6) and (7), are recoverable either:

38.25 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas
38.26 adjustment;

38.27 (2) in the natural gas utility's next general rate case; or

38.28 (3) via annual adjustments provided that, after notice and comment, the commission
38.29 determines that the costs included for recovery through the rate schedule are prudently
38.30 incurred. Annual adjustments shall include a rate of return, income taxes on the rate of
38.31 return, incremental property taxes, incremental depreciation expense, and incremental
38.32 operation and maintenance expense. The rate of return shall be at the level approved by the

39.1 commission in the natural gas utility's last general rate case, unless the commission
 39.2 determines that a different rate of return is in the public interest.

39.3 (e) Upon approval of a utility's plan, the commission shall establish plan cost-effectiveness
 39.4 objectives based on the cost-benefit test for innovative resources. The cost-effectiveness
 39.5 objective for each plan should demonstrate incremental progress from the previously
 39.6 approved plan's cost-effectiveness objective.

39.7 (f) A natural gas utility with an approved plan must provide annual reports to the
 39.8 commission regarding the work completed pursuant to the plan, including the costs incurred
 39.9 under the plan and lifecycle greenhouse gas reduction or avoidance accomplished under
 39.10 the plan; a description of the processes used to track, verify, and retire the innovative
 39.11 resources and associated environmental attributes; an update on the lifecycle greenhouse
 39.12 gas accounting methodology consistent with current science; an update on the economic
 39.13 impact of the plan including job creation; and the utility's progress toward achieving the
 39.14 cost-effectiveness objectives established by the commission on approval of the plan. As
 39.15 part of the annual status report, the natural gas utility may propose modifications to pilot
 39.16 programs in the plan. In evaluating a utility's annual report, the commission may:

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

39.18 (2) require the utility to file a new or modified plan to account for changed circumstances;

39.19 or

39.20 (3) disapprove the continuation of a pilot program.

39.21 (g) Each innovation plan shall be in effect for five years. Once a natural gas utility has
 39.22 an approved innovation plan, it must file a new innovation plan within four years for
 39.23 implementation at the end of the prior five-year plan period.

39.24 (h) A utility may file an innovation plan at any time after this section becomes effective.

39.25 (i) For purposes of this section, and the commission's lifecycle carbon accounting
 39.26 framework and cost-benefit test for innovative resources, whenever an analysis or estimate
 39.27 of lifecycle greenhouse gas emissions reductions, lifecycle greenhouse gas avoidance, or
 39.28 lifecycle greenhouse gas intensity is required, the analysis will include, but not be limited
 39.29 to, as applicable:

39.30 (1) avoided or reduced emissions attributable to utility operations;

39.31 (2) avoided or reduced emissions from the production, processing, and transmission of
 39.32 fuels prior to receipt by the utility; and

40.1 (3) avoided or reduced emissions at the point of end use, but in no event shall the analysis
 40.2 count any one unit of greenhouse gas emissions avoidance or reduction more than once.

40.3 The analysis or estimate may rely on emissions factors, default values, or engineering
 40.4 estimates from a publicly accessible source accepted by a federal or state government agency,
 40.5 where direct measurement is not technically or economically feasible, if such emissions
 40.6 factors, default values, or engineering estimates can be demonstrated to produce a reasonable
 40.7 estimate of greenhouse gas emissions reductions, avoidance, or intensity.

40.8 Subd. 3. **Limitations on utility customer costs.** (a) The first innovation plan submitted
 40.9 to the commission by a natural gas utility may not propose, and the commission may not
 40.10 approve, recovery of annual total incremental costs exceeding the lesser of (1) one and three
 40.11 quarters percent of the natural gas utility's gross operating revenues from service provided
 40.12 in the state at the time of plan filing, or (2) \$20 per nonexempt customer based on the
 40.13 proposed annual total incremental costs for each year of the plan divided by the total number
 40.14 of nonexempt utility customers. Notwithstanding this limitation, the commission may
 40.15 approve additional annual recovery of up to the lesser of (1) an additional quarter of one
 40.16 percent of the natural gas utility's gross operating revenues from service provided in the
 40.17 state at the time of plan filing for recovery, or (2) \$5 per nonexempt customer based on the
 40.18 proposed annual total incremental costs for each year of the plan divided by the total number
 40.19 of nonexempt utility customers of incremental costs for the purchase of renewable natural
 40.20 gas produced from:

40.21 (i) food waste diverted from a landfill;

40.22 (ii) community wastewater treatment; or

40.23 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
 40.24 grasses or locally appropriate cover crops selected in consultation with the local Soil and
 40.25 Water Conservation District or the United States Department of Agriculture, Natural
 40.26 Resources Conservation Service, by volume.

40.27 (b) Subsequent innovation plans submitted to the commission may not propose and the
 40.28 commission may not approve, recovery of annual total incremental costs exceeding the
 40.29 limits set forth in paragraph (a) unless the commission determines that the utility has
 40.30 successfully achieved the cost-effectiveness objectives established upon approval of a utility
 40.31 innovation plan under paragraph (a), in which case the utility may propose, and the
 40.32 commission may approve, recovery of annual total incremental costs of up to the lesser of
 40.33 (1) two and three quarters percent of the natural gas utility's gross operating revenues from
 40.34 service provided in the state at the time of plan filing, or (2) \$35 per nonexempt customer

41.1 based on the proposed annual total incremental costs for each year of the plan divided by
41.2 the total number of nonexempt utility customers. Notwithstanding this limitation, the
41.3 commission may approve additional annual recovery of up to the lesser of (1) an additional
41.4 three quarters of one percent of the natural gas utility's gross operating revenues from service
41.5 provided in the state at the time of plan filing for recovery, or (2) \$10 per nonexempt
41.6 customer based on the proposed annual total incremental costs for each year of the plan
41.7 divided by the total number of nonexempt utility customers of incremental costs for the
41.8 purchase of renewable natural gas produced from:

41.9 (i) food waste diverted from a landfill;

41.10 (ii) community wastewater treatment; or

41.11 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
41.12 grasses or locally appropriate cover crops selected in consultation with the local Soil and
41.13 Water Conservation District or the United States Department of Agriculture, Natural
41.14 Resources Conservation Service, by volume.

41.15 (c) Subsequent innovation plans submitted to the commission may not propose, and the
41.16 commission may not approve, recovery of total incremental costs exceeding the limits set
41.17 forth in paragraph (b) unless the commission determines that the utility has successfully
41.18 achieved the cost-effectiveness objectives established upon approval of a utility innovation
41.19 plan under paragraph (b), in which case the utility may propose, and the commission may
41.20 approve, recovery of annual total incremental costs of up to the lesser of (1) four percent
41.21 of the natural gas utility's gross operating revenues from service provided in the state at the
41.22 time of plan filing, or (2) \$50 per nonexempt customer based on the proposed annual total
41.23 incremental costs for each year of the plan divided by the total number of nonexempt utility
41.24 customers. Notwithstanding this limitation, the commission may approve additional annual
41.25 recovery of up to the lesser of (1) an additional one and one-half percent of the natural gas
41.26 utility's gross operating revenues from service provided in the state at the time of plan filing
41.27 for recovery, or (2) \$20 per nonexempt customer based on the proposed annual total
41.28 incremental costs for each year of the plan divided by the total number of nonexempt utility
41.29 customers of incremental costs for the purchase of renewable natural gas produced from:

41.30 (i) food waste diverted from a landfill;

41.31 (ii) community wastewater treatment; or

41.32 (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
41.33 grasses or locally appropriate cover crops selected in consultation with the local Soil and

42.1 Water Conservation District or the United States Department of Agriculture, Natural
 42.2 Resources Conservation Service, by volume.

42.3 (d) A large customer facility that has been exempted by the commissioner of commerce
 42.4 from a utility's conservation improvement program under section 216B.241, subdivision
 42.5 1a, paragraph (b), shall be exempt from the utility's innovation plan offerings and shall not
 42.6 bear any costs incurred to implement an approved innovation plan unless the large customer
 42.7 facility files a request with the commissioner to be included in a utility's innovation plan.
 42.8 The commission may prohibit large customer facilities exempted from innovation plan costs
 42.9 from participating in innovation plan pilots. For purposes of this subdivision, "gross operating
 42.10 revenues" do not include revenues from large customer facilities exempted from innovation
 42.11 plan costs.

42.12 (e) A natural gas utility filing an innovation plan may also include spending and
 42.13 investments annually up to ten percent of the proposed total incremental costs related to
 42.14 innovative plan pilots, subject to the limitations in paragraphs (a), (b), and (c).

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

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

42.21 (2) utility expenditures for innovative resources procured at a cost that is within five
 42.22 percent of the average of Ventura and Demarc index prices for conventional natural gas at
 42.23 the time of the transaction per unit of fossil natural gas that the innovative resource will
 42.24 displace.

42.25 An approved green-tariff program must include provisions to ensure reasonable systems
 42.26 are used to track and verify the environmental attributes of innovative resources included
 42.27 in the program, taking into account any third-party tracking or verification systems available.

42.28 Subd. 5. **Thermal energy leadership challenge.** The first innovation plan filed by a
 42.29 natural gas utility with more than 800,000 customers must include a pilot thermal energy
 42.30 leadership challenge for small- and medium-sized businesses. The pilot program must
 42.31 provide small- and medium-sized businesses with thermal energy audits to identify
 42.32 opportunities to reduce or avoid greenhouse gas emissions from natural gas use, and provide
 42.33 incentives for businesses to follow through with audit recommendations. The utility must

43.1 develop criteria to identify businesses that take meaningful steps to follow through on audit
 43.2 recommendations and recognize qualifying businesses as thermal energy leaders.

43.3 Subd. 6. **Innovative resources for very high-heat industrial processes.** The first
 43.4 innovation plan filed by a natural gas utility with more than 800,000 customers must include
 43.5 a pilot program that will provide innovative resources for hard-to-electrify industrial
 43.6 processes. A large customer facility exempt from innovation plan offerings under subdivision
 43.7 3, paragraph (e), shall not be eligible to participate in this pilot.

43.8 Subd. 7. **Electric cold climate air-source heat pumps.** (a) The first innovation plan
 43.9 filed by a natural gas utility with more than 800,000 customers must include a pilot program
 43.10 that facilitates deep energy retrofits and the installation of cold climate electric air-source
 43.11 heat pumps with natural gas backups in existing residential homes that have natural gas
 43.12 heating systems.

43.13 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
 43.14 measure or combination of measures, including air sealing and addressing thermal bridges,
 43.15 that under normal weather and operating conditions can reasonably be expected to reduce
 43.16 the building's calculated design load to ten or fewer British Thermal Units per hour per
 43.17 square foot of conditioned floor area. Deep energy retrofit does not include the installation
 43.18 of photovoltaic electric generation equipment, but may include the installation of a qualifying
 43.19 solar thermal project, as defined in section 216B.2411.

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

43.21 Sec. 11. **[216B.2428] WOOD PELLET PRODUCTION INCENTIVE.**

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

43.24 (b) "Forest residue" means unused portions of harvested trees and materials from diseased,
 43.25 distressed, or burned trees that are processed into chips or sawdust in the field near the
 43.26 forested area from which the tree or tree material is supplied.

43.27 (c) "Residual materials" means forest and wood mill residue.

43.28 (d) "Wood mill residue" means wood residue generated at a manufacturing plant that
 43.29 processes harvested trees into products, including but not limited to lumber and sheathing,
 43.30 that are suitable for processing into chips or sawdust.

43.31 (e) "Wood pellets" means a pellet manufactured from forest and wood mill residuals
 43.32 that is burned to produce heat or electricity.

44.1 Subd. 2. Eligible facility. (a) To be eligible for payments under this section, a facility
44.2 must:

44.3 (1) be located in Minnesota;

44.4 (2) dry and process residual materials from Minnesota forests and sawmills into wood
44.5 pellets;

44.6 (3) begin construction no later than December 31, 2022;

44.7 (4) produce at least 50,000 metric tons of wood pellets annually; and

44.8 (5) certify that all contractors and subcontractors pay employees constructing the facility
44.9 no less than the prevailing wage rate, as defined in section 177.42.

44.10 (b) An eligible facility is prohibited from transferring eligibility for payments under this
44.11 section to a facility at a different location.

44.12 (c) An eligible facility that ceases production for any reason is prohibited from receiving
44.13 payments under this section until the eligible facility resumes production.

44.14 (d) Payments under this section may be made to no more than two eligible facilities.
44.15 Payments must be made to eligible facilities on a first-come, first-served basis.

44.16 Subd. 3. Forest residue; requirements. (a) Forest residue harvested from land parcels
44.17 larger than 160 acres must be certified by the Forest Stewardship Council, Sustainable
44.18 Forestry Initiative, or American Tree Farm System as being harvested from sustainably
44.19 managed forests.

44.20 (b) Forest residue not certified under paragraph (a) must be harvested under a forest
44.21 stewardship plan by a logger certified as a qualified logging professional by the Minnesota
44.22 logger education program, or an equivalent certification by an independent third-party
44.23 organization that teaches sustainable harvesting practices to loggers.

44.24 Subd. 4. Payment; process. (a) The commissioner must make payments under this
44.25 section to an eligible facility as provided in this subdivision.

44.26 (b) By the last day of January, April, July, and October, each eligible facility must file
44.27 a claim for payment for wood pellets produced by the eligible facility during the preceding
44.28 three calendar months. The claim must be filed with the commissioner on a form developed
44.29 by the commissioner.

44.30 (c) A claim submitted under this section must include documentation and verification
44.31 by an independent third party that, with respect to an eligible facility's claim filed under
44.32 this subdivision:

45.1 (1) the conditions of subdivision 3 have been met; and

45.2 (2) the amount of wood pellets, expressed in metric tons, that the eligible facility claims
45.3 to have produced during the quarter is accurate.

45.4 (d) No later than February 15, May 15, August 15, and November 15, the commissioner
45.5 must issue payments under this section for the applicable quarter to an eligible facility that
45.6 filed a quarterly claim approved by the commissioner.

45.7 Subd. 5. Payment amount; limitation. (a) The commissioner must pay an eligible
45.8 facility \$25 per metric ton of wood pellets produced, subject to the limitations provided
45.9 under this subdivision.

45.10 (b) An eligible facility must not be paid more than \$3,750,000 in a calendar year under
45.11 this section, irrespective of the number of metric tons of wood pellets produced in a calendar
45.12 year.

45.13 (c) An eligible facility may receive payments under this section for no more than ten
45.14 years.

45.15 (d) A payment must not be made under this section after June 30, 2033.

45.16 Sec. 12. Minnesota Statutes 2020, section 216B.243, subdivision 3b, is amended to read:

45.17 Subd. 3b. ~~Nuclear power plant; new construction prohibited; relicensing~~ Additional
45.18 storage of spent nuclear fuel. (a) ~~The commission may not issue a certificate of need for~~
45.19 ~~the construction of a new nuclear-powered electric generating plant.~~

45.20 ~~(b)~~ Any certificate of need for additional storage of spent nuclear fuel for a facility
45.21 seeking a license extension shall address the impacts of continued operations over the period
45.22 for which approval is sought.

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

45.24 Sec. 13. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

45.25 Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376,
45.26 the following terms have the meanings given them.

45.27 (b) "Developer" means an entity that installs a solar energy system on a school building
45.28 that has been awarded a grant under this section.

45.29 (c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

46.1 (d) "School" means a school that operates as part of an independent or special school
46.2 district.

46.3 (e) "School district" means an independent or special school district.

46.4 (f) "Solar energy system" means photovoltaic or solar thermal devices.

46.5 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
46.6 Department of Commerce. The purpose of the program is to provide grants to stimulate the
46.7 installation of solar energy systems on or adjacent to school buildings by reducing the cost,
46.8 and to enable schools to use the solar energy system as a teaching tool that can be integrated
46.9 into the school's curriculum.

46.10 Subd. 3. **Establishment of account.** (a) A solar for schools program account is
46.11 established in the special revenue fund. Money received from the general fund must be
46.12 transferred to the commissioner of commerce and credited to the account. Money deposited
46.13 in the account remains in the account until expended and does not cancel to the general
46.14 fund.

46.15 (b) When a grant is awarded under this section, the commissioner must reserve the grant
46.16 amount in the account.

46.17 Subd. 4. **Expenditures.** (a) Money in the account may be used only:

46.18 (1) for grant awards made under this section; and

46.19 (2) to pay the reasonable costs incurred by the department to administer this section.

46.20 (b) Grant awards made with funds in the account must be used only for grants for solar
46.21 energy systems installed on or adjacent to school buildings receiving retail electric service
46.22 from a utility that is not subject to section 116C.779, subdivision 1.

46.23 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section
46.24 only if the solar energy system that is the subject of the grant:

46.25 (1) is installed on or adjacent to the school building that consumes the electricity generated
46.26 by the solar energy system, on property within the service territory of the utility currently
46.27 providing electric service to the school building; and

46.28 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
46.29 estimated annual electricity consumption of the school building at which the solar energy
46.30 system is installed.

46.31 (b) A school district that receives a rebate or other financial incentive under section
46.32 216B.241 for a solar energy system and that demonstrates considerable need for financial

47.1 assistance, as determined by the commissioner, is eligible for a grant under this section for
47.2 the same solar energy system.

47.3 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals
47.4 to utilities, schools, and developers who may wish to apply for a grant under this section
47.5 on behalf of a school.

47.6 (b) A utility or developer must submit an application to the commissioner on behalf of
47.7 a school on a form prescribed by the commissioner. The form must include, at a minimum,
47.8 the following information:

47.9 (1) the capacity of the proposed solar energy system and the amount of electricity that
47.10 is expected to be generated;

47.11 (2) the current energy demand of the school building on which the solar energy generating
47.12 system is to be installed and information regarding any distributed energy resource, including
47.13 subscription to a community solar garden, that currently provides electricity to the school
47.14 building;

47.15 (3) a description of any solar thermal devices proposed as part of the solar energy system;

47.16 (4) the total cost to purchase and install the solar energy system and the solar energy
47.17 system's life-cycle cost, including removal and disposal at the end of the system's life;

47.18 (5) a copy of the proposed contract agreement between the school and the public utility
47.19 or developer that includes provisions addressing responsibility for maintenance of the solar
47.20 energy system;

47.21 (6) the school's plan to make the solar energy system serve as a visible learning tool for
47.22 students, teachers, and visitors to the school, including how the solar energy system may
47.23 be integrated into the school's curriculum and provisions for real-time monitoring of the
47.24 solar energy system performance for display in a prominent location within the school or
47.25 on-demand in the classroom;

47.26 (7) information that demonstrates the school district's level of need for financial assistance
47.27 available under this section;

47.28 (8) information that demonstrates the school's readiness to implement the project,
47.29 including but not limited to the availability of the site on which the solar energy system is
47.30 to be installed and the level of the school's engagement with the utility providing electric
47.31 service to the school building on which the solar energy system is to be installed on issues
47.32 relevant to the implementation of the project, including metering and other issues;

48.1 (9) with respect to the installation and operation of the solar energy system, the
48.2 willingness and ability of the developer or the public utility to:

48.3 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
48.4 subdivision 6; and

48.5 (ii) adhere to the provisions of section 177.43;

48.6 (10) how the developer or public utility plans to reduce the school's initial capital expense
48.7 to purchase and install the solar energy system, and to provide financial benefits to the
48.8 school from the utilization of federal and state tax credits, utility incentives, and other
48.9 financial incentives; and

48.10 (11) any other information deemed relevant by the commissioner.

48.11 (c) The commissioner must administer an open application process under this section
48.12 at least twice annually.

48.13 (d) The commissioner must develop administrative procedures governing the application
48.14 and grant award process.

48.15 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
48.16 a grant under this section shall provide the commissioner information regarding energy
48.17 conservation measures implemented at the school building at which the solar energy system
48.18 is installed. The commissioner may make recommendations to the school regarding
48.19 cost-effective conservation measures it can implement and may provide technical assistance
48.20 and direct the school to available financial assistance programs.

48.21 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
48.22 schools to develop and execute projects under this section.

48.23 Subd. 9. **Grant payments.** The commissioner must award a grant from the account
48.24 established under subdivision 3 to a school for the necessary costs associated with the
48.25 purchase and installation of a solar energy system. The amount of the grant must be based
48.26 on the commissioner's assessment of the school's need for financial assistance.

48.27 Subd. 10. **Application deadline.** No application may be submitted under this section
48.28 after December 31, 2025.

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

49.1 Sec. 14. [216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY
49.2 SERVICE TERRITORY.

49.3 Subdivision 1. Establishment; purpose. The utility subject to section 116C.779 must
49.4 operate a program to develop, and to supplement with additional funding, financial
49.5 arrangements that allow schools to benefit from state and federal tax and other financial
49.6 incentives that schools are ineligible to receive directly in order to enable schools to install
49.7 and operate solar energy systems that can be used as teaching tools and integrated into the
49.8 school curriculum.

49.9 Subd. 2. Required plan. (a) By October 1, 2021, the public utility must file a plan for
49.10 the solar for schools program with the commissioner. The plan must contain but is not
49.11 limited to the following elements:

49.12 (1) a description of how the public utility uses incentive funds appropriated to the program
49.13 from the renewable development account to provide additional financial assistance to schools
49.14 at which a solar energy system is installed;

49.15 (2) an estimate of the amount of financial assistance that the public utility provides to a
49.16 school under clause (1), and the length of time financial assistance is provided;

49.17 (3) administrative procedures governing the application and financial benefit award
49.18 process, and the costs the public utility is projected to incur to administer the program;

49.19 (4) the public utility's proposed process for periodic reevaluation and modification of
49.20 the program; and

49.21 (5) any additional information required by the commissioner.

49.22 (b) The public utility may not implement the program until the commissioner approves
49.23 the public utility's plan submitted under this subdivision. The commissioner must approve
49.24 a plan under this subdivision that the commissioner determines to be in the public interest
49.25 no later than December 31, 2021. Any proposed modifications to the plan approved under
49.26 this subdivision must be approved by the commissioner.

49.27 Subd. 3. System eligibility. A solar energy system is eligible to receive financial benefits
49.28 under this section if it meets all of the following conditions:

49.29 (1) the solar energy system must be located on or adjacent to a school building receiving
49.30 retail electric service from the public utility and completely located within the public utility's
49.31 electric service territory, provided that any land situated between the school building and
49.32 the site where the solar energy system is installed is owned by the school district in which
49.33 the school building operates; and

50.1 (2) the total aggregate nameplate capacity of all distributed generation serving the school
50.2 building, including any subscriptions to a community solar garden under section 216B.1641,
50.3 may not exceed the lesser of one megawatt alternating current or 120 percent of the average
50.4 annual electric energy consumption of the school building.

50.5 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section
50.6 must submit an application to the public utility, including a plan for how the school uses
50.7 the solar energy system as a visible learning tool for students, teachers, and visitors to the
50.8 school, and how the solar energy system may be integrated into the school's curriculum.

50.9 (b) The public utility must award financial assistance under this section on a first-come,
50.10 first-served basis.

50.11 (c) The public utility must discontinue accepting applications under this section after
50.12 all funds appropriated under subdivision 5 are allocated to program participants, including
50.13 funds from canceled projects.

50.14 Subd. 5. **Cost recovery; renewable energy credits.** (a) Payments by the public utility
50.15 to a school receiving financial assistance under this section are fully recoverable by the
50.16 public utility.

50.17 (b) The renewable energy credits associated with the electricity generated by a solar
50.18 energy system installed under this section are the property of the public utility that is subject
50.19 to this section for the life of the system, regardless of the solar on school incentive's duration.

50.20 Subd. 6. **Limitation.** (a) No more than 75 percent of the financial assistance provided
50.21 by the public utility to schools under this section may be provided to schools where the
50.22 proportion of students eligible for free and reduced-price lunch under the National School
50.23 Lunch Program is less than 50 percent.

50.24 (b) No more than ten percent of the total amount of financial assistance provided by the
50.25 public utility to schools under this section may be provided to schools that are part of the
50.26 same school district.

50.27 Subd. 7. **Technical assistance.** The commissioner may provide technical assistance to
50.28 schools to develop and execute projects under this section.

50.29 Subd. 8. **Application deadline.** No application may be submitted under this section
50.30 after December 31, 2025.

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

51.1 Sec. 15. **PUBLIC UTILITIES COMMISSION LIFECYCLE CARBON**
 51.2 **ACCOUNTING FRAMEWORK AND COST-BENEFIT TEST FOR INNOVATIVE**
 51.3 **RESOURCES.**

51.4 By June 1, 2022, the Public Utilities Commission shall issue by order frameworks for
 51.5 the calculation of lifecycle carbon intensities of each innovative resource for natural gas
 51.6 utilities as follows:

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

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

51.14 (i) the total incremental cost of the plan or resource that would be evaluated under the
 51.15 framework and the lifecycle greenhouse gas emissions avoided or reduced by the innovative
 51.16 resource or plan, using the framework developed under clause (1);

51.17 (ii) any important additional economic costs and benefits, programmatic costs and
 51.18 benefits, additional environmental costs and benefits, and other costs or benefits that may
 51.19 be expected under a plan; and

51.20 (iii) baseline cost-effectiveness criteria against which an innovation plan should be
 51.21 compared. In establishing the baseline criteria, the commission shall take into account the
 51.22 options available for reducing lifecycle greenhouse gas emissions from natural gas end uses
 51.23 and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision
 51.24 1. To the maximum reasonable extent, the cost-benefit framework shall be consistent with
 51.25 environmental cost values established pursuant to section 216B.2422, subdivision 3, and
 51.26 other calculation of the social value of greenhouse gas emissions reduction.

51.27 The commission may update frameworks established under this section as necessary.

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

51.29 Sec. 16. **BIOMASS BUSINESS COMPENSATION.**

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

52.1 (b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section
52.2 116C.779, subdivision 1, paragraph (f).

52.3 (c) "Early termination" means the early termination of the power purchase agreement
52.4 authorized under Minnesota Statutes, section 216B.2424, subdivision 9, with the biomass
52.5 plant.

52.6 (d) "Operating income" means a business's revenue minus its operating expenses.

52.7 Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief
52.8 administrative law judge of the Office of Administrative Hearings must assign an
52.9 administrative law judge to administer a claims award process to compensate businesses
52.10 negatively affected by the early termination. The chief administrative law judge may develop
52.11 a process, prescribe forms, identify documentation affected businesses must submit with
52.12 claims, and issue awards to eligible businesses consistent with this section. The process
52.13 must allow, but not require, an authorized representative from each business that applies
52.14 for compensation to appear in person before the assigned administrative law judge to provide
52.15 evidence in support of the business's claim.

52.16 (b) The chief administrative law judge may contract with and use the services of financial
52.17 or other consultants to examine financial documentation presented by claimants or otherwise
52.18 assist in the evaluation and award of claims.

52.19 (c) Records submitted to the Office of Administrative Hearings as part of the claims
52.20 process constitute business data under Minnesota Statutes, section 13.591.

52.21 (d) An award made under this section is final and is not subject to judicial review.

52.22 (e) An award made under this section does not constitute an admission of liability by
52.23 the state for any damages or other losses suffered by a business affected by the early
52.24 termination.

52.25 Subd. 3. **Eligibility.** To be eligible for an award of compensation, an affected business
52.26 must meet the following criteria:

52.27 (1) as of May 1, 2017, the affected business was operating under the terms of a valid
52.28 written contract, or an oral contract that is sufficiently supported by business records, with
52.29 the company operating the biomass plant or the fertilizer plant integrated with the biomass
52.30 plant to supply or manage material for, or receive material from, the biomass plant or the
52.31 fertilizer plant integrated with the biomass plant;

52.32 (2) the affected business is located in the state; and

53.1 (3) as the result of the early termination, the affected business suffered:

53.2 (i) decreased operating income; or

53.3 (ii) the loss of value of investments in real or personal property essential to its business
53.4 operations with the biomass plant.

53.5 Subd. 4. **Types of claims.** (a) An eligible business may make claims for a compensation
53.6 award based on either or both:

53.7 (1) decreased operating income; or

53.8 (2) the loss of value of investments in real or personal property essential to its business
53.9 operations with the biomass plant.

53.10 (b) To establish and quantify a claim for decreased operating income, an eligible business
53.11 must:

53.12 (1) demonstrate its operating income over the past five years derived from supplying or
53.13 managing material for, or receiving material from, the biomass plant;

53.14 (2) present evidence of any alternative business opportunities it has pursued or could
53.15 pursue to mitigate the loss of revenue from the termination of its contract with the biomass
53.16 plant; and

53.17 (3) demonstrate the amount that the business's annual operating income, including
53.18 operating income from any alternative business opportunities, after the termination of the
53.19 business's contract with the biomass plant is less than the five-year average of the business's
53.20 annual operating income before the early termination.

53.21 (c) To establish and quantify a loss of value of investments in real or personal property
53.22 claim, an eligible business must provide sufficient evidence of:

53.23 (1) the essential nature of the investment made in the property to fulfill the contract with
53.24 the biomass plant;

53.25 (2) the extent to which the eligible business is able to repurpose the property for another
53.26 productive use after the early termination, including but not limited to the use, sales, salvage,
53.27 or scrap value of the property for which the loss is claimed; and

53.28 (3) the value of the eligible business's nondepreciated investment in the property.

53.29 Subd. 5. **Limitations on awards.** (a) A compensation award for a decreased operating
53.30 income claim must not exceed the amount calculated under subdivision 4, paragraph (b),
53.31 clause (3), multiplied by two.

54.1 (b) The use, sales, salvage, or scrap value of the property for which a loss is claimed
 54.2 must be deducted from a compensation award for a loss of value of investments in real or
 54.3 personal property claim.

54.4 (c) A payment received from business interruption insurance policies, settlements, or
 54.5 other forms of compensation related to the termination of the business's contract with the
 54.6 biomass plant must be deducted from any compensation award provided under this section.

54.7 Subd. 6. **Priority.** The chief administrative law judge may give priority to claims by
 54.8 eligible businesses that demonstrate a significant effort to pursue alternative business
 54.9 opportunities or to conduct other loss mitigation efforts to reduce its claimed losses related
 54.10 to the termination of its contract with the company operating the biomass plant.

54.11 Subd. 7. **Awarding claims.** If the amount provided for compensation in the biomass
 54.12 business compensation account established under section 17 is insufficient to fully award
 54.13 all claims eligible for an award, all awards must be adjusted proportionally based on the
 54.14 value of the claim.

54.15 Subd. 8. **Deadlines.** The chief administrative law judge must make the application
 54.16 process for eligible claims available by August 1, 2021. A business seeking an award under
 54.17 this section must file all claims with the chief administrative law judge within 60 days of
 54.18 the date the chief administrative law judge makes the application process for eligible claims
 54.19 available. All preliminary awards on eligible claims must be made within 120 days of the
 54.20 deadline date to file claims. Any requests to reconsider an award denial must be filed with
 54.21 the chief administrative law judge within 60 days of the notice date for preliminary awards.
 54.22 All final awards for eligible claims must be made within 60 days of the deadline date to file
 54.23 reconsideration requests. The commissioner of management and budget must pay all awarded
 54.24 claims within 45 days of the date the commissioner of management and budget receives
 54.25 notice of the final awards from the chief administrative law judge.

54.26 Subd. 9. **Expiration.** This section expires June 30, 2023.

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

54.28 Sec. 17. **BIOMASS BUSINESS COMPENSATION ACCOUNT.**

54.29 Subdivision 1. **Account established.** A biomass business compensation account is
 54.30 established as a separate account in the special revenue fund in the state treasury.

54.31 Appropriations and transfers to the account must be credited to the account. Earnings, such
 54.32 as interest, and any other earnings arising from the assets of the account are credited to the

55.1 account. Funds remaining in the account as of December 31, 2023, must be transferred to
55.2 the renewable development account established under Minnesota Statutes, section 116C.779.

55.3 Subd. 2. **Funding for the special account.** Notwithstanding Minnesota Statutes, section
55.4 116C.779, subdivision 1, paragraph (j), on July 1, 2021, \$18,000,000, and on July 1, 2022,
55.5 \$18,000,000 must be transferred from the renewable development account under Minnesota
55.6 Statutes, section 116C.779, to the biomass business compensation account established under
55.7 subdivision 1. These are onetime transfers. The transferred funds are appropriated to pay
55.8 eligible obligations under the biomass business compensation program established under
55.9 section 16.

55.10 Subd. 3. **Payment of expenses.** The chief administrative law judge must certify to the
55.11 commissioner of management and budget the total costs incurred to administer the biomass
55.12 business compensation claims process. The commissioner of management and budget must
55.13 transfer an amount equal to the certified costs incurred for biomass business compensation
55.14 claim activities from the renewable development account under Minnesota Statutes, section
55.15 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes,
55.16 section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based
55.17 on quarterly cost and revenue reports, with final certification and reconciliation after each
55.18 fiscal year. The total amount transferred under this subdivision must not exceed \$200,000.

55.19 Subd. 4. **Expiration.** This section expires June 30, 2023.

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

55.21 Sec. 18. **REMAINING "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**
55.22 **PROGRAM INCENTIVE OBLIGATION.**

55.23 (a) On or before June 30, 2021, the commissioner of commerce must (1) determine the
55.24 total remaining obligation for the "Made in Minnesota" solar energy production incentive
55.25 program under Minnesota Statutes, section 216C.417, and (2) report the amount determined
55.26 under clause (1) to the commissioner of management and budget and the chairs and ranking
55.27 minority members of the house of representatives and senate committees with jurisdiction
55.28 over energy policy.

55.29 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
55.30 (j), the amount determined by the commissioner of commerce under paragraph (a) is
55.31 appropriated in equal amounts over four consecutive years beginning in fiscal year 2022
55.32 from the renewable development account under Minnesota Statutes, section 116C.779,

56.1 subdivision 1, paragraph (a), to the commissioner of commerce to make final payments for
 56.2 "Made in Minnesota" obligations.

56.3 (c) By October 15, 2021, the commissioner of commerce must pay the total remaining
 56.4 obligation for a "Made in Minnesota" solar energy production incentive approved by the
 56.5 commissioner under Minnesota Statutes 2016, section 216C.415, to an owner whose
 56.6 application was approved by the commissioner.

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

56.8 Sec. 19. **REPEALER.**

56.9 (a) Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85,
 56.10 article 7, section 9, is repealed.

56.11 (b) Minnesota Statutes 2020, section 216C.417, is repealed.

56.12 (c) Minnesota Statutes 2020, section 115C.13, is repealed.

56.13 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective the day following final
 56.14 enactment. Paragraph (b) is effective October 16, 2021.

56.15 **ARTICLE 6**

56.16 **TELECOMMUNICATIONS**

56.17 Section 1. Minnesota Statutes 2020, section 237.025, subdivision 6, is amended to read:

56.18 Subd. 6. **Market regulation and consumer protection.** (a) A local exchange carrier
 56.19 that has received approval from the commission to be regulated under this section in one
 56.20 or more of its exchange service areas shall be subject to regulation in those approved
 56.21 exchange service areas as a telecommunications carrier under section 237.035, and as a
 56.22 competitive local exchange carrier under Minnesota Rules, parts 7811.2210 and 7812.2210,
 56.23 as applicable. A local exchange carrier that has obtained approval for at least 90 percent of
 56.24 the local exchange carrier's access lines may elect to have all of the local exchange carrier's
 56.25 lines regulated under this section. Nothing in this section shall be construed to provide or
 56.26 imply that a local exchange carrier regulated under this section is exempted from Minnesota
 56.27 Statutes and Minnesota Rules applying to competitive local exchange carriers, including,
 56.28 but not limited to:

56.29 (1) sections 237.50 to 237.56;

56.30 (2) sections 237.66, 237.661, 237.663, and 237.665;

56.31 (3) sections 237.69 to 237.71; and

57.1 (4) Minnesota Rules, chapter 7810.

57.2 (b) Regulation under this section is effective 30 days after a petition is deemed approved
57.3 under subdivision 3 or approved by the commission under subdivision 4.

57.4 Sec. 2. Minnesota Statutes 2020, section 237.025, subdivision 9, is amended to read:

57.5 Subd. 9. **Obligation to serve.** ~~Nothing in this section affects the obligation of a local~~
57.6 ~~exchange carrier that petitions the commission to be regulated under this section to provide~~
57.7 ~~service to customers, when requested, in accordance with this chapter, commission rules,~~
57.8 ~~and its duly authorized tariffs~~ A local exchange carrier that elects to be regulated under this
57.9 section is required to offer service throughout the local exchange carrier's service territory
57.10 to the extent required by federal law.

115C.13 REPEALER.

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2022.

216C.417 PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.

Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under section 216C.415, by May 1, 2017, must be administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an owner whose application was approved by the commissioner after May 1, 2017.

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the renewable development account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) There is annually appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this subdivision only for solar photovoltaic module installations that meet the requirements of subdivision 1 and that first begin generating electricity between January 1, 2014, and October 31, 2018.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after October 31, 2028.

APPENDIX
Repealed Minnesota Session Laws: S0972-2

Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9

Sec. 9. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 shall expire on June 30, 2023.