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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **3337**

02/14/2022 Authored by Long  
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy  
04/21/2022 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to energy; establishing a supplemental budget for energy and climate

1.3 change needs; adding and modifying provisions governing energy conservation,

1.4 Public Utility Commission proceedings, energy storage, renewable energy, electric

1.5 vehicles, energy-related economic development, greenhouse gas emissions, and

1.6 other energy and climate policy; creating accounts; establishing grant programs;

1.7 authorizing rulemaking; requiring reports; making technical changes; appropriating

1.8 and transferring money; amending Minnesota Statutes 2020, sections 16B.32,

1.9 subdivisions 1, 1a; 16C.137, subdivision 1; 116C.779, subdivision 1; 116J.55,

1.10 subdivision 5; 160.08, subdivision 7; 168.27, by adding a subdivision; 216B.16,

1.11 subdivision 13; 216B.1611, by adding a subdivision; 216B.1641; 216B.1645,

1.12 subdivision 2; 216B.1691, subdivision 9; 216B.17, subdivision 1; 216B.2422,

1.13 subdivisions 1, 3, 5, 7, by adding subdivisions; 216B.2425, subdivision 8;

1.14 216B.243, subdivision 8; 216B.50, subdivision 1; 216C.264, subdivision 5, by

1.15 adding a subdivision; 216C.435, subdivision 8; 216C.436, subdivision 2, by adding

1.16 a subdivision; 216E.01, subdivision 9a; 216E.03, subdivisions 1, 5, 7, 10, 11;

1.17 216E.04, subdivision 2; 216F.04; 326B.103, by adding subdivisions; 326B.106,

1.18 subdivision 1, by adding a subdivision; Minnesota Statutes 2021 Supplement,

1.19 sections 16C.135, subdivision 3; 116C.7792; 216C.375, subdivision 1; Laws 2020,

1.20 chapter 118, section 5, subdivision 1; proposing coding for new law in Minnesota

1.21 Statutes, chapters 116C; 216B; 216C; 500; repealing Minnesota Statutes 2020,

1.22 sections 16B.323, subdivisions 1, 2; 16B.326; 216B.16, subdivision 10; Laws

1.23 2017, chapter 5, section 1.

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

1.25 **ARTICLE 1**

1.26 **APPROPRIATIONS**

1.27 Section 1. **APPROPRIATIONS.**

1.28 The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.29 and for the purposes specified in this article. The appropriations are from the general fund,

1.30 or another named fund, and are available for the fiscal years indicated for each purpose.

2.1 The figures "2022" and "2023" used in this article mean that the appropriations listed under  
 2.2 them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

2.3		<b><u>APPROPRIATIONS</u></b>	
2.4		<b><u>Available for the Year</u></b>	
2.5		<b><u>Ending June 30</u></b>	
2.6		<b><u>2022</u></b>	<b><u>2023</u></b>

2.7 **Sec. 2. DEPARTMENT OF COMMERCE**

2.8	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>80,686,000</u></b>
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2.9	<b><u>Subd. 2. Energy Resources</u></b>		<b><u>-0-</u></b>		<b><u>80,285,000</u></b>
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2.10 (a) \$4,000,000 in fiscal year 2023 is for  
 2.11 deposit in the solar on public buildings grant  
 2.12 program account for the grant program under  
 2.13 Minnesota Statutes, section 216C.377. The  
 2.14 appropriation must not be used to provide  
 2.15 grants to public buildings located within the  
 2.16 electric service area of the electric utility  
 2.17 subject to Minnesota Statutes, section  
 2.18 116C.779. This is a onetime appropriation and  
 2.19 remains available until December 31, 2025.

2.20 (b) \$500,000 in fiscal year 2023 is for transfer  
 2.21 to the commissioner of employment and  
 2.22 economic development for a grant to Unidos  
 2.23 MN Education Fund and the New Justice  
 2.24 Project MN to address employment and  
 2.25 economic disparities for people of color,  
 2.26 immigrant communities, and low-income  
 2.27 unemployed or underemployed individuals.

2.28 The money must be used to support  
 2.29 preapprenticeship and workforce training,  
 2.30 career development, worker rights training,  
 2.31 employment placement and entrepreneurship  
 2.32 support, related support services, and the  
 2.33 development of transferable skills in  
 2.34 high-demand fields related to construction,  
 2.35 clean energy, and energy efficiency. Of this

3.1 amount, 50 percent is for a grant to Unidos  
3.2 MN Education Fund and 50 percent is for a  
3.3 grant to the New Justice Project MN. This is  
3.4 a onetime appropriation and is available until  
3.5 June 30, 2027.

3.6 (c) \$30,000,000 in fiscal year 2023 is to  
3.7 provide grants to community action agencies  
3.8 and other agencies to weatherize residences  
3.9 and to install preweatherization measures in  
3.10 residential buildings occupied by eligible  
3.11 low-income households, as provided under  
3.12 Minnesota Statutes, sections 216B.2403,  
3.13 subdivision 5; 216B.241, subdivision 7; and  
3.14 216C.264. Of this amount:

3.15 (1) up to ten percent may be used to  
3.16 supplement utility spending on  
3.17 preweatherization measures as part of a  
3.18 low-income conservation program; and

3.19 (2) up to ten percent may be used to:  
3.20 (i) recruit and train energy auditors and  
3.21 installers of weatherization assistance services;  
3.22 and

3.23 (ii) provide financial incentives to contractors  
3.24 and workers who install weatherization  
3.25 assistance services.

3.26 The base in fiscal year 2024 is \$15,000,000  
3.27 and the base in fiscal year 2025 is  
3.28 \$15,000,000.

3.29 For the purposes of this paragraph:

3.30 (A) "low-income conservation program"  
3.31 means a utility program that offers energy  
3.32 conservation services to low-income  
3.33 households as part of the utility's energy

4.1 conservation and optimization plan under  
4.2 Minnesota Statutes, sections 216B.2403,  
4.3 subdivision 5, and 216B.241, subdivision 7;  
4.4 (B) "preweatherization measure" has the  
4.5 meaning given in Minnesota Statutes, section  
4.6 216B.2402, subdivision 20;  
4.7 (C) "weatherization assistance program"  
4.8 means the federal program described in Code  
4.9 of Federal Regulations, title 10, part 440 et  
4.10 seq., designed to assist low-income households  
4.11 to cost-effectively reduce energy use; and  
4.12 (D) "weatherization assistance services" means  
4.13 the energy conservation measures installed in  
4.14 households under the weatherization assistance  
4.15 program and under low-income conservation  
4.16 programs.  
4.17 (d) \$2,276,000 in fiscal year 2023 is for  
4.18 residential electric panel upgrade grants under  
4.19 Minnesota Statutes, section 216C.45, and to  
4.20 pay the reasonable costs incurred by the  
4.21 department to administer Minnesota Statutes,  
4.22 section 216C.45. This is a onetime  
4.23 appropriation and is available until June 30,  
4.24 2025.  
4.25 (e) \$1,000,000 the first year is for transfer to  
4.26 the Board of Regents of the University of  
4.27 Minnesota for a program in the University of  
4.28 Minnesota Extension Service that enhances  
4.29 the capacity of the state's agricultural sector,  
4.30 land and resource managers, and communities  
4.31 to plan for and adapt to weather extremes like  
4.32 droughts and floods. This appropriation must  
4.33 be used to support existing extension service  
4.34 staff members and to hire additional staff

5.1 members for a program with broad geographic  
5.2 reach throughout the state. The program must:

5.3 (1) identify, develop, implement, and evaluate  
5.4 educational programs that increase the  
5.5 capacity of Minnesota's agricultural sector,  
5.6 land and resource managers, and communities  
5.7 to adapt and be prepared for projected physical  
5.8 changes in temperature, precipitation, and  
5.9 other weather parameters that affect crops,  
5.10 lands, horticulture, pests, and wildlife in ways  
5.11 that present challenges to Minnesota's  
5.12 agricultural sector and the communities that  
5.13 depend on Minnesota's agricultural sector; and

5.14 (2) communicate and interpret the latest  
5.15 research on critical weather trends and the  
5.16 science behind critical weather trends to  
5.17 further prepare extension service staff  
5.18 throughout Minnesota to educate the  
5.19 agricultural sector, land and resource  
5.20 managers, and community members at the  
5.21 local level regarding technical information on  
5.22 water resource management, agriculture and  
5.23 forestry, engineering and infrastructure design,  
5.24 and emergency management that is necessary  
5.25 to develop strategies to mitigate the effects of  
5.26 extreme weather change.

5.27 (f) \$300,000 in fiscal year 2023 is for transfer  
5.28 to the commissioner of the Pollution Control  
5.29 Agency for a report describing potential  
5.30 strategies to reduce statewide greenhouse gas  
5.31 emissions in order to comply with the state's  
5.32 greenhouse gas emissions reductions goals  
5.33 established in Minnesota Statutes, section  
5.34 216H.02, subdivision 1, and the 2030  
5.35 emissions reduction goal established by the

6.1 United States under the United Nations  
6.2 Framework Convention on Climate Change,  
6.3 also known as the Paris Agreement. This is a  
6.4 onetime appropriation.

6.5 (g) \$600,000 in fiscal year 2023 is for transfer  
6.6 to the commissioner of administration to  
6.7 contract with the Board of Regents of the  
6.8 University of Minnesota for a grant to the  
6.9 Institute on the Environment to conduct  
6.10 research examining how projections of future  
6.11 weather trends may exacerbate conditions,  
6.12 including drought, elevated temperatures, and  
6.13 flooding, that:

6.14 (1) can be integrated into the design and  
6.15 evaluation of buildings constructed by the state  
6.16 of Minnesota and local units of government  
6.17 to:

6.18 (i) reduce energy costs by deploying  
6.19 cost-effective energy efficiency measures,  
6.20 innovative construction materials and  
6.21 techniques, and renewable energy sources;  
6.22 and

6.23 (ii) prevent and minimize damage to buildings  
6.24 caused by extreme weather conditions,  
6.25 including but not limited to increased  
6.26 frequency of intense precipitation events,  
6.27 tornadoes, flooding, and elevated  
6.28 temperatures; and

6.29 (2) may weaken the ability of natural systems  
6.30 to mitigate conditions to the point where  
6.31 human intervention in the form of building or  
6.32 redesigning the scale and operation of  
6.33 infrastructure is required to address the  
6.34 conditions in order to:

- 7.1 (i) maintain and increase the amount and  
7.2 quality of food and wood production;
- 7.3 (ii) reduce fire risk on forested land;
- 7.4 (iii) maintain and enhance water quality; and  
7.5 (iv) maintain and enhance natural habitats.
- 7.6 The contract must provide that, no later than  
7.7 February 1, 2025, the director of the Institute  
7.8 on the Environment or the director's designee  
7.9 submit a written report to the chairs and  
7.10 ranking minority members of the legislative  
7.11 committees with primary jurisdiction over  
7.12 environment policy and capital investment  
7.13 that summarizes the findings and  
7.14 recommendations of the research, including  
7.15 any recommendations for policy changes or  
7.16 other legislation. This is a onetime  
7.17 appropriation and is available until December  
7.18 31, 2024.
- 7.19 (h) \$146,000 in fiscal year 2023 is for transfer  
7.20 to the commissioner of labor and industry to  
7.21 implement new commercial energy codes  
7.22 under Minnesota Statutes, section 326B.106,  
7.23 subdivision 1. This is a onetime appropriation.
- 7.24 (i) \$2,000,000 in fiscal year 2023 is for  
7.25 transfer to the commissioner of employment  
7.26 and economic development for the community  
7.27 energy transition grant program under  
7.28 Minnesota Statutes, section 116J.55. This is  
7.29 a onetime appropriation and is available until  
7.30 expended.
- 7.31 (j) \$3,000,000 in fiscal year 2023 is for  
7.32 transfer to the commissioner of the Pollution  
7.33 Control Agency to award grants to political  
7.34 subdivisions to encourage the formation of

8.1 organizations and plans to reduce contributions  
8.2 to and mitigate the impacts of climate change.  
8.3 This is a onetime appropriation and is  
8.4 available until December 31, 2023.

8.5 (k) \$500,000 in fiscal year 2023 is to award  
8.6 grants to auto dealers to seek certification from  
8.7 electric vehicle manufacturers to sell electric  
8.8 vehicles. This is a onetime appropriation and  
8.9 is available until December 31, 2024.

8.10 (l) \$3,000,000 in fiscal year 2023 is for grants  
8.11 under the solar for schools program  
8.12 established in Minnesota Statutes, section  
8.13 216C.375. This is a onetime appropriation and  
8.14 is available until June 30, 2028.

8.15 (m) \$10,000,000 in fiscal year 2023 is for  
8.16 transfer to the state competitiveness account  
8.17 established in Minnesota Statutes, section  
8.18 216C.391, to leverage federal formula and  
8.19 competitive funds for energy-related  
8.20 infrastructure and clean energy investments  
8.21 in Minnesota. This is a onetime appropriation  
8.22 and is available until June 30, 2034.

8.23 (n) \$5,000,000 in fiscal year 2023 is for grants  
8.24 from the energy alley start-up fund established  
8.25 in Minnesota Statutes, section 216C.46, to  
8.26 businesses developing decarbonization  
8.27 technologies. This is a onetime appropriation  
8.28 and is available until December 31, 2024.

8.29 (o) \$500,000 in fiscal year 2023 is to install a  
8.30 network of electric vehicle charging stations  
8.31 in public parking facilities in county  
8.32 government centers. This is a onetime  
8.33 appropriation and is available until December  
8.34 31, 2024.

9.1 (p) \$4,100,000 in fiscal year 2023 is to the  
9.2 commissioner of natural resources to install  
9.3 electric vehicle charging stations in public  
9.4 parking facilities located in state and regional  
9.5 parks. This is a onetime appropriation and is  
9.6 available until December 31, 2024.

9.7 (q) Notwithstanding any other law to the  
9.8 contrary, including any law prohibiting the  
9.9 servicing of vehicles or the conduct of private  
9.10 business on the right-of-way of a trunk  
9.11 highway, \$2,100,000 in fiscal year 2023 is to  
9.12 the commissioner of transportation to install  
9.13 electric vehicle charging stations at highway  
9.14 safety rest areas. The charging stations may  
9.15 be free or fee-based. This is a onetime  
9.16 appropriation and is available until December  
9.17 31, 2024.

9.18 (r) \$133,000 in fiscal year 2023 is to the  
9.19 commissioner of labor and industry to modify  
9.20 the State Building Code to address needs for  
9.21 electric vehicle charging in parking facilities  
9.22 in new commercial and multifamily buildings  
9.23 that provide on-site parking. This is a onetime  
9.24 appropriation and is available until December  
9.25 31, 2023.

9.26 (s) \$531,000 in fiscal year 2023 is to develop  
9.27 an energy benchmarking program under which  
9.28 building owners report certain types of  
9.29 buildings' annual energy use under Minnesota  
9.30 Statutes, section 216C.331. This is a onetime  
9.31 appropriation and is available until December  
9.32 31, 2023.

9.33 (t) \$314,000 in fiscal year 2023 is to the  
9.34 commissioner of administration to staff a Buy  
9.35 Clean Task Force to advise the commissioner

10.1 on developing environmental standards for  
 10.2 the state's procurement of certain building  
 10.3 materials. This is a onetime appropriation and  
 10.4 is available until June 30, 2024.

10.5 (u) \$109,000 in fiscal year 2023 is for  
 10.6 participation in customer disputes before the  
 10.7 Public Utilities Commission under the  
 10.8 consumer dispute process established under  
 10.9 Minnesota Statutes, section 216B.172.

10.10 (v) \$35,000 in fiscal year 2023 is to participate  
 10.11 in the intervenor compensation process under  
 10.12 Minnesota Statutes, section 216B.631.

10.13 (w) \$10,000,000 the first year is for a grant to  
 10.14 the Minnesota Innovation Finance Authority  
 10.15 for organizational start-up costs and for the  
 10.16 purposes of Minnesota Statutes, section  
 10.17 216C.441. The commissioner of commerce is  
 10.18 the fiscal agent for the grant and must establish  
 10.19 reporting requirements with respect to the  
 10.20 authority's activities and expenditures. This is  
 10.21 a onetime appropriation and is available until  
 10.22 December 31, 2024.

10.23 (x) \$141,000 in fiscal year 2023 is for  
 10.24 participation in proceedings of the Minnesota  
 10.25 Public Utilities Commission regarding energy  
 10.26 storage systems under Minnesota Statutes,  
 10.27 sections 216B.1616 and 216C.378.

10.28 **Sec. 3. PUBLIC UTILITIES COMMISSION    \$                    -0- \$                    401,000**

10.29 (a) \$234,000 in fiscal year 2023 is to  
 10.30 administer the customer dispute process  
 10.31 established in Minnesota Statutes, section  
 10.32 216B.172. The base for this appropriation in  
 10.33 fiscal year 2024 and thereafter is \$228,000.

11.1 (b) \$32,000 in fiscal year 2023 is to administer  
 11.2 the intervenor compensation process under  
 11.3 Minnesota Statutes, section 216B.631.

11.4 (c) \$135,000 in fiscal year 2023 is for  
 11.5 commission proceedings regarding energy  
 11.6 storage systems under Minnesota Statutes,  
 11.7 sections 216B.1616 and 216C.378.

11.8 **ARTICLE 2**

11.9 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

11.10 Section 1. **APPROPRIATIONS.**

11.11 (a) The sums shown in the columns marked "Appropriations" are appropriated to the  
 11.12 agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes,  
 11.13 section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable  
 11.14 development account in the special revenue fund established in Minnesota Statutes, section  
 11.15 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose.  
 11.16 The figures "2022" and "2023" used in this article mean that the appropriations listed under  
 11.17 them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

11.18 (b) If an appropriation in this article is enacted more than once in the 2022 regular or  
 11.19 special legislative session, the appropriation must be given effect only once.

		<b><u>APPROPRIATIONS</u></b>	
		<b><u>Available for the Year</u></b>	
		<b><u>Ending June 30</u></b>	
		<b><u>2022</u></b>	<b><u>2023</u></b>
11.20			
11.21			
11.22			
11.23			
11.24	Sec. 2. <b><u>DEPARTMENT OF COMMERCE</u></b> <b>\$</b>	<b><u>-0-</u></b> <b>\$</b>	<b><u>40,221,000</u></b>

11.25 (a) \$5,000,000 in fiscal year 2023 is to operate  
 11.26 the grants for renewable integration and  
 11.27 demonstration program under Minnesota  
 11.28 Statutes, section 216C.47, to award grants to  
 11.29 businesses to develop decarbonization  
 11.30 technologies for commercialization.

11.31 (b) \$1,000,000 in fiscal year 2023 is to  
 11.32 implement a program that awards grants to  
 11.33 upgrade electrical panels in single-family and  
 11.34 multifamily residences under Minnesota

- 12.1 Statutes, section 216C.45. This is a onetime  
12.2 appropriation and is available until June 30,  
12.3 2025.
- 12.4 (c) \$3,000,000 in fiscal year 2023 is for the  
12.5 Metropolitan Council to purchase buses that  
12.6 operate solely on electric propulsion provided  
12.7 by electric motors and rechargeable on-board  
12.8 batteries. This is a onetime appropriation and  
12.9 is available until June 30, 2023.
- 12.10 (d) \$1,000,000 in fiscal year 2023 is for  
12.11 deposit in a contingency fund for disbursement  
12.12 to the owner of a solar energy generating  
12.13 system installed on land on the former Ford  
12.14 Motor Company in St. Paul known as Area C.  
12.15 Disbursement under this paragraph must occur  
12.16 only if the Pollution Control Agency requires  
12.17 actions to be taken to remediate contaminated  
12.18 land at the site that requires the solar energy  
12.19 generating system to be removed while  
12.20 remediation takes place, as provided in  
12.21 Minnesota Statutes, section 116C.7793. The  
12.22 base in fiscal year 2024 is \$1,000,000. The  
12.23 base in fiscal year 2025 is \$1,000,000.
- 12.24 (e) \$6,500,000 in fiscal year 2023 is for a grant  
12.25 to the Independent School District No. 11,  
12.26 Anoka-Hennepin, to construct a geothermal  
12.27 energy system at the Sorteberg Early  
12.28 Childhood Center that uses the constant  
12.29 temperature of the earth, in conjunction with  
12.30 a heat pump, new HVAC system, and new  
12.31 boilers, to provide space heating and cooling  
12.32 to the building. This is a onetime appropriation  
12.33 and is available until December 31, 2027.
- 12.34 (f) The base for fiscal year 2024 is \$531,000  
12.35 to implement an energy benchmarking

- 13.1 program under which building owners report  
13.2 certain types of buildings' annual energy use  
13.3 under Minnesota Statutes, section 216C.331.  
13.4 The base in fiscal year 2025 and thereafter is  
13.5 \$431,000.
- 13.6 (g) \$500,000 in fiscal year 2023 is to install a  
13.7 network of electric vehicle charging stations  
13.8 in public parking facilities located in county  
13.9 government centers. This is a onetime  
13.10 appropriation and is available until June 30,  
13.11 2024.
- 13.12 (h) \$5,000,000 in fiscal year 2023 is to be  
13.13 withheld by the public utility subject to  
13.14 Minnesota Statutes, section 116C.779, from  
13.15 deposit in the renewable development account,  
13.16 as provided in Minnesota Statutes, section  
13.17 116C.7792, for a financial incentive to install  
13.18 solar energy generating systems under  
13.19 Minnesota Statutes, section 116C.7792. The  
13.20 amount to be withheld for this purpose in  
13.21 fiscal year 2024 is \$5,000,000 and in fiscal  
13.22 year 2025 is \$10,000,000.
- 13.23 (i) \$4,000,000 in fiscal year 2023 is for a  
13.24 financial incentive for the installation of  
13.25 energy storage systems under Minnesota  
13.26 Statutes, section 116C.7792.
- 13.27 (j) \$4,000,000 in fiscal year 2023 is for the  
13.28 solar on public buildings grant program  
13.29 described under Minnesota Statutes, section  
13.30 216C.377. The appropriation must be used to  
13.31 provide grants to public buildings located  
13.32 within the electric service area of the electric  
13.33 utility subject to Minnesota Statutes, section  
13.34 116C.779. The base in fiscal year 2024 and  
13.35 thereafter is \$2,000,000.

14.1 (k) \$10,000,000 in fiscal year 2023 is for  
 14.2 transfer to the state competitiveness account  
 14.3 established in Minnesota Statutes, section  
 14.4 216C.391, to leverage federal formula and  
 14.5 competitive funds for energy-related  
 14.6 infrastructure and clean energy investments  
 14.7 in Minnesota. This appropriation must be used  
 14.8 to obtain federal funds that benefit Minnesota  
 14.9 ratepayers receiving electric service from the  
 14.10 utility that owns a nuclear-powered electric  
 14.11 generating plant in Minnesota, the Prairie  
 14.12 Island Indian community, or Prairie Island  
 14.13 Indian community members. This is a onetime  
 14.14 appropriation and is available until June 30,  
 14.15 2034.

14.16 (l) \$221,000 in fiscal year 2023 is for  
 14.17 participation in proceedings of the Minnesota  
 14.18 Public Utilities Commission regarding energy  
 14.19 storage systems under Minnesota Statutes,  
 14.20 sections 216B.1616 and 216C.378.

14.21

### ARTICLE 3

14.22

### ENERGY CONSERVATION

14.23 Section 1. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision  
 14.24 to read:

14.25 Subd. 1a. **State supplementary weatherization grants account.** (a) A state  
 14.26 supplementary weatherization grants account is established as a separate account in the  
 14.27 special revenue fund in the state treasury. The commissioner must credit appropriations and  
 14.28 transfers to the account. Earnings, such as interest, dividends, and any other earnings arising  
 14.29 from assets of the account, must be credited to the account. Money remaining in the account  
 14.30 at the end of a fiscal year does not cancel to the general fund, but remains in the account  
 14.31 until expended. The commissioner must manage the account.

14.32 (b) Money in the account is appropriated to the commissioner for the purposes of  
 14.33 subdivision 5.

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

15.2 Sec. 2. Minnesota Statutes 2020, section 216C.264, subdivision 5, is amended to read:

15.3 Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state  
15.4 grants in a manner consistent with the goal of producing the maximum number of weatherized  
15.5 units. Supplementary state grants ~~are provided primarily for the payment of~~ may be used  
15.6 for the following purposes:

15.7 (1) to address physical deficiencies in a residence that increase heat loss, including  
15.8 deficiencies that prohibit the residence from being eligible to receive federal weatherization  
15.9 assistance;

15.10 (2) to install preweatherization measures, as defined in section 216B.2402, subdivision  
15.11 20, established by the commissioner under section 216B.241, subdivision 7, paragraph (g);

15.12 (3) to increase the number of weatherized residences;

15.13 (4) to conduct outreach activities to make income-eligible households aware of the  
15.14 weatherization services available to income-eligible households, to assist applicants to fill  
15.15 out applications for weatherization assistance, and to provide translation services where  
15.16 necessary;

15.17 (5) to enable projects in multifamily buildings to proceed even if projects cannot comply  
15.18 with the federal requirement that projects must be completed within the same federal fiscal  
15.19 year in which the project begins;

15.20 (6) to address shortages of workers trained to provide weatherization services, including  
15.21 expanding training opportunities in existing and new training programs;

15.22 (7) to support the operation of the weatherization training program under section  
15.23 216C.2641;

15.24 (8) to pay additional labor costs for the federal weatherization program; and

15.25 (9) as an incentive for the increased production of weatherized units.

15.26 (b) Criteria for the allocation of state grants to local agencies include existing local  
15.27 agency production levels, emergency needs, and the potential for maintaining or increasing  
15.28 acceptable levels of production in the area.

15.29 (c) An eligible local agency may receive advance funding for 90 days' production, but  
15.30 thereafter must receive grants solely on the basis of program criteria.

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

16.1 **Sec. 3. [216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.**

16.2 Subdivision 1. **Establishment.** The commissioner of commerce must establish a  
16.3 weatherization training grant program to award grants to train workers for careers in the  
16.4 weatherization industry.

16.5 Subd. 2. **Grants.** (a) The commissioner must award grants through a competitive grant  
16.6 process.

16.7 (b) An eligible entity under paragraph (c) seeking a grant under this section must submit  
16.8 a written application to the commissioner, using a form developed by the commissioner.

16.9 (c) Grants may be awarded under this section only to:

16.10 (1) a nonprofit organization exempt from taxation under section 501(c)(3) of the United  
16.11 States Internal Revenue Code;

16.12 (2) a labor organization, as defined in section 179.01, subdivision 6; or

16.13 (3) a job training center or educational institution that the commissioner of commerce  
16.14 determines has the ability to train workers for weatherization careers.

16.15 (d) Grant funds must be used to pay costs associated with training workers for careers  
16.16 in the weatherization industry, including related supplies, materials, instruction, and  
16.17 infrastructure.

16.18 (e) When awarding grants under this section, the commissioner must give priority to  
16.19 applications that provide the highest quality training to prepare trainees for weatherization  
16.20 employment opportunities that meet technical standards and certifications developed by the  
16.21 Building Performance Institute, Inc. or the Standard Work Specifications developed by the  
16.22 United States Department of Energy for the federal Weatherization Assistance Program.

16.23 Subd. 3. **Reports.** By January 15, 2024, and each January 15 thereafter, the commissioner  
16.24 must submit a report to the chairs and ranking minority members of the senate and house  
16.25 of representatives committees with jurisdiction over energy policy that details the use of  
16.26 grant funds under this section, including data on the number of trainees trained and the  
16.27 career progress of trainees supported by prior grants.

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

16.29 **Sec. 4. [216C.331] ENERGY BENCHMARKING.**

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

17.1 (b) "Benchmark" means to electronically input into a benchmarking tool the total energy  
17.2 use data and other descriptive information about a building that is required by a benchmarking  
17.3 tool.

17.4 (c) "Benchmarking information" means data related to a building's energy use generated  
17.5 by a benchmarking tool and other information about the building's physical and operational  
17.6 characteristics. Benchmarking information includes but is not limited to the building's:

17.7 (1) address;

17.8 (2) owner and, if applicable, the building manager responsible for operating the building's  
17.9 physical systems;

17.10 (3) total floor area, expressed in square feet;

17.11 (4) energy use intensity;

17.12 (5) greenhouse gas emissions; and

17.13 (6) energy performance score comparing the building's energy use with that of similar  
17.14 buildings.

17.15 (d) "Benchmarking tool" means the United States Environmental Protection Agency's  
17.16 Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

17.17 (e) "Covered property" means a building whose total floor area is equal to or greater  
17.18 than 50,000 square feet. Covered property does not include:

17.19 (1) a residential property containing fewer than five dwelling units;

17.20 (2) a property classified as mining or manufacturing under the North American Industrial  
17.21 Classification System (NAICS); or

17.22 (3) other property types that do not meet the purposes of this section, as determined by  
17.23 the commissioner.

17.24 (f) "Energy" means electricity, natural gas, steam, or another product used to (1) provide  
17.25 heating, cooling, lighting, or water heating, or (2) power other end uses in a building.

17.26 (g) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

17.27 (h) "Energy intensity" means the total annual energy consumed in a building divided by  
17.28 the building's total floor area.

17.29 (i) "Energy performance score" means a numerical value from one to 100 that the Energy  
17.30 Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of  
17.31 comparable buildings nationwide.

18.1 (j) "Energy Star Portfolio Manager" means an interactive resource management tool  
 18.2 developed by the United States Environmental Protection Agency that (1) enables the  
 18.3 periodic entry of a building's energy use data and other descriptive information about a  
 18.4 building, and (2) rates a building's energy efficiency against that of comparable buildings  
 18.5 nationwide.

18.6 (k) "Financial distress" means a covered property that, at the time benchmarking is  
 18.7 conducted:

18.8 (1) is the subject of a qualified tax lien sale or public auction due to property tax  
 18.9 arrears;

18.10 (2) is controlled by a court-appointed receiver based on financial distress;

18.11 (3) is owned by a financial institution through default by the borrower;

18.12 (4) has been acquired by deed in lieu of foreclosure; or

18.13 (5) has a senior mortgage that is subject to a notice of default.

18.14 (l) "Owner" means (1) an individual or entity that possesses title to a covered property,  
 18.15 or (2) an agent authorized to act on behalf of the covered property owner.

18.16 (m) "Total floor area" means the sum of gross square footage inside a building's envelope,  
 18.17 measured between the outside exterior walls of the building. Total floor area includes covered  
 18.18 parking structures.

18.19 Subd. 2. **Establishment.** A building energy benchmarking program is established in the  
 18.20 department. The purpose of the program is to:

18.21 (1) make a building's owners, tenants, and potential tenants aware of (i) the building's  
 18.22 energy consumption levels and patterns, and (ii) how the building's energy use compares  
 18.23 with that of similar buildings nationwide; and

18.24 (2) enhance the likelihood that owners adopt energy conservation measures in the owners'  
 18.25 buildings as a way to reduce energy use, operating costs, and greenhouse gas emissions.

18.26 Subd. 3. **Classification of covered properties.** For the purposes of this section, a covered  
 18.27 property is classified as follows:

18.28	<u>Class</u>	<u>Total Floor Area (sq. ft.)</u>
18.29	<u>1</u>	<u>150,000 or more</u>
18.30	<u>2</u>	<u>100,000 to 149,999</u>
18.31	<u>3</u>	<u>75,000 to 99,999</u>
18.32	<u>4</u>	<u>50,000 to 74,999</u>

19.1 Subd. 4. **Benchmarking requirement.** (a) In conformity with the schedule in subdivision  
19.2 6, an owner must annually benchmark all covered property owned as of December 31 during  
19.3 the previous calendar year. Energy use data must be compiled by:

19.4 (1) obtaining the data from the utility providing the energy; or

19.5 (2) reading a master meter.

19.6 (b) Before entering information in a benchmarking tool, an owner must run all automated  
19.7 data quality assurance functions available within the benchmarking tool and must correct  
19.8 all missing or incorrect data identified.

19.9 (c) An owner who becomes aware that any information entered into a benchmarking  
19.10 tool is inaccurate or incomplete must amend the information in the benchmarking tool within  
19.11 30 days of the date the owner learned of the inaccuracy.

19.12 Subd. 5. **Exemption.** (a) The commissioner may exempt an owner from the requirements  
19.13 of subdivision 4 for a covered property if the owner provides evidence satisfying the  
19.14 commissioner that the covered property:

19.15 (1) is presently experiencing financial distress;

19.16 (2) has been less than 50 percent occupied during the previous calendar year;

19.17 (3) does not have a certificate of occupancy or temporary certificate of occupancy for  
19.18 the full previous calendar year;

19.19 (4) was issued a demolition permit during the previous calendar year that remains current;

19.20 (5) received no energy services for at least 30 days during the previous calendar year;

19.21 or

19.22 (6) is participating in a benchmarking program operated by a city or other political  
19.23 subdivision that the commissioner determines is equivalent to the benchmarking program  
19.24 established in this section.

19.25 (b) An exemption granted under this subdivision applies only to a single calendar year.  
19.26 An owner must reapply to the commissioner each year an extension is sought.

19.27 (c) Within 30 days of the date an owner makes a request under this paragraph, each  
19.28 tenant of a covered property subject to this section must provide the owner with any  
19.29 information regarding energy use of the tenant's rental unit that the property owner cannot  
19.30 otherwise obtain and that is needed by the owner to comply with this section. The tenant  
19.31 must provide the information required under this paragraph in a format approved by the  
19.32 commissioner.

20.1 Subd. 6. **Benchmarking schedule.** An owner must annually benchmark each covered  
20.2 property for the previous calendar year according to the following schedule:

20.3 (1) all Class 1 properties by June 1, 2023, and by every June 1 thereafter;

20.4 (2) all Class 2 properties by June 1, 2024, and by every June 1 thereafter;

20.5 (3) all Class 3 properties by June 1, 2025, and by every June 1 thereafter; and

20.6 (4) all Class 4 properties by June 1, 2026, and by every June 1 thereafter.

20.7 Subd. 7. **Energy audit.** (a) The commissioner must notify in writing an owner of a  
20.8 building whose energy performance score is 25 or lower or whose calculated energy intensity  
20.9 is among the highest 25 percent compared to similar building types within the building's  
20.10 class, as determined by the commissioner, that, except as provided in paragraph (c), the  
20.11 owner is required to contract for an energy audit of the building no later than one year after  
20.12 the notice is issued, unless the commissioner extends the deadline.

20.13 (b) The commissioner must award a grant to an owner who completes an energy audit  
20.14 after receiving notice under this subdivision. The grant amount must be the lower of \$2,000  
20.15 or 50 percent of the cost of the audit. An owner must not receive more than one grant under  
20.16 this subdivision.

20.17 (c) If a building owner that receives notice under this subdivision submits evidence to  
20.18 the commissioner's satisfaction that an energy audit of the building that is the subject of the  
20.19 notice was conducted within the previous five years, the owner is exempt from the  
20.20 requirement to conduct an energy audit.

20.21 Subd. 8. **Data collection and management.** (a) The commissioner must:

20.22 (1) collect benchmarking information generated by a benchmarking tool and other related  
20.23 information for each covered property;

20.24 (2) provide technical assistance to owners entering data into a benchmarking tool; and

20.25 (3) collaborate with utilities regarding the provision of energy use information to owners  
20.26 and tenants to enable owners to comply with this section.

20.27 (b) A utility must comply with a request from the commissioner to provide to the  
20.28 commissioner or to an owner energy use information that is needed to effectively operate  
20.29 the energy benchmarking program.

20.30 (c) The commissioner must:

21.1 (1) rank benchmarked covered properties in each property class from highest to lowest  
21.2 performance score, or, if a performance score is unavailable for a covered property, from  
21.3 lowest to highest energy use intensity;

21.4 (2) divide covered properties in each property class into four quartiles based on the  
21.5 applicable measure in clause (1);

21.6 (3) assign four stars to each covered property in the quartile of each property class with  
21.7 the highest performance scores or lowest energy use intensities, as applicable;

21.8 (4) assign three stars to each covered property in the quartile of each property class with  
21.9 the second highest performance scores or second lowest energy use intensities, as applicable;

21.10 (5) assign two stars to each covered property in the quartile of each property class with  
21.11 the third highest performance scores or third lowest energy use intensities, as applicable;

21.12 (6) assign one star to each covered property in the quartile of each property class with  
21.13 the lowest performance scores or highest energy use intensities, as applicable; and

21.14 (7) serve notice in writing to each owner identifying the number of stars assigned the  
21.15 commissioner to each of the owner's covered properties.

21.16 Subd. 9. **Data disclosure to public.** (a) The commissioner must post on the department's  
21.17 website and update annually the following information for the previous calendar year:

21.18 (1) annual summary statistics on energy use for all covered properties in Minnesota;

21.19 (2) annual summary statistics on energy use for all covered properties, aggregated by  
21.20 (i) covered property class, as defined in subdivision 3, (ii) city, and (iii) county;

21.21 (3) the percentage of covered properties in each building class listed in subdivision 3  
21.22 that are in compliance with the benchmarking requirements under subdivisions 4 to 6; and

21.23 (4) for each covered property, at a minimum, the total energy use, energy use per square  
21.24 foot of total floor area, annual greenhouse gas emissions, and an energy performance score,  
21.25 if available.

21.26 (b) The commissioner must post the information required under this subdivision for each  
21.27 class of covered property beginning one year after the date the initial benchmarking  
21.28 submission is made by the owner under the schedule in subdivision 6.

21.29 Subd. 10. **Building performance disclosure to potential tenants.** An owner must, on  
21.30 any application provided to a potential tenant seeking to rent a unit in a covered property,  
21.31 include the following language in a 12-point or larger font on the first page of the application:  
21.32 "This building has received a [insert number of stars assigned to the building by the

22.1 commissioner under subdivision 8, paragraph (c)] star rating of the building's energy  
22.2 efficiency from the Minnesota Department of Commerce, where four stars represents the  
22.3 most energy efficient buildings and one star represents the least energy efficient buildings."

22.4 Subd. 11. **Notifications.** (a) By March 1 each year, the commissioner must notify the  
22.5 owner of each covered property required to benchmark for the previous calendar year of  
22.6 the requirement to benchmark by June 1 of that year.

22.7 (b) By July 15 each year, the commissioner must notify the owner of each covered  
22.8 property required to benchmark for the previous calendar year that failed to benchmark that  
22.9 the owner has 30 days to comply with the benchmarking requirement.

22.10 Subd. 12. **Program implementation.** The commissioner may contract with an  
22.11 independent third party to implement any or all of the duties the commissioner is required  
22.12 to perform under subdivisions 2 to 10.

22.13 Subd. 13. **Enforcement.** If the commissioner determines that an owner has failed to  
22.14 benchmark in a timely, complete, and accurate fashion as required under this section, the  
22.15 commissioner may impose on the owner a civil fine of up to \$1,000. Each day that the owner  
22.16 fails to benchmark to the satisfaction of the commissioner for each covered property owned  
22.17 by the owner may be deemed a separate offense and the commissioner may impose a separate  
22.18 civil penalty.

22.19 Subd. 14. **Rules.** The commissioner is authorized to adopt rules under chapter 14 to  
22.20 implement this section.

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

22.22 Sec. 5. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

22.23 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections  
22.24 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the  
22.25 Construction Codes Advisory Council establish a code of standards for the construction,  
22.26 reconstruction, alteration, and repair of buildings, governing matters of structural materials,  
22.27 design and construction, fire protection, health, sanitation, and safety, including design and  
22.28 construction standards regarding heat loss control, illumination, and climate control. The  
22.29 code must also include duties and responsibilities for code administration, including  
22.30 procedures for administrative action, penalties, and suspension and revocation of certification.  
22.31 The code must conform insofar as practicable to model building codes generally accepted  
22.32 and in use throughout the United States, including a code for building conservation. In the  
22.33 preparation of the code, consideration must be given to the existing statewide specialty

23.1 codes presently in use in the state. Model codes with necessary modifications and statewide  
23.2 specialty codes may be adopted by reference. The code must be based on the application  
23.3 of scientific principles, approved tests, and professional judgment. To the extent possible,  
23.4 the code must be adopted in terms of desired results instead of the means of achieving those  
23.5 results, avoiding wherever possible the incorporation of specifications of particular methods  
23.6 or materials. To that end the code must encourage the use of new methods and new materials.  
23.7 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall  
23.8 administer and enforce the provisions of those sections.

23.9 (b) The commissioner shall develop rules addressing the plan review fee assessed to  
23.10 similar buildings without significant modifications including provisions for use of building  
23.11 systems as specified in the industrial/modular program specified in section 326B.194.  
23.12 Additional plan review fees associated with similar plans must be based on costs  
23.13 commensurate with the direct and indirect costs of the service.

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

23.21 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model  
23.22 residential energy code and the new model commercial energy code in accordance with  
23.23 federal law for which the United States Department of Energy has issued an affirmative  
23.24 determination in compliance with United States Code, title 42, section 6833. A municipality  
23.25 may adopt the most recently published new model commercial energy code ASHRAE 90.1  
23.26 until a more energy efficient code is adopted by the commissioner. A municipality may not  
23.27 amend or otherwise change any provisions of the most recent ASHRAE 90.1 standard,  
23.28 except that a municipality is required to adopt amendments to the previous version of  
23.29 ASHRAE 90.1 in the current commercial energy code adopted by the commissioner. The  
23.30 commissioner may adopt amendments prior to adoption of the new energy codes, as amended  
23.31 for use in Minnesota, to advance construction methods, technology, or materials, or, where  
23.32 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency  
23.33 or use of a building. The commissioner of commerce may include energy code support  
23.34 measures in the technical guidance developed under section 216B.241, subdivision 1d.

## ARTICLE 4

## COMMISSION PROCEEDINGS

Section 1. Minnesota Statutes 2020, section 216B.17, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** On ~~its~~ the commission's own motion or upon a complaint made against any public utility; by the governing body of any political subdivision, by another public utility, by the department, ~~or~~ by any 50 consumers of ~~the~~ a particular utility, or by a complainant under section 216B.172 that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any complaint filed with the commission on or after that date.

Sec. 2. **[216B.172] CONSUMER DISPUTES.**

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

(b) "Appeal" means a request filed with the commission by a complainant to review and make a final decision regarding the resolution of the complainant's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer of a public utility who has filed a complaint with the consumer affairs office.

(d) "Complaint" means an allegation submitted to the consumer affairs office by a complainant that a public utility's action or practice regarding billing or terms and conditions of service:

(1) violates a statute, rule, tariff, service contract, or other provision of law;

(2) is unreasonable; or

(3) has harmed or, if not addressed, will harm a complainant.

25.1 Complaint does not include an objection to or a request to modify a natural gas or electricity  
25.2 rate contained in a tariff that has been approved by the commission. A complaint under this  
25.3 section is an informal complaint under Minnesota Rules, chapter 7829.

25.4 (e) "Consumer affairs office" means the staff unit of the commission that is organized  
25.5 to receive and respond to complaints.

25.6 (f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100,  
25.7 subpart 8.

25.8 (g) "Public assistance" has the meaning given in section 550.37, subdivision 14.

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

25.10 Subd. 2. **Complaint resolution procedure.** A complainant must first attempt to resolve  
25.11 a dispute with a public utility by filing a complaint with the consumer affairs office. The  
25.12 consumer affairs office must (1) notify the complainant of the resolution of the complaint,  
25.13 (2) provide written notice of the complainant's right to appeal the resolution to the  
25.14 commission, and (3) provide steps the complainant may take to appeal the resolution. Upon  
25.15 request, the consumer affairs office must provide to the complainant a written notice  
25.16 containing the substance of and basis for the resolution.

25.17 Subd. 3. **Appeal; final commission decision.** (a) If a complainant is not satisfied with  
25.18 the resolution of a complaint by the consumer affairs office, the complainant may file an  
25.19 appeal with the commission requesting the commission to make a final decision on the  
25.20 complaint. The commission's response to an appeal filed under this subdivision must comply  
25.21 with the notice requirements under section 216B.17, subdivisions 2 to 5.

25.22 (b) Upon the commission's receipt of an appeal filed under paragraph (a), the chair of  
25.23 the commission or a subcommittee delegated under section 216A.03, subdivision 8, to  
25.24 review the resolution of the complaint must decide whether the complaint should be:

25.25 (1) dismissed because there is no reasonable basis on which to proceed;

25.26 (2) resolved through an informal commission proceeding; or

25.27 (3) referred to the Office of Administrative Hearings for a contested case proceeding  
25.28 under chapter 14.

25.29 A decision made under this paragraph must be provided in writing to the complainant and  
25.30 the public utility.

25.31 (c) If the commission decides that the complaint should be resolved through an informal  
25.32 commission proceeding or referred to the Office of Administrative Hearings for a contested

26.1 case proceeding, the executive secretary must issue a procedural schedule and any notices  
26.2 or orders required to initiate a contested case proceeding under chapter 14.

26.3 (d) The commission's dismissal of an appeal request or a decision rendered after  
26.4 conducting an informal proceeding is a final decision constituting an order or determination  
26.5 of the commission.

26.6 Subd. 4. **Judicial review.** Notwithstanding section 216B.27, a complainant may seek  
26.7 judicial review in district court of an adverse final decision under subdivision 3, paragraph  
26.8 (b), clause (1) or (2). Judicial review of the commission's decision in a contested case referred  
26.9 under subdivision 3, paragraph (b), clause (3), is governed by chapter 14.

26.10 Subd. 5. **Right to service during pendency of dispute.** A public utility must continue  
26.11 or promptly restore service to a complainant during the pendency of an administrative or  
26.12 judicial procedure pursued by a complainant under this section, provided that the  
26.13 complainant:

26.14 (1) agrees to enter into a payment agreement under section 216B.098, subdivision 3;

26.15 (2) posts the full disputed payment in escrow;

26.16 (3) demonstrates receipt of public assistance or eligibility for legal aid services; or

26.17 (4) demonstrates the complainant's household income is at or below 50 percent of state  
26.18 median income.

26.19 Subd. 6. **Rulemaking authority.** The commission may adopt rules to carry out the  
26.20 purposes of this section.

26.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
26.22 applies to any complaint filed with the commission on or after that date.

26.23 Sec. 3. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
26.24 to read:

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

27.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
27.2 applies to an integrated resource plan filed with the commission on or after that date.

27.3 Sec. 4. **[216B.491] DEFINITIONS.**

27.4 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.499, the terms  
27.5 defined in this subdivision have the meanings given.

27.6 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,  
27.7 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity  
27.8 or credit support arrangement, or other financial arrangement entered into in connection  
27.9 with extraordinary event bonds that is designed to promote the credit quality and  
27.10 marketability of extraordinary event bonds or to mitigate the risk of an increase in interest  
27.11 rates.

27.12 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in extraordinary  
27.13 event property is sold, assigned, transferred, or conveyed, other than as security, and any  
27.14 successor to or subsequent assignee of the person.

27.15 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of extraordinary event  
27.16 bonds.

27.17 Subd. 5. **Customer.** "Customer" means a person who takes natural gas service from a  
27.18 natural gas utility for consumption of natural gas in Minnesota.

27.19 Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from  
27.20 unforeseen circumstances and of sufficient magnitude, as determined by the commission:

27.21 (1) to impose significant costs on customers; and

27.22 (2) for which the issuance of extraordinary event bonds in response to the event meets  
27.23 the conditions of section 216B.492, subdivision 2, as determined by the commission.

27.24 (b) Extraordinary event includes but is not limited to a storm event or other natural  
27.25 disaster, an act of God, war, terrorism, sabotage or vandalism, a cybersecurity attack, or a  
27.26 temporary significant increase in the wholesale price of natural gas.

27.27 Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity  
27.28 undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide  
27.29 natural gas service following one or more extraordinary events, including but not limited  
27.30 to activities related to mobilization, staging, construction, reconstruction, replacement, or  
27.31 repair of natural gas transmission, distribution, storage, or general facilities.

28.1 Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means low-cost  
28.2 corporate securities, including but not limited to senior secured bonds, debentures, notes,  
28.3 certificates of participation, certificates of beneficial interest, certificates of ownership, or  
28.4 other evidences of indebtedness or ownership that have a scheduled maturity of no longer  
28.5 than 30 years and a final legal maturity date that is not later than 32 years from the issue  
28.6 date, that are rated AA or Aa2 or better by a major independent credit rating agency at the  
28.7 time of issuance, and that are issued by a utility or an assignee under a financing order.

28.8 Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a  
28.9 nonbypassable charge that:

28.10 (1) is imposed on all customer bills by a utility that is the subject of a financing order  
28.11 or the utility's successors or assignees;

28.12 (2) is separate from the utility's base rates; and

28.13 (3) provides a source of revenue solely to repay, finance, or refinance extraordinary  
28.14 event costs.

28.15 Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

28.16 (1) means all incremental costs of extraordinary event activities that are approved by  
28.17 the commission in a financing order issued under section 216B.492 as being:

28.18 (i) necessary to enable the utility to restore or maintain natural gas service to customers  
28.19 after the utility experiences an extraordinary event; and

28.20 (ii) prudent and reasonable;

28.21 (2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary  
28.22 event activities;

28.23 (3) shall be net of applicable insurance proceeds, tax benefits, and any other amounts  
28.24 intended to reimburse the utility for extraordinary event activities, including government  
28.25 grants or aid of any kind;

28.26 (4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by  
28.27 a government agency or court under a federal or state environmental statute, rule, or  
28.28 regulation; and

28.29 (5) must be adjusted to reflect:

28.30 (i) the difference, as determined by the commission, between extraordinary event costs  
28.31 that the utility expects to incur and actual, reasonable, and prudent costs incurred; or

29.1 (ii) a more fair or reasonable allocation of extraordinary event costs to customers over  
29.2 time, as expressed in a commission order.

29.3 Subd. 11. **Extraordinary event property.** "Extraordinary event property" means:

29.4 (1) all rights and interests of a utility or the utility's successor or assignee under a  
29.5 financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments  
29.6 to extraordinary event charges authorized under a financing order issued by the commission;  
29.7 and

29.8 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds  
29.9 arising from the rights and interests specified in clause (1), regardless of whether any are  
29.10 commingled with other revenue, collections, rights to payment, payments, money, or  
29.11 proceeds.

29.12 Subd. 12. **Extraordinary event revenue.** "Extraordinary event revenue" means revenue,  
29.13 receipts, collections, payments, money, claims, or other proceeds arising from extraordinary  
29.14 event property.

29.15 Subd. 13. **Financing costs.** "Financing costs" means:

29.16 (1) principal, interest, and redemption premiums that are payable on extraordinary event  
29.17 bonds;

29.18 (2) payments required under an ancillary agreement and amounts required to fund or  
29.19 replenish a reserve account or other accounts established under the terms of any indenture,  
29.20 ancillary agreement, or other financing document pertaining to the bonds;

29.21 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and  
29.22 servicing the bonds, including but not limited to servicing fees, accounting and auditing  
29.23 fees, trustee fees, legal fees, consulting fees, financial adviser fees, administrative fees,  
29.24 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange  
29.25 listing and compliance fees, security registration fees, filing fees, information technology  
29.26 programming costs, and any other demonstrable costs necessary to otherwise ensure and  
29.27 guarantee the timely payment of the bonds or other amounts or charges payable in connection  
29.28 with the bonds;

29.29 (4) taxes and license fees imposed on the revenue generated from collecting an  
29.30 extraordinary event charge;

29.31 (5) state and local taxes, including franchise, sales and use, and other taxes or similar  
29.32 charges, including but not limited to regulatory assessment fees, whether paid, payable, or  
29.33 accrued; and

30.1 (6) costs incurred by the commission to hire and compensate additional temporary staff  
30.2 needed to perform the commission's responsibilities under this section and, in accordance  
30.3 with section 216B.494, to engage specialized counsel and expert consultants experienced  
30.4 in securitized utility ratepayer-backed bond financing similar to extraordinary event bonds.

30.5 Subd. 14. **Financing order.** "Financing order" means an order issued by the commission  
30.6 under section 216B.492 that authorizes an applicant to:

30.7 (1) issue extraordinary event bonds in one or more series;

30.8 (2) impose, charge, and collect extraordinary event charges; and

30.9 (3) create extraordinary event property.

30.10 Subd. 15. **Financing party.** "Financing party" means a holder of extraordinary event  
30.11 bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other  
30.12 person acting for the benefit of extraordinary event bondholders.

30.13 Subd. 16. **Natural gas facility.** "Natural gas facility" means natural gas pipelines,  
30.14 including distribution lines, underground storage areas, liquefied natural gas facilities,  
30.15 propane storage tanks, and other facilities the commission determines are used and useful  
30.16 to provide natural gas service to retail and transportation customers in Minnesota.

30.17 Subd. 17. **Nonbypassable.** "Nonbypassable" means that the payment of an extraordinary  
30.18 event charge required to repay bonds and related costs may not be avoided by any retail  
30.19 customer located within a utility service area.

30.20 Subd. 18. **Pretax costs.** "Pretax costs" means costs incurred by a utility and approved  
30.21 by the commission, including but not limited to:

30.22 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed  
30.23 by a storm event;

30.24 (2) costs to decommission and restore the site of a natural gas facility damaged or  
30.25 destroyed by an extraordinary event;

30.26 (3) other applicable capital and operating costs, accrued carrying charges, deferred  
30.27 expenses, reductions for applicable insurance, and salvage proceeds; and

30.28 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing  
30.29 debt agreements, or for waivers or consents related to existing debt agreements.

30.30 Subd. 19. **Storm event.** "Storm event" means a tornado, derecho, ice or snow storm,  
30.31 flood, earthquake, or other significant weather or natural disaster that causes substantial  
30.32 damage to a utility's infrastructure.

31.1 Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law  
31.2 to the rights and obligations of another legal entity as a result of bankruptcy, reorganization,  
31.3 restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or  
31.4 transfer of assets.

31.5 Subd. 21. **Utility.** "Utility" means a public utility, as defined in section 216B.02,  
31.6 subdivision 4, that provides natural gas service to Minnesota customers. Utility includes  
31.7 the utility's successors or assignees.

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

31.9 Sec. 5. **[216B.492] FINANCING ORDER.**

31.10 Subdivision 1. **Application.** (a) A utility may file an application with the commission  
31.11 for the issuance of a financing order to enable the utility to recover extraordinary event costs  
31.12 through the issuance of extraordinary event bonds under this section.

31.13 (b) The application must include the following information, as applicable:

31.14 (1) a description of each natural gas facility to be repaired or replaced;

31.15 (2) the undepreciated value remaining in the natural gas facility whose repair or  
31.16 replacement is proposed to be financed through the issuance of bonds under sections  
31.17 216B.491 to 216B.499, and the method used to calculate the amount;

31.18 (3) the estimated amount of costs imposed on customers resulting from an extraordinary  
31.19 event that involves no physical damage to natural gas facilities;

31.20 (4) the estimated savings or estimated mitigation of rate impacts to utility customers if  
31.21 the financing order is issued as requested in the application, calculated by comparing the  
31.22 costs to customers that are expected to result from implementing the financing order and  
31.23 the estimated costs associated with implementing traditional utility financing mechanisms  
31.24 with respect to the same undepreciated balance, expressed in net present value terms;

31.25 (5) a description of (i) the nonbypassable extraordinary event charge utility customers  
31.26 would be required to pay in order to fully recover financing costs, and (ii) the method and  
31.27 assumptions used to calculate the amount;

31.28 (6) a proposed methodology to allocate the revenue requirement for the extraordinary  
31.29 event charge among the utility's customer classes;

31.30 (7) a description of a proposed adjustment mechanism to be implemented when necessary  
31.31 to correct any overcollection or undercollection of extraordinary event charges, in order to

32.1 complete payment of scheduled principal and interest on extraordinary event bonds and  
32.2 other financing costs in a timely fashion;

32.3 (8) a memorandum with supporting exhibits, from a securities firm that is experienced  
32.4 in the marketing of bonds and that is approved by the commissioner of management and  
32.5 budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher  
32.6 rating or equivalent rating criteria of at least one nationally recognized securities rating  
32.7 organization for issuances similar to the proposed extraordinary event bonds;

32.8 (9) an estimate of the timing of the issuance and the term of the extraordinary event  
32.9 bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance  
32.10 does not exceed 30 years;

32.11 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,  
32.12 interest in extraordinary event property, including identification of an assignee, and  
32.13 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,  
32.14 by the utility;

32.15 (11) identification of ancillary agreements that may be necessary or appropriate;

32.16 (12) one or more alternative financing scenarios in addition to the preferred scenario  
32.17 contained in the application;

32.18 (13) the extent of damage to the utility's infrastructure caused by an extraordinary event  
32.19 and the estimated costs to repair or replace the damaged infrastructure;

32.20 (14) a schedule of the proposed repairs to and replacement of damaged infrastructure;

32.21 (15) a description of the steps taken to provide customers interim natural gas service  
32.22 while the damaged infrastructure is being repaired or replaced; and

32.23 (16) a description of the impacts on the utility's current workforce resulting from  
32.24 implementing an infrastructure repair or replacement plan following an extraordinary event.

32.25 Subd. 2. **Findings.** After providing notice and holding a public hearing on an application  
32.26 filed under subdivision 1, the commission may issue a financing order if the commission  
32.27 finds that:

32.28 (1) the extraordinary event costs described in the application are reasonable;

32.29 (2) the proposed issuance of extraordinary event bonds and the imposition and collection  
32.30 of extraordinary event charges:

32.31 (i) are just and reasonable;

- 33.1 (ii) are consistent with the public interest;
- 33.2 (iii) constitute a prudent and reasonable mechanism to finance the extraordinary event  
33.3 costs; and
- 33.4 (iv) provide tangible and quantifiable benefits to customers that exceed the benefits that  
33.5 would have been achieved absent the issuance of extraordinary event bonds; and
- 33.6 (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:
- 33.7 (i) significantly lower overall costs to customers or significantly mitigate rate impacts  
33.8 to customers relative to traditional methods of financing; and
- 33.9 (ii) achieve significant customer savings or significant mitigation of rate impacts to  
33.10 customers, as determined by the commission in a financing order, consistent with market  
33.11 conditions at the time of sale and the terms of the financing order.
- 33.12 Subd. 3. Contents. (a) A financing order issued under this section must:
- 33.13 (1) determine the maximum amount of extraordinary event costs that may be financed  
33.14 from proceeds of extraordinary event bonds issued pursuant to the financing order;
- 33.15 (2) describe the proposed customer billing mechanism for extraordinary event charges  
33.16 and include a finding that the mechanism is just and reasonable;
- 33.17 (3) describe the financing costs that may be recovered through extraordinary event  
33.18 charges and the period over which the costs may be recovered, which must end no earlier  
33.19 than the date of final legal maturity of the extraordinary event bonds;
- 33.20 (4) describe the extraordinary event property that is created and that may be used to pay,  
33.21 and secure the payment of, the extraordinary event bonds and financing costs authorized in  
33.22 the financing order;
- 33.23 (5) authorize the utility to finance extraordinary event costs through the issuance of one  
33.24 or more series of extraordinary event bonds. A utility is not required to secure a separate  
33.25 financing order for each issuance of extraordinary event bonds or for each scheduled phase  
33.26 of the replacement of natural gas facilities approved in the financing order;
- 33.27 (6) include a formula-based mechanism that must be used to make expeditious periodic  
33.28 adjustments to the extraordinary event charge authorized by the financing order that are  
33.29 necessary to correct for any overcollection or undercollection, or to otherwise guarantee  
33.30 the timely payment of extraordinary event bonds, financing costs, and other required amounts  
33.31 and charges payable in connection with extraordinary event bonds;

34.1 (7) specify the degree of flexibility afforded to the utility in establishing the terms and  
34.2 conditions of the extraordinary event bonds, including but not limited to repayment schedules,  
34.3 expected interest rates, and other financing costs;

34.4 (8) specify that the extraordinary event bonds must be issued as soon as feasible following  
34.5 issuance of the financing order;

34.6 (9) require the utility, at the same time as extraordinary event charges are initially  
34.7 collected and independent of the schedule to close and decommission any natural gas facility  
34.8 replaced as the result of an extraordinary event, to remove the natural gas facility from the  
34.9 utility's rate base and commensurately reduce the utility's base rates;

34.10 (10) specify a future ratemaking process to reconcile any difference between the projected  
34.11 pretax costs included in the amount financed by extraordinary event bonds and the final  
34.12 actual pretax costs incurred by the utility to retire or replace the natural gas facility;

34.13 (11) specify information regarding bond issuance and repayments, financing costs,  
34.14 energy transaction charges, extraordinary event property, and related matters that the natural  
34.15 gas utility is required to provide to the commission on a schedule determined by the  
34.16 commission;

34.17 (12) allow and may require the creation of a utility's extraordinary event property to be  
34.18 conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary  
34.19 event property to an assignee and the pledge of the extraordinary event property to secure  
34.20 the extraordinary event bonds;

34.21 (13) ensure that the structuring, marketing, and pricing of extraordinary event bonds  
34.22 result in reasonable securitization bond charges and significant customer savings or rate  
34.23 impact mitigation, consistent with market conditions and the terms of the financing order;  
34.24 and

34.25 (14) specify that a utility financing the replacement of one or more natural gas facilities  
34.26 after the natural gas facilities subject to the finance order are removed from the utility's rate  
34.27 base is prohibited from:

34.28 (i) operating the natural gas facilities; or

34.29 (ii) selling the natural gas facilities to another entity to be operated as natural gas facilities.

34.30 (b) A financing order issued under this section may:

34.31 (1) include conditions different from those requested in the application that the  
34.32 commission determines are necessary to:

35.1 (i) promote the public interest; and

35.2 (ii) maximize the financial benefits or minimize the financial risks of the transaction to  
35.3 customers and to directly impacted Minnesota workers and communities; and

35.4 (2) specify the selection of one or more underwriters of the extraordinary event bonds.

35.5 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains  
35.6 in effect until the extraordinary event bonds issued under the financing order and all financing  
35.7 costs related to the bonds have been paid in full.

35.8 (b) A financing order remains in effect and unabated notwithstanding the bankruptcy,  
35.9 reorganization, or insolvency of the utility to which the financing order applies or any  
35.10 affiliate, successor, or assignee of the utility to which the financing order applies.

35.11 (c) Subject to judicial review under section 216B.52, a financing order is irrevocable  
35.12 and is not reviewable by a future commission. The commission may not reduce, impair,  
35.13 postpone, or terminate extraordinary event charges approved in a financing order, or impair  
35.14 extraordinary event property or the collection or recovery of extraordinary event revenue.

35.15 (d) Notwithstanding paragraph (c), the commission may, on the commission's own  
35.16 motion or at the request of a utility or any other person, commence a proceeding and issue  
35.17 a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary  
35.18 event bonds issued under the original financing order if:

35.19 (1) the commission makes all of the findings specified in subdivision 2 with respect to  
35.20 the subsequent financing order; and

35.21 (2) the modification contained in the subsequent financing order does not in any way  
35.22 impair the covenants and terms of the extraordinary event bonds being refinanced, retired,  
35.23 or refunded.

35.24 Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),  
35.25 the commission, in exercising the powers and carrying out the duties under this section, is  
35.26 prohibited from:

35.27 (1) considering extraordinary event bonds issued under this section to be debt of the  
35.28 utility other than for income tax purposes, unless it is necessary to consider the extraordinary  
35.29 event bonds to be debt in order to achieve consistency with prevailing utility debt rating  
35.30 methodologies;

35.31 (2) considering the extraordinary event charges paid under the financing order to be  
35.32 revenue of the utility;

36.1 (3) considering the extraordinary event or financing costs specified in the financing  
36.2 order to be the regulated costs or assets of the utility; or

36.3 (4) determining that any prudent action taken by a utility that is consistent with the  
36.4 financing order is unjust or unreasonable.

36.5 (b) Nothing in this subdivision:

36.6 (1) affects the authority of the commission to apply or modify any billing mechanism  
36.7 designed to recover extraordinary event charges;

36.8 (2) prevents or precludes the commission from (i) investigating a utility's compliance  
36.9 with the terms and conditions of a financing order, and (ii) requiring compliance with the  
36.10 financing order; or

36.11 (3) prevents or precludes the commission from imposing regulatory sanctions against a  
36.12 utility for failure to comply with the terms and conditions of a financing order or the  
36.13 requirements of this section.

36.14 (c) The commission is prohibited from refusing to allow a utility to recover any costs  
36.15 associated with the replacement of natural gas facilities solely because the utility has elected  
36.16 to finance the natural gas facility replacement through a financing mechanism other than  
36.17 extraordinary event bonds.

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

36.19 **Sec. 6. [216B.493] POSTORDER COMMISSION DUTIES.**

36.20 Subdivision 1. **Financing cost review.** Within 120 days after the date extraordinary  
36.21 event bonds are issued, a utility subject to a financing order must file with the commission  
36.22 the actual initial and ongoing financing costs, the final structure and pricing of the  
36.23 extraordinary event bonds, and the actual extraordinary event charge. The commission must  
36.24 review the prudence of the natural gas utility's actions to determine whether the actual  
36.25 financing costs were the lowest that could reasonably be achieved given the terms of the  
36.26 financing order and market conditions prevailing at the time of the bond's issuance.

36.27 Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this  
36.28 section are not prudent or are inconsistent with the financing order, the commission may  
36.29 apply any remedies available, provided that any remedy applied may not directly or indirectly  
36.30 impair the security for the extraordinary event bonds.

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

37.1 **Sec. 7. [216B.494] USE OF OUTSIDE EXPERTS.**

37.2 (a) In carrying out the duties under this section, the commission may:

37.3 (1) contract with outside consultants and counsel experienced in securitized utility  
37.4 customer-backed bond financing similar to extraordinary event bonds; and

37.5 (2) hire and compensate additional temporary staff as needed.

37.6 Expenses incurred by the commission under this paragraph must be treated as financing  
37.7 costs and included in the extraordinary event charge. The costs incurred under clause (1)  
37.8 are not an obligation of the state and are assigned solely to the transaction.

37.9 (b) A utility presented with a written request from the commission for reimbursement  
37.10 of the commission's expenses incurred under paragraph (a), accompanied by a detailed  
37.11 account of those expenses, must remit full payment of the expenses to the commission  
37.12 within 30 days of receiving the request.

37.13 (c) If a utility's application for a financing order is denied or withdrawn for any reason  
37.14 and extraordinary event bonds are not issued, the commission's costs to retain expert  
37.15 consultants under this section must be paid by the applicant utility and are deemed to be  
37.16 prudent deferred expenses eligible for recovery in the utility's future rates.

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

37.18 **Sec. 8. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.**

37.19 (a) A utility that obtains a financing order and causes extraordinary event bonds to be  
37.20 issued must:

37.21 (1) include on each customer's monthly natural gas bill:

37.22 (i) a statement that a portion of the charges represents extraordinary event charges  
37.23 approved in a financing order;

37.24 (ii) the amount and rate of the extraordinary event charge as a separate line item titled  
37.25 "extraordinary event charge"; and

37.26 (iii) if extraordinary event property has been transferred to an assignee, a statement that  
37.27 the assignee is the owner of the rights to extraordinary event charges and that the utility or  
37.28 other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

37.29 (2) file annually with the commission:

37.30 (i) a calculation of the impact of financing the retirement or replacement of natural gas  
37.31 facilities on customer rates, itemized by customer class; and

38.1 (ii) evidence demonstrating that extraordinary event revenues are applied solely to the  
38.2 repayment of extraordinary event bonds and other financing costs.

38.3 (b) Extraordinary event charges are nonbypassable and must be paid by all existing and  
38.4 future customers receiving service from the utility or the utility's successors or assignees  
38.5 under commission-approved rate schedules or special contracts.

38.6 (c) A utility's failure to comply with this section does not invalidate, impair, or affect  
38.7 any financing order, extraordinary event property, extraordinary event charge, or  
38.8 extraordinary event bonds, but does subject the utility to penalties under applicable  
38.9 commission rules.

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

38.11 Sec. 9. **[216B.496] EXTRAORDINARY EVENT PROPERTY.**

38.12 Subdivision 1. **General.** (a) Extraordinary event property is an existing present property  
38.13 right or interest in a property right, even though the imposition and collection of extraordinary  
38.14 event charges depend on the utility collecting extraordinary event charges and on future  
38.15 natural gas consumption. The property right or interest exists regardless of whether the  
38.16 revenues or proceeds arising from the extraordinary event property have been billed, have  
38.17 accrued, or have been collected.

38.18 (b) Extraordinary event property exists until all extraordinary event bonds issued under  
38.19 a financing order are paid in full and all financing costs and other costs of the extraordinary  
38.20 event bonds have been recovered in full.

38.21 (c) All or any portion of extraordinary event property described in a financing order  
38.22 issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee  
38.23 that is wholly owned, directly or indirectly, by the utility and is created for the limited  
38.24 purpose of acquiring, owning, or administering extraordinary event property or issuing  
38.25 extraordinary event bonds authorized by the financing order. All or any portion of  
38.26 extraordinary event property may be pledged to secure extraordinary event bonds issued  
38.27 under a financing order, amounts payable to financing parties and to counterparties under  
38.28 any ancillary agreements, and other financing costs. Each transfer, sale, conveyance,  
38.29 assignment, or pledge by a utility or an affiliate of extraordinary event property is a  
38.30 transaction in the ordinary course of business.

38.31 (d) If a utility defaults on any required payment of charges arising from extraordinary  
38.32 event property described in a financing order, a court, upon petition by an interested party  
38.33 and without limiting any other remedies available to the petitioner, must order the

39.1 sequestration and payment of the revenues arising from the extraordinary event property to  
39.2 the financing parties.

39.3 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary  
39.4 event property specified in a financing order issued to a utility, and in the revenue and  
39.5 collections arising from the property, is not subject to setoff, counterclaim, surcharge, or  
39.6 defense by the utility or any other person, or in connection with the reorganization,  
39.7 bankruptcy, or other insolvency of the utility or any other entity.

39.8 (f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other  
39.9 insolvency proceeding; merger or acquisition; sale; other business combination; transfer by  
39.10 operation of law; utility restructuring; or otherwise, must perform and satisfy all obligations  
39.11 of, and has the same duties and rights under, a financing order as the utility to which the  
39.12 financing order applies. A successor to a utility must perform the duties and exercise the  
39.13 rights in the same manner and to the same extent as the utility, including collecting and  
39.14 paying to any person entitled to receive revenues, collections, payments, or proceeds of  
39.15 extraordinary event property.

39.16 Subd. 2. Security interests in extraordinary event property. (a) The creation,  
39.17 perfection, and enforcement of any security interest in extraordinary event property to secure  
39.18 the repayment of the principal and interest on extraordinary event bonds, amounts payable  
39.19 under any ancillary agreement, and other financing costs are governed solely by this section.

39.20 (b) A security interest in extraordinary event property is created, valid, and binding  
39.21 when:

39.22 (1) the financing order that describes the extraordinary event property is issued;

39.23 (2) a security agreement is executed and delivered; and

39.24 (3) value is received for the extraordinary event bonds.

39.25 (c) Once a security interest in extraordinary event property is created, the security interest  
39.26 attaches without any physical delivery of collateral or any other act. The lien of the security  
39.27 interest is valid, binding, and perfected against all parties having claims of any kind in tort,  
39.28 contract, or otherwise against the person granting the security interest, regardless of whether  
39.29 the parties have notice of the lien, upon the filing of a financing statement with the secretary  
39.30 of state.

39.31 (d) The description or indication of extraordinary event property in a transfer or security  
39.32 agreement and a financing statement is sufficient only if the description or indication refers  
39.33 to this section and the financing order creating the extraordinary event property.

40.1 (e) A security interest in extraordinary event property is a continuously perfected security  
40.2 interest and has priority over any other lien, created by operation of law or otherwise, which  
40.3 may subsequently attach to the extraordinary event property unless the holder of the security  
40.4 interest has agreed otherwise in writing.

40.5 (f) The priority of a security interest in extraordinary event property is not affected by  
40.6 the commingling of extraordinary event property or extraordinary event revenue with other  
40.7 money. An assignee, bondholder, or financing party has a perfected security interest in the  
40.8 amount of all extraordinary event property or extraordinary event revenue that is pledged  
40.9 to pay extraordinary event bonds, even if the extraordinary event property or extraordinary  
40.10 event revenue is deposited in a cash or deposit account of the utility in which the  
40.11 extraordinary event revenue is commingled with other money. Any other security interest  
40.12 that applies to the other money does not apply to the extraordinary event revenue.

40.13 (g) Neither a subsequent commission order amending a financing order under section  
40.14 216B.492, subdivision 4, nor application of an adjustment mechanism authorized by a  
40.15 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or  
40.16 priority of a security interest in or transfer of extraordinary event property.

40.17 (h) A valid and enforceable security interest in extraordinary event property is perfected  
40.18 only when the security interest has attached and when a financing order has been filed with  
40.19 the secretary of state in accordance with procedures established by the secretary of state.  
40.20 The financing order must name the pledgor of the extraordinary event property as debtor  
40.21 and identify the property.

40.22 Subd. 3. **Sales of extraordinary event property.** (a) A sale, assignment, or transfer of  
40.23 extraordinary event property is an absolute transfer and true sale of, and not a pledge of or  
40.24 secured transaction relating to, the seller's right, title, and interest in, to, and under the  
40.25 extraordinary event property if the documents governing the transaction expressly state that  
40.26 the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary  
40.27 event property may be created when:

40.28 (1) the financing order creating and describing the extraordinary event property is  
40.29 effective;

40.30 (2) the documents evidencing the transfer of the extraordinary event property are executed  
40.31 and delivered to the assignee; and

40.32 (3) value is received.

41.1 (b) A transfer of an interest in extraordinary event property must be filed with the  
41.2 secretary of state against all third persons and perfected under sections 336.3-301 to  
41.3 336.3-312, including any judicial lien or other lien creditors or any claims of the seller or  
41.4 creditors of the seller, other than creditors holding a prior security interest, ownership  
41.5 interest, or assignment in the extraordinary event property previously perfected under this  
41.6 subdivision or subdivision 2.

41.7 (c) The characterization of a sale, assignment, or transfer as an absolute transfer and  
41.8 true sale, and the corresponding characterization of the property interest of the assignee, is  
41.9 not affected or impaired by:

41.10 (1) commingling of extraordinary event revenue with other money;

41.11 (2) the retention by the seller of:

41.12 (i) a partial or residual interest, including an equity interest, in the extraordinary event  
41.13 property, whether direct or indirect, or whether subordinate or otherwise; or

41.14 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed  
41.15 on the collection of extraordinary event revenue;

41.16 (3) any recourse that the purchaser may have against the seller;

41.17 (4) any indemnification rights, obligations, or repurchase rights made or provided by  
41.18 the seller;

41.19 (5) an obligation of the seller to collect extraordinary event revenues on behalf of an  
41.20 assignee;

41.21 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other  
41.22 purposes;

41.23 (7) any subsequent financing order amending a financing order under section 216B.492,  
41.24 subdivision 4, paragraph (d); or

41.25 (8) any application of an adjustment mechanism under section 216B.492, subdivision  
41.26 3, paragraph (a), clause (6).

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

41.28 **Sec. 10. [216B.497] EXTRAORDINARY EVENT BONDS.**

41.29 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,  
41.30 administrators, guardians, trustees, and other fiduciaries may legally invest any money  
41.31 within the individual's or entity's control in extraordinary event bonds.

42.1 (b) Extraordinary event bonds issued under a financing order are not debt of or a pledge  
42.2 of the faith and credit or taxing power of the state, any agency of the state, or any political  
42.3 subdivision. Holders of extraordinary event bonds may not have taxes levied by the state  
42.4 or a political subdivision in order to pay the principal or interest on extraordinary event  
42.5 bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently  
42.6 obligate the state or a political subdivision to levy any tax or make any appropriation to pay  
42.7 principal or interest on the extraordinary event bonds.

42.8 (c) The state pledges to and agrees with holders of extraordinary event bonds, any  
42.9 assignee, and any financing parties that the state will not:

42.10 (1) take or permit any action that impairs the value of extraordinary event property; or

42.11 (2) reduce, alter, or impair extraordinary event charges that are imposed, collected, and  
42.12 remitted for the benefit of holders of extraordinary event bonds, any assignee, and any  
42.13 financing parties until any principal, interest, and redemption premium payable on  
42.14 extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or  
42.15 financing party under an ancillary agreement are paid in full.

42.16 (d) A person who issues extraordinary event bonds may include the pledge specified in  
42.17 paragraph (c) in the extraordinary event bonds, ancillary agreements, and documentation  
42.18 related to the issuance and marketing of the extraordinary event bonds.

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

42.20 **Sec. 11. [216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO**  
42.21 **COMMISSION REGULATION.**

42.22 An assignee or financing party that is not already regulated by the commission does not  
42.23 become subject to commission regulation solely as a result of engaging in any transaction  
42.24 authorized by or described in sections 216B.491 to 216B.499.

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

42.26 **Sec. 12. [216B.499] EFFECT ON OTHER LAWS.**

42.27 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law  
42.28 regarding the attachment, assignment, perfection, effect of perfection, or priority of any  
42.29 security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499  
42.30 govern.

43.1 (b) Nothing in this section precludes a utility for which the commission has initially  
43.2 issued a financing order from applying to the commission for:

43.3 (1) a subsequent financing order amending the financing order under section 216B.492,  
43.4 subdivision 4, paragraph (d); or

43.5 (2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding  
43.6 series of extraordinary event bonds.

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

43.8 Sec. 13. Minnesota Statutes 2020, section 216B.50, subdivision 1, is amended to read:

43.9 Subdivision 1. **Commission approval required.** No public utility shall sell, acquire,  
43.10 lease, or rent any plant as an operating unit or system in this state for a total consideration  
43.11 in excess of ~~\$100,000~~ \$1,000,000, or merge or consolidate with another public utility or  
43.12 transmission company operating in this state, without first being authorized so to do by the  
43.13 commission. Upon the filing of an application for the approval and consent of the  
43.14 commission, the commission shall investigate, with or without public hearing. The  
43.15 commission shall hold a public hearing, upon such notice as the commission may require.  
43.16 If the commission finds that the proposed action is consistent with the public interest, it  
43.17 shall give its consent and approval by order in writing. In reaching its determination, the  
43.18 commission shall take into consideration the reasonable value of the property, plant, or  
43.19 securities to be acquired or disposed of, or merged and consolidated.

43.20 This section does not apply to the purchase of property to replace or add to the plant of  
43.21 the public utility by construction.

43.22 Sec. 14. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

43.25 (b) "Participant" means a person who:

43.26 (1) meets the requirements of subdivision 2;

43.27 (2) either (i) files comments or appears in a commission proceeding concerning one or  
43.28 more public utilities, excluding public hearings held in contested cases and commission  
43.29 proceedings conducted to receive general public comments; or (ii) is permitted by the  
43.30 commission to intervene in a commission proceeding concerning one or more public utilities;  
43.31 and

44.1 (3) files a request for compensation under this section.

44.2 (c) "Party" means a person who files comments or appears in a commission proceeding,  
44.3 other than public hearings, concerning one or more public utilities.

44.4 (d) "Proceeding" means an undertaking of the commission in which the commission  
44.5 seeks to resolve an issue affecting one or more public utilities and which results in a  
44.6 commission order.

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

44.8 Subd. 2. **Participants; eligibility.** The following participants are eligible to receive  
44.9 compensation under this section:

44.10 (1) a nonprofit organization that is:

44.11 (i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue  
44.12 Code;

44.13 (ii) incorporated or organized in Minnesota;

44.14 (iii) governed under chapter 317A or section 322C.1101; and

44.15 (iv) determined by the commission under subdivision 3, paragraph (c), to suffer financial  
44.16 hardship if not compensated for the nonprofit organization's participation in the applicable  
44.17 proceeding;

44.18 (2) a Tribal government of a federally recognized Indian Tribe that is located in  
44.19 Minnesota; or

44.20 (3) a Minnesota resident, except that an individual who owns a for-profit business that  
44.21 has earned revenue from a Minnesota utility in the past two years is not eligible for  
44.22 compensation.

44.23 Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to  
44.24 compensate all or part of a participant's reasonable costs to participate in a proceeding before  
44.25 the commission if the commission finds:

44.26 (1) that the participant has materially assisted the commission's deliberation; and

44.27 (2) if the participant is a nonprofit organization, that the participant would suffer financial  
44.28 hardship if the nonprofit organization's participation in the proceeding was not compensated.

44.29 (b) When determining whether a participant has materially assisted the commission's  
44.30 deliberation, the commission must find that:

45.1 (1) the participant made a unique contribution to the record and represented an interest  
45.2 that would not otherwise have been adequately represented;

45.3 (2) the evidence or arguments presented or the positions taken by the participant were  
45.4 an important factor in producing a fair decision;

45.5 (3) the participant's position promoted a public purpose or policy;

45.6 (4) the evidence presented, arguments made, issues raised, or positions taken by the  
45.7 participant would not otherwise have been part of the record;

45.8 (5) the participant was active in any stakeholder process included in the proceeding; and

45.9 (6) the proceeding resulted in a commission order that adopted, in whole or in part, a  
45.10 position advocated by the participant.

45.11 (c) When determining whether a nonprofit participant has demonstrated that a lack of  
45.12 compensation would present financial hardship, the commission must find that the nonprofit  
45.13 participant:

45.14 (1) incorporated or organized within three years of the date the applicable proceeding  
45.15 began;

45.16 (2) has payroll expenses below \$750,000; or

45.17 (3) has secured less than \$100,000 in current year funding dedicated to participation in  
45.18 commission proceedings, not including any participant compensation awarded under this  
45.19 section.

45.20 (d) When reviewing a compensation request, the commission must consider whether  
45.21 the costs presented in the participant's claim are reasonable.

45.22 Subd. 4. **Compensation; amount.** (a) Compensation must not exceed \$50,000 for a  
45.23 single participant in any proceeding, except that:

45.24 (1) if a proceeding extends longer than 12 months, a participant may request compensation  
45.25 of up to \$50,000 for costs incurred in each calendar year; and

45.26 (2) in a general rate case proceeding under section 216B.16 or an integrated resource  
45.27 plan proceeding under section 216B.2422, the maximum single participant compensation  
45.28 per proceeding under this section must not exceed \$75,000.

45.29 (b) A single participant must not be granted more than \$200,000 under this section in a  
45.30 single calendar year.

45.31 (c) Compensation requests from joint participants must be presented as a single request.

46.1 (d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar  
46.2 year, require a single public utility to pay aggregate compensation under this section that  
46.3 exceeds the following amounts:

46.4 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue  
46.5 in Minnesota;

46.6 (2) \$275,000, for a public utility with at least \$300,000,000 but less than \$900,000,000  
46.7 annual gross operating revenue in Minnesota;

46.8 (3) \$375,000, for a public utility with at least \$900,000,000 but less than \$2,000,000,000  
46.9 annual gross operating revenue in Minnesota; and

46.10 (4) \$1,250,000, for a public utility with \$2,000,000,000 or more annual gross operating  
46.11 revenue in Minnesota.

46.12 (e) When requests for compensation from any public utility approach the limits established  
46.13 in paragraph (d), the commission may prioritize requests from participants that received  
46.14 less than \$150,000 in total compensation during the previous two years.

46.15 Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a  
46.16 request and an affidavit of service with the commission, and serve a copy of the request on  
46.17 each party to the proceeding. The request must be filed no more than 30 days after the later  
46.18 of: (1) the expiration of the period within which a petition for rehearing, amendment,  
46.19 vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues  
46.20 an order following rehearing, amendment, vacation, reconsideration, or reargument.

46.21 (b) A compensation request must include:

46.22 (1) the name and address of the participant or nonprofit organization the participant is  
46.23 representing;

46.24 (2) evidence of the organization's nonprofit, tax-exempt status, if applicable;

46.25 (3) the name and docket number of the proceeding for which compensation is requested;

46.26 (4) for a nonprofit participant, evidence supporting the nonprofit's eligibility for  
46.27 compensation under the financial hardship test under subdivision 3, paragraph (c);

46.28 (5) amounts of compensation awarded to the participant under this section during the  
46.29 current year and any pending requests for compensation, itemized by docket;

46.30 (6) an itemization of the participant's costs, including (i) hours worked and associated  
46.31 hourly rates for each individual contributing to the participation, not including overhead

47.1 costs; (ii) participant revenues dedicated for the proceeding; and (iii) the total compensation  
47.2 request; and

47.3 (7) a narrative describing the unique contribution made to the proceeding by the  
47.4 participant.

47.5 (c) A participant must comply with reasonable requests for information by the commission  
47.6 and other parties or participants. A participant must reply to information requests within  
47.7 ten calendar days of the date the request is received, unless doing so would place an extreme  
47.8 hardship upon the replying participant. The replying participant must provide a copy of the  
47.9 information to any other participant or interested person upon request. Disputes regarding  
47.10 information requests may be resolved by the commission.

47.11 (d) A party objecting to a request for compensation must, within 30 days after service  
47.12 of the request for compensation, file a response and an affidavit of service with the  
47.13 commission. A copy of the response must be served on the requesting participant and all  
47.14 other parties to the proceeding.

47.15 (e) The requesting participant may file a reply with the commission within 15 days after  
47.16 the date a response is filed under paragraph (d). A copy of the reply and an affidavit of  
47.17 service must be served on all other parties to the proceeding.

47.18 (f) If additional costs are incurred by a participant as a result of additional proceedings  
47.19 following the commission's initial order, the participant may file an amended request within  
47.20 30 days after the date the commission issues an amended order. Paragraphs (b) to (e) apply  
47.21 to an amended request.

47.22 (g) The commission must issue a decision on participant compensation within 120 days  
47.23 of the date a request for compensation is filed by a participant.

47.24 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to  
47.25 30 days upon the request of a participant or on the commission's own initiative.

47.26 (i) A participant may request reconsideration of the commission's compensation decision  
47.27 within 30 days of the decision date.

47.28 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment  
47.29 of participant compensation, the public utility that was the subject of the proceeding must  
47.30 pay the full compensation to the participant and file proof of payment with the commission  
47.31 within 30 days after the later of: (1) the expiration of the period within which a petition for  
47.32 reconsideration of the commission's compensation decision must be filed; or (2) the date

48.1 the commission issues an order following reconsideration of the commission's order on  
48.2 participant compensation.

48.3 (b) If the commission issues an order requiring payment of participant compensation in  
48.4 a proceeding involving multiple public utilities, the commission must apportion costs among  
48.5 the public utilities in proportion to each public utility's annual revenue.

48.6 (c) The commission may issue orders necessary to allow a public utility to recover the  
48.7 costs of participant compensation on a timely basis.

48.8 Subd. 7. Report. By July 1, 2025, the commission must report to the chairs and ranking  
48.9 minority members of the senate and house of representatives committees with primary  
48.10 jurisdiction over energy policy on the operation of this section, including but not limited  
48.11 to:

48.12 (1) the amount of compensation paid each year by each utility;

48.13 (2) each recipient of compensation, the commission dockets in which compensation was  
48.14 awarded, and the compensation amounts; and

48.15 (3) the impact resulting from the commission's adoption of positions advocated by  
48.16 compensated participants.

48.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
48.18 applies to any proceeding in which the commission has not issued a final order as of that  
48.19 date.

48.20 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 11, is amended to read:

48.21 **Subd. 11. Department of Commerce to provide technical expertise and other**  
48.22 **assistance.** (a) The commissioner of the Department of Commerce shall consult with other  
48.23 state agencies and provide technical expertise and other assistance to the commission or to  
48.24 individual members of the commission for activities and proceedings under this chapter  
48.25 and chapters 216F and 216G. This assistance shall include the sharing of power plant siting  
48.26 and routing staff and other resources as necessary. The commissioner shall periodically  
48.27 report to the commission concerning the Department of Commerce's costs of providing  
48.28 assistance. The report shall conform to the schedule and include the required contents  
48.29 specified by the commission. The commission shall include the costs of the assistance in  
48.30 assessments for activities and proceedings under those sections and reimburse the special  
48.31 revenue fund for those costs. If either the commissioner or the commission deems it  
48.32 necessary, the department and the commission shall enter into an interagency agreement

49.1 establishing terms and conditions for the provision of assistance and sharing of resources  
49.2 under this subdivision.

49.3 (b) Notwithstanding the requirements of section 216B.33, the commissioner may take  
49.4 any action required or requested by the commission related to the environmental review  
49.5 requirements under chapter 216E or 216F immediately following a hearing and vote by the  
49.6 commission, prior to issuing a written order, finding, authorization, or certificate.

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

49.8 Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

49.9 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to  
49.10 the following projects:

49.11 (1) large electric power generating plants with a capacity of less than 80 megawatts;

49.12 (2) large electric power generating plants that are fueled by natural gas;

49.13 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

49.14 (4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles  
49.15 in length in Minnesota;

49.16 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of  
49.17 the distance of the line in Minnesota will be located along existing high-voltage transmission  
49.18 line right-of-way;

49.19 (6) a high-voltage transmission line service extension to a single customer between 200  
49.20 and 300 kilovolts and less than ten miles in length;

49.21 (7) a high-voltage transmission line rerouting to serve the demand of a single customer  
49.22 when the rerouted line will be located at least 80 percent on property owned or controlled  
49.23 by the customer or the owner of the transmission line; and

49.24 (8) large electric power generating plants that are powered by solar energy.

49.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
49.26 applies to a high-voltage transmission line in excess of 200 kilovolts whose owner has filed  
49.27 an application for a route permit with the Public Utilities Commission on or after that date.

49.28 Sec. 17. **REPEALER.**

49.29 Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

## ARTICLE 5

## ENERGY STORAGE

50.1  
50.2  
50.3 Section 1. Minnesota Statutes 2020, section 216B.1611, is amended by adding a subdivision  
50.4 to read:

50.5 Subd. 5. **Energy storage; capacity; treatment.** This subdivision applies to a public  
50.6 utility, as defined in section 216B.02, subdivision 4. For the purpose of interconnecting a  
50.7 distributed generation facility that operates in conjunction with an energy storage system,  
50.8 as defined in section 216B.2422, subdivision 1, paragraph (f), the system capacity must be  
50.9 calculated as the alternating current capacity of the distributed generation facility alone,  
50.10 provided that the energy storage system is connected to the distributed generating facility:

50.11 (1) by direct current; or

50.12 (2) by alternating current and is configured to limit the maximum export of electricity  
50.13 beyond the common point of coupling with the utility to an amount no greater than the  
50.14 capacity of the distributed generation facility.

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

50.16 Sec. 2. **[216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.**

50.17 No later than September 15, 2022, the commission must initiate a docket designed to  
50.18 determine fair compensation paid to customer-owners of on-site energy storage systems,  
50.19 as defined in section 216B.2422, subdivision 1, paragraph (f), for voluntarily discharging  
50.20 stored energy and capacity during periods of peak electricity demand or at other times as  
50.21 dispatched or requested by a public utility, as defined in section 216B.02, subdivision 4.

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

50.23 Sec. 3. Minnesota Statutes 2020, section 216B.2422, subdivision 7, is amended to read:

50.24 Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a  
50.25 resource plan under subdivision 2 must include in the filing an assessment of energy storage  
50.26 systems that analyzes how the deployment of energy storage systems contributes to:

50.27 (1) meeting identified generation and capacity needs; and

50.28 (2) evaluating ancillary services.

50.29 (b) The assessment must:

51.1 (1) employ appropriate modeling methods to enable the analysis required in paragraph  
51.2 (a); and

51.3 (2) address how energy storage systems may contribute to achieving the goals under  
51.4 subdivision 4, clause (1).

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

51.6 Sec. 4. Minnesota Statutes 2020, section 216B.2425, subdivision 8, is amended to read:

51.7 Subd. 8. **Distribution study for distributed generation.** Each entity subject to this  
51.8 section that is operating under a multiyear rate plan approved under section 216B.16,  
51.9 subdivision 19, shall conduct a distribution study to identify interconnection points on its  
51.10 distribution system for small-scale distributed generation resources and shall identify  
51.11 necessary distribution upgrades, including the deployment of energy storage systems, as  
51.12 defined in section 216B.2422, subdivision 1, paragraph (f), to support the continued  
51.13 development of distributed generation resources, and shall include the study in its report  
51.14 required under subdivision 2.

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

51.16 Sec. 5. **[216C.378] STORAGE REWARDS INCENTIVE PROGRAM.**

51.17 (a) The electric utility subject to section 116C.779 must develop and operate a program  
51.18 to provide a lump-sum grant to customers to reduce the cost of purchasing and installing  
51.19 an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph  
51.20 (f). The utility subject to this section must file a plan with the commissioner to operate the  
51.21 program no later than October 1, 2022. The utility may not operate the program until the  
51.22 program is approved by the commissioner. Any change to an operating program must be  
51.23 approved by the commissioner.

51.24 (b) To be eligible to receive a grant under this section, an energy storage system must:

51.25 (1) have a capacity no greater than 50 kilowatt hours; and

51.26 (2) be located within the electric service area of the utility subject to this section.

51.27 (c) An owner of an energy storage system is eligible to receive a grant under this section  
51.28 if:

51.29 (1) a solar energy generating system is operating at the same site as the proposed energy  
51.30 storage system; or

52.1 (2) the owner has filed an application with the utility subject to this section to interconnect  
 52.2 a solar energy generating system at the same site as the proposed energy storage system.

52.3 (d) The commissioner must annually review and may adjust the amount of grants awarded  
 52.4 under this section, but must not increase the amount over that awarded in previous years  
 52.5 unless the commissioner demonstrates in writing that an upward adjustment is warranted  
 52.6 by market conditions.

52.7 (e) A customer who receives a grant under this section is eligible to receive financial  
 52.8 assistance under programs operated by the state or the utility for the solar energy generating  
 52.9 system operating in conjunction with the energy storage system.

52.10 (f) For the purposes of this section, "solar energy generating system" has the meaning  
 52.11 given in section 216E.01, subdivision 9a.

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

## 52.13 **ARTICLE 6**

### 52.14 **RENEWABLE ENERGY**

52.15 Section 1. Minnesota Statutes 2020, section 16B.32, subdivision 1, is amended to read:

52.16 Subdivision 1. **Alternative energy sources.** ~~Plans prepared by the commissioner for a~~  
 52.17 ~~new building or for a renovation of 50 percent or more of an existing building or its energy~~  
 52.18 ~~systems must include designs which use active and passive solar energy systems, earth~~  
 52.19 ~~sheltered construction, and other alternative energy sources where feasible.~~ (a) If  
 52.20 incorporating cost-effective energy efficiency measures into the design, materials, and  
 52.21 operations of a building or major building renovation subject to section 16B.325 is not  
 52.22 sufficient to meet Sustainable Building 2030 energy performance standards required under  
 52.23 section 216B.241, subdivision 9, cost-effective renewable energy sources or solar thermal  
 52.24 energy systems, or both, must be deployed to achieve the standards.

52.25 (b) The commissioners of administration and commerce must review compliance of  
 52.26 building designs and plans subject to this section with Sustainable Building 2030 performance  
 52.27 standards developed under section 216B.241, subdivision 9, and must make recommendations  
 52.28 to the legislature as necessary to ensure that the performance standards are met.

52.29 (c) For the purposes of this section:

52.30 (1) "energy efficiency" has the meaning given in section 216B.241, subdivision 1,  
 52.31 paragraph (f);

53.1 (2) "renewable energy" has the meaning given in section 216B.2422, subdivision 1,  
53.2 paragraph (c), and includes hydrogen generated from wind, solar, or hydroelectric; and

53.3 (3) "solar thermal energy systems" has the meaning given to "qualifying solar thermal  
53.4 project" in section 216B.2411, subdivision 2, paragraph (e).

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

53.6 Sec. 2. Minnesota Statutes 2020, section 16B.32, subdivision 1a, is amended to read:

53.7 Subd. 1a. **Onsite energy generation from renewable sources.** ~~A state agency that~~  
53.8 ~~prepares a predesign for a new building must consider meeting at least two percent of the~~  
53.9 ~~energy needs of the building from renewable sources located on the building site. For~~  
53.10 ~~purposes of this subdivision, "renewable sources" are limited to wind and the sun. The~~  
53.11 ~~predesign must include an explicit cost and price analysis of complying with the two percent~~  
53.12 ~~requirement compared with the present and future costs of energy supplied by a public~~  
53.13 ~~utility from a location away from the building site and the present and future costs of~~  
53.14 ~~controlling carbon emissions. If the analysis concludes that the building should not meet at~~  
53.15 ~~least two percent of its energy needs from renewable sources located on the building site,~~  
53.16 ~~the analysis must provide explicit reasons why not. The building may not receive further~~  
53.17 ~~state appropriations for design or construction unless at least two percent of its energy needs~~  
53.18 ~~are designed to be met from renewable sources, unless the commissioner finds that the~~  
53.19 ~~reasons given by the agency for not meeting the two percent requirement were supported~~  
53.20 ~~by evidence in the record.~~ The total aggregate nameplate capacity of all renewable energy  
53.21 sources utilized to meet Sustainable Building 2030 standards in a state-owned building or  
53.22 facility, including any subscription to a community solar garden under section 216B.1641,  
53.23 must not exceed 120 percent of the state-owned building's or facility's average annual electric  
53.24 energy consumption.

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

53.26 Sec. 3. Minnesota Statutes 2021 Supplement, section 116C.7792, is amended to read:

53.27 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

53.28 (a) The utility subject to section 116C.779 shall operate a program to provide solar  
53.29 energy production incentives for solar energy systems of no more than a total aggregate  
53.30 nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar  
53.31 energy system installed before June 1, 2018, is eligible to receive a production incentive  
53.32 under this section for any additional solar energy systems constructed at the same customer

54.1 location, provided that the aggregate capacity of all systems at the customer location does  
54.2 not exceed 40 kilowatts.

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

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

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

54.10 (1) \$10,000,000 in 2021;

54.11 (2) \$10,000,000 in 2022;

54.12 (3) ~~\$5,000,000~~ \$10,000,000 in 2023; ~~and~~

54.13 (4) ~~\$5,000,000~~ \$10,000,000 in 2024; ~~and~~

54.14 (5) \$10,000,000 in 2025.

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

54.18 (f) Any unspent amount remaining on January 1, ~~2025~~ 2027, must be transferred to the  
54.19 renewable development account.

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

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

55.1 (i) Contractors and subcontractors installing a solar energy generating system awarded  
55.2 financial assistance under this section must comply with sections 177.41 to 177.43 with  
55.3 respect to the installation.

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

55.5 Sec. 4. **[116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

55.8 (b) "Agency" means the Pollution Control Agency.

55.9 (c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that  
55.10 served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

55.11 (d) "Corrective action determination" means a decision by the agency regarding actions  
55.12 to be taken to remediate contaminated soil and groundwater at Area C.

55.13 (e) "Owner" means the owner of a solar energy generating system planned to be deployed  
55.14 at Area C.

55.15 (f) "Solar energy generating system" has the meaning given in section 216E.01,  
55.16 subdivision 9a.

55.17 Subd. 2. **Account established.** The Area C contingency account is established as a  
55.18 separate account in the special revenue fund in the state treasury. Transfers and appropriations  
55.19 to the account, and any earnings or dividends accruing to assets in the account, must be  
55.20 credited to the account. The commissioner must serve as fiscal agent and must manage the  
55.21 account.

55.22 Subd. 3. **Distribution of funds; conditions.** Money from the account may be distributed  
55.23 by the commissioner to the owner of a solar energy generating system planned to be deployed  
55.24 on Area C under the following conditions:

55.25 (1) the agency issues a corrective action determination after the owner has begun to  
55.26 design or construct the project, and the nature of the corrective action determination requires  
55.27 the project to be redesigned or construction to be interrupted or altered; or

55.28 (2) the agency issues a corrective action determination whose work plan requires  
55.29 temporary cessation or partial or complete removal of the solar energy generating system  
55.30 after the solar energy generating system has become operational.

56.1 Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution  
56.2 of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing  
56.3 must describe (1) the nature of the impact of the agency's work plan that results in economic  
56.4 losses to the owner, and (2) a reasonable estimate of the amount of the economic losses.

56.5 (b) The owner must provide the commissioner with information the commissioner  
56.6 determines to be necessary to assist in reviewing the filing required under this subdivision.

56.7 (c) The commissioner must review the owner's filing within 60 days of submission and  
56.8 must approve a request the commissioner determines is reasonable.

56.9 Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this  
56.10 section may be used by the owner only to pay for:

56.11 (1) removal, storage, and transportation costs incurred for equipment removed, and any  
56.12 costs to reinstall equipment;

56.13 (2) costs of redesign or new equipment made necessary by the activities under the  
56.14 agency's work plan;

56.15 (3) lost revenues resulting from the inability of the solar energy generating system to  
56.16 generate sufficient electricity to fulfill the terms of the power purchase agreement between  
56.17 the owner and the purchaser of electricity generated by the solar energy generating system;

56.18 (4) other damages incurred under the power purchase agreement resulting from the  
56.19 cessation of operations made necessary by the activities of the agency's work plan; and

56.20 (5) the cost of energy required to replace the energy that would have been generated by  
56.21 the solar energy generating system and purchased under the power purchase agreement.

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

56.23 Sec. 5. Minnesota Statutes 2020, section 216B.1641, is amended to read:

56.24 **216B.1641 COMMUNITY SOLAR GARDEN.**

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

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

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

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

57.1 Subd. 2. Solar garden; project requirements. (a) The public utility subject to section  
57.2 116C.779 shall file by September 30, 2013, a plan with the commission to operate a  
57.3 community solar garden program which shall begin operations within 90 days after  
57.4 commission approval of the plan. Other public utilities may file an application at their  
57.5 election. The community solar garden program must be designed to offset the energy use  
57.6 of not less than five subscribers in each community solar garden facility of which no single  
57.7 subscriber has more than a 40 percent interest. The owner of the community solar garden  
57.8 may be a public utility or any other entity or organization that contracts to sell the output  
57.9 from the community solar garden to the utility under section 216B.164. There shall be no  
57.10 limitation on the number or cumulative generating capacity of community solar garden  
57.11 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or  
57.12 other limitations provided in law or regulations.

57.13 (b) A solar garden is a facility that generates electricity by means of a ground-mounted  
57.14 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the  
57.15 electricity generated in proportion to the size of their subscription. The solar garden must  
57.16 have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription  
57.17 shall be sized to represent at least 200 watts of the community solar garden's generating  
57.18 capacity and to supply, when combined with other distributed generation resources serving  
57.19 the premises, no more than 120 percent of the average annual consumption of electricity  
57.20 by each subscriber at the premises to which the subscription is attributed.

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

57.25 (d) The public utility must purchase from the community solar garden all energy generated  
57.26 by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the  
57.27 most recent three-year average of the rate calculated under section 216B.164, subdivision  
57.28 10, or, until that rate for the public utility has been approved by the commission, the  
57.29 applicable retail rate. A solar garden is eligible for any incentive programs offered under  
57.30 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on  
57.31 the subscriber's bill.

57.32 Subd. 3. Solar garden plan; requirements; nonutility status. ~~(e)~~ (a) The commission  
57.33 may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan  
57.34 approved by the commission must:

- 58.1 (1) reasonably allow for the creation, financing, and accessibility of community solar  
58.2 gardens;
- 58.3 (2) establish uniform standards, fees, and processes for the interconnection of community  
58.4 solar garden facilities that allow the utility to recover reasonable interconnection costs for  
58.5 each community solar garden;
- 58.6 (3) not apply different requirements to utility and nonutility community solar garden  
58.7 facilities;
- 58.8 (4) be consistent with the public interest;
- 58.9 (5) identify the information that must be provided to potential subscribers to ensure fair  
58.10 disclosure of future costs and benefits of subscriptions;
- 58.11 (6) include a program implementation schedule;
- 58.12 (7) identify all proposed rules, fees, and charges; ~~and~~
- 58.13 (8) identify the means by which the program will be promoted;;
- 58.14 (9) require that residential subscribers have a right to cancel a community solar garden  
58.15 subscription within three business days, as provided under section 325G.07;
- 58.16 (10) require that the following information is provided by the solar garden owner in  
58.17 writing to any prospective subscriber asked to make a prepayment to the solar garden owner  
58.18 prior to the delivery of subscribed energy by the solar garden:
- 58.19 (i) an estimate of the annual generation of subscribed energy, based on the methodology  
58.20 approved by the commission; and
- 58.21 (ii) an estimate of the length of time required to fully recover a subscriber's prepayments  
58.22 made to the owner of the solar garden prior to the delivery of subscribed energy, calculated  
58.23 using the formula developed by the commission under paragraph (d); and
- 58.24 (11) require new residential subscription agreements that require a prepayment to allow  
58.25 the subscriber to, on commercially reasonable terms, (i) transfer the subscription to other  
58.26 new or current subscribers, or (ii) cancel the subscription; and
- 58.27 (12) require an owner of a solar garden to submit a report that meets the requirements  
58.28 of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.
- 58.29 ~~(b)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a  
58.30 community solar garden facility shall be considered a utility solely as a result of their  
58.31 participation in the community solar garden facility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

60.9 (i) contracts to:

60.10 (A) sell the credits to a third party; or

60.11 (B) sell or transfer the credits to the utility; and

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

60.14 (b) If at any time after commercial operation begins a solar garden approved by the  
60.15 utility as a community access project fails to meet the conditions under subdivision 4, the  
60.16 solar garden (1) is no longer subject to the provisions of this subdivision and subdivision  
60.17 6, and (2) must operate under the program rules established by the commission for a solar  
60.18 garden that does not qualify as a community access project.

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

60.22 Subd. 6. **Community access project; reporting.** The owner of a community access  
60.23 project must include the following information in an annual report to the community access  
60.24 project subscribers and the utility:

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

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

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

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

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

61.4 (B) federal Section 8 housing assistance;

61.5 (C) medical assistance;

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

61.7 (E) the federal National School Lunch Program;

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

61.10 (iii) other methods approved by the commission.

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

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

61.14 Sec. 6. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

61.15 Subd. 8. **Exemptions.** (a) This section does not apply to:

61.16 (1) cogeneration or small power production facilities as defined in the Federal Power  
61.17 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and  
61.18 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less  
61.19 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or  
61.20 any case where the commission has determined after being advised by the attorney general  
61.21 that its application has been preempted by federal law;

61.22 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve  
61.23 the demand of a single customer at a single location, unless the applicant opts to request  
61.24 that the commission determine need under this section or section 216B.2425;

61.25 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand  
61.26 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to  
61.27 request that the commission determine need under this section or section 216B.2425;

61.28 (4) a high-voltage transmission line of one mile or less required to connect a new or  
61.29 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

62.1 (5) conversion of the fuel source of an existing electric generating plant to using natural  
62.2 gas;

62.3 (6) the modification of an existing electric generating plant to increase efficiency, as  
62.4 long as the capacity of the plant is not increased more than ten percent or more than 100  
62.5 megawatts, whichever is greater;

62.6 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision  
62.7 2, or a solar ~~electric generation facility~~ energy generating system, as defined in section  
62.8 216E.01, subdivision 9a, if the system ~~or facility~~ is owned and operated by an independent  
62.9 power producer and the electric output of the system ~~or facility~~:

62.10 (i) is not sold to an entity that provides retail service in Minnesota or wholesale electric  
62.11 service to another entity in Minnesota other than an entity that is a federally recognized  
62.12 regional transmission organization or independent system operator; or

62.13 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric  
62.14 service to another entity in Minnesota other than an entity that is a federally recognized  
62.15 regional transmission organization or independent system operator, provided that the system  
62.16 represents solar or wind capacity that the entity purchasing the system's electric output was  
62.17 ordered by the commission to develop in the entity's most recent integrated resource plan  
62.18 approved under section 216B.2422; or

62.19 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision  
62.20 2, or a solar energy generating system that is a large energy facility, as defined in section  
62.21 216B.2421, subdivision 2, engaging in a repowering project that:

62.22 (i) will not result in the facility system exceeding the nameplate capacity under its most  
62.23 recent interconnection agreement; or

62.24 (ii) will result in the facility system exceeding the nameplate capacity under its most  
62.25 recent interconnection agreement, provided that the Midcontinent Independent System  
62.26 Operator has provided a signed generator interconnection agreement that reflects the expected  
62.27 net power increase.

62.28 (b) For the purpose of this subdivision, "repowering project" means:

62.29 (1) modifying a large wind energy conversion system or a solar energy generating system  
62.30 that is a large energy facility to increase its efficiency without increasing its nameplate  
62.31 capacity;

62.32 (2) replacing turbines in a large wind energy conversion system without increasing the  
62.33 nameplate capacity of the system; or

63.1 (3) increasing the nameplate capacity of a large wind energy conversion system.

63.2 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
63.3 applies to a large wind energy conversion system or a solar energy generating system whose  
63.4 owner has filed an application for a certificate of need with the Public Utilities Commission  
63.5 on or after that date.

63.6 Sec. 7. Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1, is amended  
63.7 to read:

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

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

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

63.13 (d) "School" means: (1) a school that operates as part of an independent or special school  
63.14 district; ~~(2) a Tribal contract school;~~ (3) a state college or university that is under the  
63.15 jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

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

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

63.18 (g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section  
63.19 216B.2411, subdivision 2, paragraph (d).

63.20 (h) "State colleges and universities" has the meaning given in section 136F.01, subdivision  
63.21 4.

63.22 Sec. 8. **[216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.**

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

63.25 (b) "Developer" means an entity that applies for a grant on behalf of a public building  
63.26 under this section to install a solar energy generating system on the public building.

63.27 (c) "Local unit of government" means a county, statutory or home rule charter city, town,  
63.28 or other local government jurisdiction, excluding a school district eligible to receive financial  
63.29 assistance under section 216C.375 or 216C.376.

64.1 (d) "Municipal electric utility" means a utility that provides electric service to retail  
64.2 customers in Minnesota and is governed by a city council or a local utilities commission.

64.3 (e) "Public building" means a building owned and operated by a local unit of government.

64.4 (f) "Solar energy generating system" has the meaning given in section 216E.01,  
64.5 subdivision 9a.

64.6 (g) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that  
64.7 provides electric service, or a municipal electric utility.

64.8 Subd. 2. **Establishment; purpose.** A solar on public buildings grant program is  
64.9 established in the Department of Commerce. The purpose of the program is to provide grants  
64.10 to stimulate the installation of solar energy generating systems on public buildings.

64.11 Subd. 3. **Establishment of account.** A solar on public buildings grant program account  
64.12 is established in the special revenue fund. Money received from the general fund and the  
64.13 renewable development account established in section 116C.779, subdivision 1, must be  
64.14 transferred to the commissioner of commerce and credited to the account. Earnings, including  
64.15 interest, dividends, and any other earnings arising from the assets of the account, must be  
64.16 credited to the account. Earnings remaining in the account at the end of a fiscal year do not  
64.17 cancel to the general fund or renewable development account but remain in the account  
64.18 until expended. The commissioner must manage the account.

64.19 Subd. 4. **Expenditures.** Money in the account must be used only:

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

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

64.22 Subd. 5. **Eligible applicants.** Only a local unit of government or a municipal electric  
64.23 utility may apply for or be awarded a grant under this section.

64.24 Subd. 6. **Eligible system.** (a) A grant may be awarded under this section only if the solar  
64.25 energy system that is the subject of the grant:

64.26 (1) is installed on or adjacent to a public building that consumes the electricity generated  
64.27 by the solar energy generating system, on property within the service territory of the utility  
64.28 currently providing electric service to the public building; and

64.29 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the  
64.30 average annual electricity consumption of the public building, measured over the most  
64.31 recent three calendar years, at which the solar energy generating system is installed.

65.1 (b) A public building that receives a rebate or other financial incentive under section  
65.2 216B.241 for a solar energy system is eligible for a grant under this section for the same  
65.3 solar energy generating system.

65.4 (c) Before filing an application for a grant under this section, a local unit of government  
65.5 or public building that is served by a municipal electric utility must inform the municipal  
65.6 electric utility of the local unit of government's or public building's intention to do so. A  
65.7 municipal electric utility may, under an agreement with a local unit of government, own  
65.8 and operate a solar energy generating system awarded a grant under this section on behalf  
65.9 of and for the benefit of the local unit of government.

65.10 Subd. 7. **Application process.** (a) The commissioner must issue a request for proposals  
65.11 to utilities, local units of government, and developers who may wish to apply for a grant  
65.12 under this section on behalf of a public building.

65.13 (b) A utility or developer must submit an application to the commissioner on behalf of  
65.14 a public building on a form prescribed by the commissioner. The form must include, at a  
65.15 minimum, the following information:

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

65.18 (2) the current energy demand of the public building on which the solar energy generating  
65.19 system is to be installed, information regarding any distributed energy resource that currently  
65.20 provides electricity to the public building, and the size of the public building's subscription  
65.21 to a community solar garden, if applicable;

65.22 (3) information sufficient to estimate the energy and monetary savings that are projected  
65.23 to result from installation of the solar energy generating system over the system's useful  
65.24 life;

65.25 (4) the total cost to purchase and install the solar energy system and the solar energy  
65.26 system's lifecycle cost, including removal and disposal at the end of the system's life; and

65.27 (5) a copy of the proposed contract agreement between the local unit of government and  
65.28 the public utility or developer that includes provisions addressing the responsibility to  
65.29 maintain, remove, and dispose of the solar energy system.

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

65.32 (d) The commissioner must develop administrative procedures governing the application  
65.33 and grant award process under this section.

66.1 Subd. 8. **Energy conservation review.** At the commissioner's request, a local unit of  
66.2 government awarded a grant under this section must provide the commissioner with  
66.3 information regarding energy conservation measures implemented at the public building at  
66.4 which the solar energy generating system is to be installed. The commissioner may make  
66.5 recommendations to the local unit of government regarding cost-effective conservation  
66.6 measures the local unit of government can implement and may provide technical assistance  
66.7 and direct the local unit of government to available financial assistance programs.

66.8 Subd. 9. **Technical assistance.** The commissioner must provide technical assistance to  
66.9 local units of government to develop and execute projects under this section.

66.10 Subd. 10. **Grant payments.** A grant awarded under this section must be used only to  
66.11 pay the necessary and reasonable costs associated with purchasing and installing a solar  
66.12 energy system.

66.13 Subd. 11. **Installation.** Contractors and subcontractors installing a solar energy generating  
66.14 system funded by a grant awarded under this section must comply with sections 177.41 to  
66.15 177.43 with respect to the installation.

66.16 Subd. 12. **Reporting.** Beginning January 15, 2023, and each year thereafter until January  
66.17 15, 2026, the commissioner must report to the chairs and ranking minority members of the  
66.18 legislative committees with jurisdiction over energy finance and policy regarding (1) grants  
66.19 and amounts awarded to local units of government under this section during the previous  
66.20 year, and (2) any remaining balance available in the account established under this section.

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

66.22 Sec. 9. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

66.23 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a  
66.24 set of devices whose primary purpose is to produce electricity by means of any combination  
66.25 of collecting, transferring, or converting solar-generated energy, and may include  
66.26 transmission lines designed for and capable of operating at 100 kilovolts or less that  
66.27 interconnect a solar energy generating system with a high-voltage transmission line.

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

66.29 Sec. 10. Minnesota Statutes 2020, section 216E.03, subdivision 5, is amended to read:

66.30 Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce  
66.31 shall prepare for the commission an environmental impact statement on each proposed large  
66.32 electric power generating plant or high-voltage transmission line for which a complete

67.1 application has been submitted. The commissioner shall not consider whether or not the  
67.2 project is needed. No other state environmental review documents shall be required. The  
67.3 commissioner shall study and evaluate any site or route proposed by an applicant and any  
67.4 other site, other than a site for a solar energy generating system, or route the commission  
67.5 deems necessary that was proposed in a manner consistent with rules concerning the form,  
67.6 content, and timeliness of proposals for alternate sites or routes.

67.7 (b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a  
67.8 large electric power generating plant and is not proposed by a utility, the commissioner  
67.9 must make a finding in the environmental impact statement whether the project is likely to  
67.10 result in a net reduction of carbon dioxide emissions, considering both the utility providing  
67.11 electric service to the proposed cogeneration facility and any reduction in carbon dioxide  
67.12 emissions as a result of increased efficiency from the production of thermal energy on the  
67.13 part of the customer operating or owning the proposed cogeneration facility.

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

67.15 Sec. 11. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY**  
67.16 **SYSTEMS PROHIBITED.**

67.17 **Subdivision 1. Definitions.** (a) The definitions in this subdivision apply to this section.

67.18 (b) "Private entity" means a homeowners association, community association, or other  
67.19 association that is subject to a homeowners association document.

67.20 (c) "Homeowners association document" means a document containing the declaration,  
67.21 articles of incorporation, bylaws, or rules and regulations of:

67.22 (1) a common interest community, as defined in section 515B.1-103, regardless of  
67.23 whether the common interest community is subject to chapter 515B; and

67.24 (2) a residential community that is not a common interest community.

67.25 (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

67.26 **Subd. 2. General rule.** A private entity must not prohibit or refuse to permit installation,  
67.27 maintenance, or use of a roof-mounted solar energy system by the owner of a single-family  
67.28 dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security  
67.29 instrument, homeowners association document, or any other instrument affecting the transfer,  
67.30 sale of, or an interest in real property, except as provided in this section.

68.1 Subd. 3. **Applicability.** This section applies to single-family detached dwellings whose  
68.2 owner is the sole owner of the entire building in which the dwelling is located and who is  
68.3 solely responsible to maintain, repair, replace, and insure the entire building.

68.4 Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from  
68.5 requiring that:

68.6 (1) a licensed contractor install a solar energy system;

68.7 (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or  
68.8 beyond the edge of the roof;

68.9 (3) the owner or installer of a solar energy system indemnify or reimburse the private  
68.10 entity or the private entity's members for loss or damage caused by the installation,  
68.11 maintenance, use, repair, or removal of a solar energy system;

68.12 (4) the owner and each successive owner of a solar energy system list the private entity  
68.13 as a certificate holder on the homeowner's insurance policy; or

68.14 (5) the owner and each successive owner of a solar energy system be responsible for  
68.15 removing the system if reasonably necessary to repair, maintain, or replace common elements  
68.16 or limited common elements, as defined in section 515B.1-103.

68.17 (b) A private entity may impose other reasonable restrictions on the installation,  
68.18 maintenance, or use of solar energy systems, provided that those restrictions do not decrease  
68.19 the projected generation of energy by a solar energy system by more than 20 percent or  
68.20 increase the solar energy system's cost by more than (1) 20 percent for a solar water heater,  
68.21 or (2) \$2,000 for a solar photovoltaic system, compared with the generation of energy and  
68.22 the cost of labor and materials certified by the designer or installer of the solar energy system  
68.23 as originally proposed without the restrictions. A private entity may obtain an alternative  
68.24 bid and design from a solar energy system designer or installer for the purposes of this  
68.25 paragraph.

68.26 (c) A solar energy system must meet applicable standards and requirements imposed by  
68.27 the state and by governmental units, as defined in section 462.384.

68.28 (d) A solar energy system for heating water must be certified by the Solar Rating  
68.29 Certification Corporation or an equivalent certification agency. A solar energy system for  
68.30 producing electricity must meet all applicable safety and performance standards established  
68.31 by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and  
68.32 accredited testing laboratories, including but not limited to Underwriters Laboratories and,  
68.33 where applicable, Public Utilities Commission rules regarding safety and reliability.

69.1 (e) If approval by a private entity is required to install or use a solar energy system, the  
69.2 application for approval (1) must be processed and approved in the same manner as an  
69.3 application for approval of an architectural modification to the property, and (2) must not  
69.4 be willfully avoided or delayed.

69.5 (f) An application for approval must be made in writing and must contain certification  
69.6 that the applicant meets any conditions required by a private entity under this subdivision.  
69.7 An application must include a copy of the interconnection application submitted to the  
69.8 applicable electric utility.

69.9 (g) A private entity shall approve or deny an application in writing. If an application is  
69.10 not denied in writing within 60 days from the date the application is received, the application  
69.11 is deemed approved unless the delay is the result of a reasonable request for additional  
69.12 information. If a private entity receives an incomplete application that the private entity  
69.13 determines prevents a decision to approve or disapprove the application, a new 60-day limit  
69.14 begins only if the private entity sends written notice to the applicant, within 15 business  
69.15 days of the date the incomplete application is received, informing the applicant what  
69.16 additional information is required.

69.17 **Sec. 12. PHOTOVOLTAIC DEMAND CREDIT RIDER.**

69.18 By October 1, 2022, an investor-owned utility that has not already done so must submit  
69.19 to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all  
69.20 demand-metered customers with solar photovoltaic systems greater than 40 kilowatts  
69.21 alternating current for the demand charge overbilling that occurs. The utility may submit  
69.22 to the commission multiple options to calculate reimbursement for demand charge overbilling.  
69.23 At least one submission must use a capacity value stack methodology. The commission is  
69.24 prohibited from approving a photovoltaic demand credit rider unless the rider allows  
69.25 stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The  
69.26 commission must approve the photovoltaic demand credit rider by June 30, 2023.

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

69.28 **Sec. 13. REPEALER.**

69.29 Minnesota Statutes 2020, sections 16B.323, subdivisions 1 and 2; and 16B.326, are  
69.30 repealed.

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

## ARTICLE 7

## ELECTRIC VEHICLES

70.1

70.2

70.3 Section 1. Minnesota Statutes 2021 Supplement, section 16C.135, subdivision 3, is amended  
70.4 to read:

70.5 Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when  
70.6 purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner  
70.7 or the agency shall purchase a motor vehicle that is capable of being powered by cleaner  
70.8 fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid  
70.9 fuel, if the total life-cycle cost of ownership is less than or comparable to that of other  
70.10 vehicles and if the vehicle is capable the motor vehicle in conformity with the following  
70.11 vehicle preference hierarchy, with clause (1) representing the top of the hierarchy:

70.12 (1) an electric vehicle;

70.13 (2) a hybrid electric vehicle;

70.14 (3) a vehicle capable of being powered by cleaner fuels; and

70.15 (4) a vehicle powered by gasoline or diesel fuel.

70.16 (b) The commissioner or agency may only reject a vehicle type that is higher on the  
70.17 vehicle preference hierarchy if:

70.18 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;

70.19 or

70.20 (2) the total life-cycle cost of ownership of a vehicle type that is higher on the vehicle  
70.21 preference hierarchy is more than ten percent higher than the next lower vehicle type or the  
70.22 vehicle preference hierarchy.

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

70.24 Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

70.25 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,  
70.26 technically, and economically feasible, subject to the specific needs of the department and  
70.27 responsible management of agency finances:

70.28 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law  
70.29 enforcement vehicles, are purchased in conformity with the hierarchy of preferences  
70.30 established in section 16C.135, subdivision 3;

70.31 ~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

71.1 ~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles~~  
 71.2 ~~per gallon for highway usage, including but not limited to hybrid electric cars and~~  
 71.3 ~~hydrogen-powered vehicles; or~~

71.4 ~~(iii) are powered solely by electricity;~~

71.5 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and  
 71.6 hydrogen from agricultural products; and

71.7 (3) increase its use of web-based Internet applications and other electronic information  
 71.8 technologies to enhance the access to and delivery of government information and services  
 71.9 to the public, and reduce the reliance on the department's fleet for the delivery of such  
 71.10 information and services.

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

71.12 Sec. 3. Minnesota Statutes 2020, section 160.08, subdivision 7, is amended to read:

71.13 Subd. 7. **No commercial establishment within right-of-way; exceptions.** No  
 71.14 commercial establishment, including but not limited to automotive service stations, for  
 71.15 serving motor vehicle users shall be constructed or located within the right-of-way of, or  
 71.16 on publicly owned or publicly leased land acquired or used for or in connection with, a  
 71.17 controlled-access highway<sub>2</sub>; except that:

71.18 (1) structures may be built within safety rest and travel information center areas;

71.19 (2) space within state-owned buildings in those areas may be leased for the purpose of  
 71.20 providing information to travelers through advertising as provided in section 160.276;

71.21 (3) advertising signs may be erected within the right-of-way of interstate or  
 71.22 controlled-access trunk highways by franchise agreements under section 160.80;

71.23 (4) vending machines may be placed in rest areas, travel information centers, or weigh  
 71.24 stations constructed or located within trunk highway rights-of-way; ~~and~~

71.25 (5) acknowledgment signs may be erected under sections 160.272 and 160.2735; and

71.26 (6) electric vehicle charging stations may be installed, operated, and maintained in safety  
 71.27 rest areas.

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

72.1 Sec. 4. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to  
72.2 read:

72.3 Subd. 2a. Dealer training; electric vehicles. (a) A new motor vehicle dealer licensed  
72.4 under this chapter that operates under an agreement or franchise from a manufacturer and  
72.5 sells electric vehicles must maintain at least one employee who is certified as having  
72.6 completed a training course offered by a Minnesota motor vehicle dealership association  
72.7 that addresses at least the following elements:

72.8 (1) fundamentals of electric vehicles;

72.9 (2) electric vehicle charging options and costs;

72.10 (3) publicly available electric vehicle incentives;

72.11 (4) projected maintenance and fueling costs for electric vehicles;

72.12 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric  
72.13 vehicles;

72.14 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and

72.15 (7) best practices to sell electric vehicles.

72.16 (b) For the purposes of this section, "electric vehicle" has the meaning given in section  
72.17 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

72.18 **EFFECTIVE DATE.** This section is effective January 1, 2023.

72.19 Sec. 5. [216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.

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

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

72.25 (c) "Electric vehicle" means any device or contrivance that transports persons or property  
72.26 and is capable of being powered by an electric motor drawing current from rechargeable  
72.27 storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes  
72.28 but is not limited to:

72.29 (1) an electric vehicle, as defined in section 169.011, subdivision 26a;

72.30 (2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;

73.1 (3) an off-road vehicle, as defined in section 84.797, subdivision 7;

73.2 (4) a motorboat, as defined in section 86B.005, subdivision 9; or

73.3 (5) an aircraft, as defined in section 360.013, subdivision 37.

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

73.6 (1) transfers electricity to an electric vehicle battery;

73.7 (2) dispenses hydrogen into an electric vehicle powered by a fuel cell;

73.8 (3) exchanges electric vehicle batteries; or

73.9 (4) provides other equipment used to charge or fuel electric vehicles.

73.10 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and any  
73.11 associated machinery, equipment, and infrastructure necessary for a public utility to supply  
73.12 electricity or hydrogen to an electric vehicle charging station and to support electric vehicle  
73.13 operation.

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

73.16 (g) "Government entity" means the state, a state agency, or a political subdivision, as  
73.17 defined in section 13.02, subdivision 11.

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

73.19 **Subd. 2. Transportation electrification plan; contents.** (a) By June 1, 2023, and at  
73.20 least every three years thereafter, a public utility must file a transportation electrification  
73.21 plan with the commission that is designed to (1) maximize the overall benefits of electric  
73.22 vehicles and other electrified transportation while minimizing overall costs, and (2) promote  
73.23 the:

73.24 (i) purchase of electric vehicles by the public utility's customers; and

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

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

73.28 (1) programs to educate and increase the awareness and benefits of electric vehicles and  
73.29 electric vehicle charging equipment among individuals, electric vehicle dealers, single-family  
73.30 and multifamily housing developers and property management companies, building owners

74.1 and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential  
74.2 users of electric vehicles;

74.3 (2) utility investments and incentives the utility provides and offers to support  
74.4 transportation electrification across all customer classes, including but not limited to  
74.5 investments and incentives to facilitate:

74.6 (i) the deployment of electric vehicles for personal and commercial use; customer- and  
74.7 utility-owned electric vehicle charging stations; electric vehicle infrastructure to support  
74.8 light-duty, medium-duty, and heavy-duty vehicle electrification; and other electric utility  
74.9 infrastructure;

74.10 (ii) widespread access to publicly available electric vehicle charging stations; and

74.11 (iii) the electrification of public transit and vehicle fleets owned or operated by a  
74.12 government entity;

74.13 (3) research and demonstration projects to increase access to electricity as a transportation  
74.14 fuel, minimize the system costs of electric transportation, and inform future transportation  
74.15 electrification plans;

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

74.18 (5) programs to increase access to the benefits of electricity as a transportation fuel for  
74.19 low- or moderate-income customers and communities and in neighborhoods most affected  
74.20 by transportation-related air emissions; and

74.21 (6) proposals to expedite commission consideration of program adjustments requested  
74.22 during the term of an approved transportation electrification plan.

74.23 (c) If funding is limited, a public utility must give priority under this section to  
74.24 investments in communities whose governing body has enacted a resolution or goal  
74.25 supporting electric vehicle adoption. A public utility must cooperate with local communities  
74.26 to identify suitable locations, consistent with a community's local development plans, where  
74.27 electric vehicle infrastructure may be strategically deployed.

74.28 Subd. 3. **Transportation electrification plan; review and implementation.** The  
74.29 commission may approve, modify, or reject a transportation electrification plan. When  
74.30 reviewing a transportation electrification plan, the commission must consider whether the  
74.31 programs, investments, and expenditures as a whole are reasonably expected to:

74.32 (1) improve the operation of the electric grid;

- 75.1 (2) increase access to the use of electricity as a transportation fuel for all customers,  
75.2 including those in low- or moderate-income communities, rural communities, and  
75.3 communities most affected by emissions from the transportation sector;
- 75.4 (3) increase access to publicly available electric vehicle charging and destination charging  
75.5 for all types of electric vehicles;
- 75.6 (4) support the electrification of medium-duty and heavy-duty vehicles and associated  
75.7 charging infrastructure;
- 75.8 (5) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and  
75.9 emissions of other air pollutants that impair the environment and public health;
- 75.10 (6) stimulate private capital investment and the creation of skilled jobs;
- 75.11 (7) educate the public about the benefits of electric vehicles and related infrastructure;  
75.12 and
- 75.13 (8) be transparent and incorporate reasonable public reporting of program activities,  
75.14 consistent with existing technology and data capabilities, to inform program design and  
75.15 commission policy with respect to electric vehicles.
- 75.16 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the  
75.17 commission may approve, with respect to any prudent and reasonable investments made or  
75.18 expenses incurred by a public utility to administer and implement a transportation  
75.19 electrification plan approved under subdivision 3:
- 75.20 (1) a rider or other tariff mechanism to automatically adjust charges annually;
- 75.21 (2) performance-based incentives;
- 75.22 (3) placing the investment, including rebates, in the public utility's rate base and allowing  
75.23 the public utility to earn a rate of return on the investment at:
- 75.24 (i) the public utility's average weighted cost of capital, including the rate of return on  
75.25 equity, approved by the commission in the public utility's most recent general rate case; or
- 75.26 (ii) another rate determined by the commission; or
- 75.27 (4) any other recovery mechanism that the commission determines is fair, reasonable,  
75.28 and supports the objectives of this section.
- 75.29 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the  
75.30 commission must approve recovery costs for expenses reasonably incurred by a public

76.1 utility to provide public advertisement as part of a transportation electrification plan approved  
76.2 by the commission under subdivision 3.

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

76.4 Sec. 6. **[216B.1617] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

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

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

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

76.11 (e) "Electric vehicle charging station" means a physical location deploying equipment  
76.12 that provides electricity to charge a battery in an electric vehicle.

76.13 (f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery  
76.14 exchange stations, and includes any infrastructure necessary to make electricity from a  
76.15 public utility's electric distribution system available to electric vehicle charging stations or  
76.16 battery exchange stations.

76.17 (g) "Poor air quality" means: (1) ambient air levels that air monitoring data reveals  
76.18 approach or exceed state or federal air quality standards or chronic health inhalation risk  
76.19 benchmarks for total suspended particulates, particulate matter less than ten microns wide  
76.20 (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen  
76.21 dioxide; or (2) levels of asthma among children that significantly exceed the statewide  
76.22 average.

76.23 (h) "School bus" has the meaning given in section 169.011, subdivision 71.

76.24 Subd. 2. **Program.** (a) A public utility may file with the commission a program to  
76.25 promote deployment of electric school buses.

76.26 (b) The program may include but is not limited to the following elements:

76.27 (1) a school district may purchase one or more electric school buses;

76.28 (2) the public utility may provide a rebate to the school district for the incremental cost  
76.29 the school district incurs to purchase one or more electric school buses when compared with  
76.30 fossil-fuel-powered school buses;

77.1 (3) at the request of a school district, the public utility may deploy on the school district's  
77.2 real property electric vehicle infrastructure required to charge electric school buses;

77.3 (4) for any electric school bus purchased by a school district with a rebate provided by  
77.4 the public utility, the school district must enter into a contract with the public utility under  
77.5 which the school district:

77.6 (i) accepts any and all liability for operating the electric school bus;

77.7 (ii) accepts responsibility to maintain and repair the electric school bus; and

77.8 (iii) must allow the public utility an option to own the electric school bus's battery at the  
77.9 time the battery is retired from the electric school bus; and

77.10 (5) in collaboration with a school district, prioritize the deployment of electric school  
77.11 buses in areas of the school district that suffer from poor air quality.

77.12 Subd. 3. **Program review and implementation.** The commission must approve, modify,  
77.13 or reject a proposal for a program filed under this section within 180 days of the date the  
77.14 proposal is received. The commission's approval, modification, or rejection must be based  
77.15 on the proposal's likelihood to, through prudent and reasonable utility investments:

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

77.18 (2) reduce emissions of greenhouse gases and particulates compared to  
77.19 fossil-fuel-powered school buses.

77.20 Subd. 4. **Cost recovery.** (a) Any prudent and reasonable investment made by a public  
77.21 utility on electric vehicle infrastructure installed on a school district's real property may be  
77.22 placed in the public utility's rate base and earn a rate of return, as determined by the  
77.23 commission.

77.24 (b) Notwithstanding any other provision of this chapter, the commission may approve  
77.25 a tariff mechanism to automatically adjust annual charges for prudent and reasonable  
77.26 investments made by a public utility to implement and administer a program approved by  
77.27 the commission under subdivision 3.

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

78.1        Sec. 7. [216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION  
78.2 OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

78.3        Subdivision 1. Establishment. A grant program is established in the Department of  
78.4 Commerce to award grants to dealers to offset the costs to obtain the necessary training and  
78.5 equipment that is required by electric vehicle manufacturers in order to certify a dealer to  
78.6 sell electric vehicles produced by the manufacturer.

78.7        Subd. 2. Application. An application for a grant under this section must be made to the  
78.8 commissioner on a form developed by the commissioner. The commissioner must develop  
78.9 administrative procedures and processes to review applications and award grants under this  
78.10 section.

78.11        Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must  
78.12 be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise  
78.13 from a manufacturer of electric vehicles.

78.14        Subd. 4. Eligible expenditures. Appropriations made to support the activities of this  
78.15 section must be used only to reimburse:

78.16        (1) a dealer for the reasonable costs to obtain training and certification for the dealer's  
78.17 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

78.18        (2) a dealer for the reasonable costs to purchase and install equipment to service and  
78.19 repair electric vehicles, as required by the electric vehicle manufacturer that awarded the  
78.20 franchise to the dealer; and

78.21        (3) the department for the reasonable costs incurred to administer this section.

78.22        Subd. 5. Limitation. A grant awarded under this section to a single dealer must not  
78.23 exceed \$40,000.

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

78.25        Sec. 8. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision  
78.26 to read:

78.27        Subd. 6a. Electric vehicle capable space. "Electric vehicle capable space" means a  
78.28 designated automobile parking space that has electrical infrastructure, including but not  
78.29 limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution  
78.30 space, necessary to install an electric vehicle charging station.

79.1 Sec. 9. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision  
79.2 to read:

79.3 Subd. 6b. **Electric vehicle charging station.** "Electric vehicle charging station" means  
79.4 a designated automobile parking space that has a dedicated connection for charging an  
79.5 electric vehicle.

79.6 Sec. 10. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision  
79.7 to read:

79.8 Subd. 6c. **Electric vehicle ready space.** "Electric vehicle ready space" means a designated  
79.9 automobile parking space that has a branch circuit capable of supporting the installation of  
79.10 an electric vehicle charging station.

79.11 Sec. 11. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision  
79.12 to read:

79.13 Subd. 10a. **Parking facilities.** "Parking facilities" includes parking lots, garages, ramps,  
79.14 or decks.

79.15 Sec. 12. Minnesota Statutes 2020, section 326B.106, is amended by adding a subdivision  
79.16 to read:

79.17 Subd. 16. **Electric vehicle charging.** The code shall require a minimum number of  
79.18 electric vehicle-ready spaces, electric vehicle capable spaces, and electric vehicle charging  
79.19 stations either within or adjacent to new commercial and multifamily structures that provide  
79.20 on-site parking facilities. Residential structures with fewer than four dwelling units are  
79.21 exempt from this subdivision.

79.22 Sec. 13. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN**  
79.23 **STATE AND REGIONAL PARKS.**

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

79.26 (b) "DC fast charger" means electric vehicle charging station equipment that transfers  
79.27 direct current electricity directly to an electric vehicle's battery.

79.28 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,  
79.29 subdivision 26a.

80.1 (d) "Electric vehicle charging station" means infrastructure that connects an electric  
80.2 vehicle to a Level 2 or DC fast charger to recharge the electric vehicle's batteries.

80.3 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers  
80.4 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts  
80.5 alternating current to direct current to recharge an electric vehicle battery.

80.6 Subd. 2. **Program.** The commissioner of natural resources, in consultation with the  
80.7 commissioners of the Pollution Control Agency, administration, and commerce, must  
80.8 develop and fund the installation of a network of electric vehicle charging stations in  
80.9 Minnesota state parks. The commissioners must issue a request for proposals to entities that  
80.10 have experience installing, owning, operating, and maintaining electric vehicle charging  
80.11 stations. The request for proposal must establish technical specifications that electric vehicle  
80.12 charging stations are required to meet and must request responders to address:

80.13 (1) the optimal number and location of charging stations installed in a given state park;

80.14 (2) alternative arrangements that may be made to allocate responsibility for electric  
80.15 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing  
80.16 procedures; and

80.17 (3) any other issues deemed relevant by the commissioners.

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

80.19 Sec. 14. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT**  
80.20 **COUNTY GOVERNMENT CENTERS.**

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

80.23 (b) "DC fast charger" means electric vehicle charging station equipment that transfers  
80.24 direct current electricity directly to an electric vehicle's battery.

80.25 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,  
80.26 subdivision 26a.

80.27 (d) "Electric vehicle charging station" means infrastructure that connects an electric  
80.28 vehicle to a Level 2 or DC fast charger to recharge the electric vehicle's batteries.

80.29 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers  
80.30 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts  
80.31 alternating current to direct current to recharge an electric vehicle battery.

81.1 Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation  
 81.2 of a network of electric vehicle charging stations in public parking facilities at county  
 81.3 government centers located in Minnesota. The commissioner must issue a request for  
 81.4 proposals to entities that have experience installing, owning, operating, and maintaining  
 81.5 electric vehicle charging stations. The request for proposal must establish technical  
 81.6 specifications that electric vehicle charging stations are required to meet and must request  
 81.7 responders to address:

81.8 (1) the optimal number and location of charging stations installed at each county  
 81.9 government center;

81.10 (2) alternative arrangements that may be made to allocate responsibility for electric  
 81.11 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing  
 81.12 procedures;

81.13 (3) software used to allow payment for electricity consumed at the charging stations;  
 81.14 and

81.15 (4) any other issues deemed relevant by the commissioner.

81.16 Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership  
 81.17 of electric vehicle charging stations receiving funding under this section and installed at the  
 81.18 county government center.

81.19 (b) A county may enter into agreements to (1) wholly or partially own, operate, or  
 81.20 maintain an electric vehicle charging system receiving funding under this section and  
 81.21 installed at the county government center, or (2) receive reports on the electric vehicle  
 81.22 charging system operations.

81.23 (c) A county must authorize and approve the installation and location of an electric  
 81.24 vehicle charging station at a county government center under this section.

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

## 81.26 **ARTICLE 8**

### 81.27 **ECONOMIC DEVELOPMENT**

81.28 Section 1. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

81.29 Subdivision 1. **Renewable development account.** (a) The renewable development  
 81.30 account is established as a separate account in the special revenue fund in the state treasury.  
 81.31 Appropriations and transfers to the account shall be credited to the account. Earnings, such  
 81.32 as interest, dividends, and any other earnings arising from assets of the account, shall be

82.1 credited to the account. Funds remaining in the account at the end of a fiscal year are not  
82.2 canceled to the general fund but remain in the account until expended. The account shall  
82.3 be administered by the commissioner of management and budget as provided under this  
82.4 section.

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

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

82.20 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
82.21 each January 15 thereafter, the public utility that owns the Monticello nuclear generating  
82.22 plant must transfer to the renewable development account \$350,000 each year for each dry  
82.23 cask containing spent fuel that is located at the Monticello nuclear power plant for each  
82.24 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered  
82.25 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear  
82.26 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for  
82.27 any part of a year.

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

82.31 (f) If the commission approves a new or amended power purchase agreement, the  
82.32 termination of a power purchase agreement, or the purchase and closure of a facility under  
82.33 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,  
82.34 the public utility subject to this section shall enter into a contract with the city in which the

83.1 poultry litter plant is located to provide grants to the city for the purposes of economic  
83.2 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each  
83.3 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid  
83.4 by the public utility from funds withheld from the transfer to the renewable development  
83.5 account, as provided in paragraphs (b) and (e).

83.6 (g) If the commission approves a new or amended power purchase agreement, or the  
83.7 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
83.8 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
83.9 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in  
83.10 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a  
83.11 grant contract with such entity to provide \$6,800,000 per year for five years, commencing  
83.12 30 days after the commission approves the new or amended power purchase agreement, or  
83.13 the termination of the power purchase agreement, and on each June 1 thereafter through  
83.14 2021, to assist the transition required by the new, amended, or terminated power purchase  
83.15 agreement. The grant shall be paid by the public utility from funds withheld from the transfer  
83.16 to the renewable development account as provided in paragraphs (b) and (e).

83.17 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)  
83.18 and (g) is limited to the amount deposited into the renewable development account, and its  
83.19 predecessor, the renewable development account, established under this section, that was  
83.20 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section  
83.21 10.

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

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

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

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

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

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

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

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

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

84.11 (2) "grid modernization" means:

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

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

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

84.19 (l) A renewable development account advisory group that includes, among others,  
84.20 representatives of the public utility and its ratepayers, and includes at least one representative  
84.21 of the Prairie Island Indian community appointed by that community's tribal council, shall  
84.22 develop recommendations on account expenditures. The advisory group must design a  
84.23 request for proposal and evaluate projects submitted in response to a request for proposals.  
84.24 The advisory group must utilize an independent third-party expert to evaluate proposals  
84.25 submitted in response to a request for proposal, including all proposals made by the public  
84.26 utility. A request for proposal for research and development under paragraph (j), clause (1),  
84.27 may be limited to or include a request to higher education institutions located in Minnesota  
84.28 for multiple projects authorized under paragraph (j), clause (1). The request for multiple  
84.29 projects may include a provision that exempts the projects from the third-party expert review  
84.30 and instead provides for project evaluation and selection by a merit peer review grant system.  
84.31 In the process of determining request for proposal scope and subject and in evaluating  
84.32 responses to request for proposals, the advisory group must strongly consider, where  
84.33 reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

85.1 (m) The advisory group shall submit funding recommendations to the public utility,  
85.2 which has full and sole authority to determine which expenditures shall be submitted by  
85.3 the advisory group to the legislature. The commission may approve proposed expenditures,  
85.4 may disapprove proposed expenditures that it finds not to be in compliance with this  
85.5 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,  
85.6 modify proposed expenditures. The commission shall, by order, submit its funding  
85.7 recommendations to the legislature as provided under paragraph (n).

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

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

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

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

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

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

85.29 (r) A project receiving funds from the account must produce a written final report that  
85.30 includes sufficient detail for technical readers and a clearly written summary for nontechnical  
85.31 readers. The report must include an evaluation of the project's financial, environmental, and  
85.32 other benefits to the state and the public utility's ratepayers.

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

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

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

86.9 (v) A construction project funded from an appropriation made under this section must  
86.10 comply with sections 177.41 to 177.43.

86.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
86.12 applies to appropriations made on or after that date.

86.13 Sec. 2. Minnesota Statutes 2020, section 116J.55, subdivision 5, is amended to read:

86.14 Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under~~  
86.15 ~~this section to eligible communities through a competitive grant process.~~

86.16 ~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed  
86.17 \$500,000 in any calendar year. The commissioner may accept grant applications on an  
86.18 ongoing or rolling basis.

86.19 ~~(c)~~ (b) Grants funded with revenues from the renewable development account established  
86.20 in section 116C.779 must be awarded to an eligible community located within the retail  
86.21 electric service territory of the public utility that is subject to section 116C.779 or to an  
86.22 eligible community in which an electric generating plant owned by that public utility is  
86.23 located.

86.24 Sec. 3. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

86.25 Subd. 13. **Economic and community development.** The commission may allow a  
86.26 public utility to recover from ratepayers the reasonable expenses incurred (1) for economic  
86.27 and community development, and (2) to employ local workers, as defined in section  
86.28 216B.2422, subdivision 1, to construct and maintain generation facilities that supply power  
86.29 to the utility's customers.

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

87.1 Sec. 4. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

87.2 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the  
87.3 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section  
87.4 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and  
87.5 maintain generation facilities that supply power to the utility's customers are recoverable  
87.6 from the ratepayers of the utility; (1) to the extent they the expenses or expenditures are not  
87.7 offset by utility revenues attributable to the contracts, investments, or expenditures, and (2)  
87.8 if the expenses or expenditures are deemed reasonable by the commission. Upon petition  
87.9 by a public utility, the commission shall approve or approve as modified a rate schedule  
87.10 providing for the automatic adjustment of charges to recover the expenses or costs approved  
87.11 by the commission under subdivision 1, which, in the case of transmission expenditures,  
87.12 are limited to the portion of actual transmission costs that are directly allocable to the need  
87.13 to transmit power from the renewable sources of energy. The commission may not approve  
87.14 recovery of the costs for that portion of the power generated from sources governed by this  
87.15 section that the utility sells into the wholesale market.

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

87.17 Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

87.18 Subd. 9. **Local benefits.** The commission shall take all reasonable actions within ~~its~~ the  
87.19 commission's statutory authority to ensure this section is implemented to maximize benefits  
87.20 to Minnesota citizens and local workers, as defined in section 216B.2422, subdivision 1,  
87.21 balancing factors such as local ownership of or participation in energy production; local  
87.22 job impacts, as defined in section 216B.2422, subdivision 1; development and ownership  
87.23 of eligible energy technology facilities by independent power producers; Minnesota utility  
87.24 ownership of eligible energy technology facilities; the costs of energy generation to satisfy  
87.25 the renewable standard; and the reliability of electric service to Minnesotans.

87.26 Sec. 6. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

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

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

88.3 (1) wind;

88.4 (2) solar;

88.5 (3) geothermal;

88.6 (4) hydro;

88.7 (5) trees or other vegetation;

88.8 (6) landfill gas; or

88.9 (7) predominantly organic components of wastewater effluent, sludge, or related

88.10 by-products from publicly owned treatment works, but not including incineration of

88.11 wastewater sludge.

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

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

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

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

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

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

88.26 (2) is composed of stationary equipment;

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

88.30 (4) achieves any of the following:

89.1 (i) reduces peak or electrical demand;

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

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

89.6 (iv) lowers customer costs by storing energy when the cost of generating or purchasing  
89.7 it is low and delivering it to customers when the costs are high.

89.8 (g) "Local job impacts" means the impacts of a certificate of need, a power purchase  
89.9 agreement, or commission approval of a new or refurbished energy facility on the availability  
89.10 of construction employment opportunities to local workers.

89.11 (h) "Local workers" means workers who (1) are employed to construct and maintain  
89.12 energy infrastructure; and (2) are Minnesota residents, are residents of the utility's service  
89.13 territory, or permanently reside within 150 miles of a proposed new or refurbished energy  
89.14 facility.

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

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

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

89.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
89.31 applies to an integrated resource plan filed with the commission on or after that date.

90.1 Sec. 8. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

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

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

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

90.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
90.16 applies to an integrated resource plan filed with the commission on or after that date.

90.17 Sec. 9. Minnesota Statutes 2020, section 216C.435, subdivision 8, is amended to read:

90.18 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"  
90.19 means a multifamily residential dwelling, ~~or~~ a commercial or industrial building, or farmland,  
90.20 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,  
90.21 after review of an energy audit ~~or,~~ renewable energy system feasibility study, or agronomic  
90.22 assessment, as defined in section 216C.436, subdivision 1b, can ~~be benefited by~~ benefit  
90.23 from the installation of cost-effective energy improvements or land and water improvements,  
90.24 as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes  
90.25 new construction.

90.26 Sec. 10. Minnesota Statutes 2020, section 216C.436, is amended by adding a subdivision  
90.27 to read:

90.28 Subd. 1b. **Definitions.** (a) For the purposes of this section, the following terms have the  
90.29 meanings given.

90.30 (b) "Agronomic assessment" means a study by an independent third party that assesses  
90.31 the environmental impacts of proposed land and water improvements on farmland.

91.1 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under  
91.2 section 273.13, subdivision 23.

91.3 (d) "Land and water improvement" means:

91.4 (1) an improvement to farmland that is permanent, results in improved agricultural  
91.5 profitability or resiliency, and reduces the environmental impact of agricultural production;  
91.6 or

91.7 (2) water conservation and quality measures, which include permanently affixed  
91.8 equipment, appliances, or improvements that reduce a property's water consumption or that  
91.9 enable water to be managed more efficiently.

91.10 Land and water improvement does not include drainage.

91.11 (e) "Resiliency" means the ability of farmland to maintain and enhance profitability,  
91.12 soil health, and water quality.

91.13 Sec. 11. Minnesota Statutes 2020, section 216C.436, subdivision 2, is amended to read:

91.14 Subd. 2. **Program requirements.** A commercial PACE loan program must:

91.15 (1) impose requirements and conditions on financing arrangements to ensure timely  
91.16 repayment;

91.17 (2) require an energy audit ~~or~~ renewable energy system feasibility study, or agronomic  
91.18 or soil health assessment to be conducted on the qualifying commercial real property and  
91.19 reviewed by the implementing entity prior to approval of the financing;

91.20 (3) require the inspection of all installations and a performance verification of at least  
91.21 ten percent of the cost-effective energy improvements or land and water improvements  
91.22 financed by the program;

91.23 (4) not prohibit the financing of all cost-effective energy improvements or land and  
91.24 water improvements not otherwise prohibited by this section;

91.25 (5) require that all cost-effective energy improvements or land and water improvements  
91.26 be made to a qualifying commercial real property prior to, or in conjunction with, an  
91.27 applicant's repayment of financing for cost-effective energy improvements or land and water  
91.28 improvements for that property;

91.29 (6) have cost-effective energy improvements or land and water improvements financed  
91.30 by the program performed by a licensed contractor as required by chapter 326B or other  
91.31 law or ordinance;

92.1 (7) require disclosures to borrowers by the implementing entity of the risks involved in  
92.2 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

92.3 (8) provide financing only to those who demonstrate an ability to repay;

92.4 (9) not provide financing for a qualifying commercial real property in which the owner  
92.5 is not current on mortgage or real property tax payments;

92.6 (10) require a petition to the implementing entity by all owners of the qualifying  
92.7 commercial real property requesting collections of repayments as a special assessment under  
92.8 section 429.101;

92.9 (11) provide that payments and assessments are not accelerated due to a default and that  
92.10 a tax delinquency exists only for assessments not paid when due; ~~and~~

92.11 (12) require that liability for special assessments related to the financing runs with the  
92.12 qualifying commercial real property; and

92.13 (13) prior to financing any improvements to or imposing any assessment upon qualifying  
92.14 commercial real property, require notice to and written consent from the mortgage lender  
92.15 of any mortgage encumbering or otherwise secured by the qualifying commercial real  
92.16 property.

92.17 Sec. 12. [216C.441] MINNESOTA INNOVATION FINANCE AUTHORITY.

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

92.20 (b) "Advisory task force" means the Minnesota Innovation Finance Authority advisory  
92.21 task force.

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

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

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

92.28 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision  
92.29 1, paragraph (f).

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

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

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

93.6 (j) "Microgrid system" means an electrical grid that (1) serves a discrete geographical  
93.7 area from distributed energy resources, and (2) can operate independently from the central  
93.8 electric grid on a temporary basis.

93.9 (k) "Qualified project" means a project, technology, product, service, or measure  
93.10 predominantly focused on clean energy, electrification, or energy or climate resilience as  
93.11 follows:

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

93.13 (i) results in the reduction of energy use while providing the same level of service or  
93.14 output obtained before the project, technology, product, service, function, or measure was  
93.15 applied;

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

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

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

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

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

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

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

94.1 (5) a project that reduces net greenhouse gas emissions or improves climate resiliency,  
94.2 including but not limited to reforestation, afforestation, forestry management, and  
94.3 regenerative agriculture;

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

94.9 (7) the development, construction, deployment, alteration, or repair of any project,  
94.10 technology, product, service, or measure that: (i) reduces water use while providing the  
94.11 same or better level and quality of service or output that was obtained before implementing  
94.12 the water-saving approach; or (ii) protects, restores, or preserves the quality of groundwater  
94.13 and surface waters, including but not limited to actions that further the purposes of the Clean  
94.14 Water Legacy Act, as provided in section 114D.10, subdivision 1.

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

94.18 (m) "Renewable energy" has the meaning given in section 216B.2422 and includes fuel  
94.19 cells generated from renewable energy.

94.20 (n) "Smart grid" means a digital technology that (1) allows for two-way communication  
94.21 between a utility and the utility's customers, and (2) enables the utility to control power  
94.22 flow and load in real time.

94.23 Subd. 2. **Establishment; purpose.** (a) By September 1, 2022, the department must  
94.24 establish and convene a Minnesota Innovation Finance Authority Advisory Task Force.

94.25 (b) By February 1, 2023, the Minnesota Innovation Finance Authority Advisory Task  
94.26 Force convened by the department must establish the Minnesota innovation finance authority  
94.27 as a nonprofit corporation, including the development of the nonprofit board under chapter  
94.28 317A, and must seek designation as a charitable tax-exempt organization under section  
94.29 501(c)(3) of the Internal Revenue Code of 1986, as amended. The advisory task force must  
94.30 engage independent legal counsel with relevant experience in nonprofit corporate law to  
94.31 help establish the nonprofit corporation. The nonprofit corporation must be governed by a  
94.32 board of directors.

95.1 (c) The authority must establish bylaws, subject to the prior approval by the  
95.2 commissioner.

95.3 (d) The initial board of directors must include at least a majority of the members of the  
95.4 advisory task force established under subdivision 5.

95.5 (e) When incorporated, the authority must serve as an independent, nonprofit corporation  
95.6 for public benefit whose purpose is to (1) promote investments in qualified clean energy,  
95.7 efficiency, electrification, and other climate-mitigation-related projects, and (2) accelerate  
95.8 the deployment of qualified projects by reducing the up-front and total cost of adoption.  
95.9 The authority may achieve the purposes under this paragraph by leveraging public sources  
95.10 and additional private sources of capital through the strategic deployment of public money  
95.11 in the form of loans, credit enhancements, and other financing mechanisms, along with  
95.12 strategies that stimulate demand.

95.13 (f) The authority must:

95.14 (1) identify underserved markets for qualified projects in Minnesota, develop programs  
95.15 to overcome market impediments, and provide access to financing to serve the projects and  
95.16 underserved markets;

95.17 (2) except in cases of projects within identified disadvantaged communities, as determined  
95.18 by the commissioner, that may limit an investment, strategically prioritize money to leverage  
95.19 private investment in qualified projects, achieving a high ratio of private to public money  
95.20 invested through funding mechanisms that support, enhance, and complement private  
95.21 investment;

95.22 (3) coordinate with existing government- and utility-based programs to ensure (i) the  
95.23 most effective use of the authority's resources, (ii) that financing terms and conditions  
95.24 offered are well-suited to qualified projects, (iii) coordination of communication with respect  
95.25 to all financing options under this section and other state and utility programs, and (iv) the  
95.26 authority's activities add to and complement the efforts of state and utility partners;

95.27 (4) serve as an informational resource for contractors interested in installing qualified  
95.28 projects by forming partnerships with and educating contractors regarding the authority's  
95.29 financing programs and coordinating multiple contractors on projects that install multiple  
95.30 qualifying technologies;

95.31 (5) develop innovative and inclusive marketing strategies to stimulate project owner  
95.32 interest in targeted underserved markets;

95.33 (6) serve as a financial resource to reduce the up-front and total costs to borrowers;

96.1 (7) prioritize projects that maximize greenhouse gas emission reductions or address  
96.2 disparities in access to clean energy projects for underserved communities;

96.3 (8) ensure that workers employed by contractors and subcontractors performing  
96.4 construction work on projects over \$100,000, financed all or in part by the authority, are  
96.5 paid wages not less than the prevailing wage on similar construction projects in the applicable  
96.6 locality;

96.7 (9) develop rules, policies, and procedures specifying borrower eligibility and other  
96.8 terms and conditions for financial support offered by the fund that must be met before  
96.9 financing support is provided for any qualified clean energy project;

96.10 (10) develop and administer (i) policies to collect reasonable fees for authority services,  
96.11 and (ii) risk management activities that are sufficient to support ongoing authority activities;

96.12 (11) subject to review by the department, develop and adopt a work plan to accomplish  
96.13 all of the activities required of the authority and update the work plan on an annual basis;

96.14 (12) develop consumer protection standards governing the authority's investments to  
96.15 ensure the authority and partners provide financial support in a responsible and transparent  
96.16 manner that is in the financial interest of participating project owners and serves the defined  
96.17 underserved markets and disadvantaged communities; or

96.18 (13) establish and maintain an online and mobile-access portal that provides access to  
96.19 all authority programs and financial products, including rates, terms, and conditions of all  
96.20 financing support programs, unless disclosure of the information constitutes a trade secret  
96.21 or confidential commercial or financial information.

96.22 Subd. 3. **Additional department responsibilities.** In addition to the responsibilities  
96.23 listed in this chapter, the department must:

96.24 (1) review consumer protection standards established by the authority; and

96.25 (2) provide standard state oversight to money appropriated under this section.

96.26 Subd. 4. **Additional authorized activities.** The authority is authorized to:

96.27 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter  
96.28 317A;

96.29 (2) develop and employ financing methods to support qualified projects, including:

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

97.1 (ii) co-investment, where the fund invests directly in a clean energy project by providing  
97.2 senior or subordinated debt, equity, or other mechanisms in conjunction with a private  
97.3 financier's investment; and

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

97.7 (3) seek to qualify as a community development financial institution under United States  
97.8 Code, title 12, section 4702, in which case the authority must be treated as a qualified  
97.9 community development entity for the purposes of sections 45D and 1400(m) of the Internal  
97.10 Revenue Code.

97.11 Subd. 5. **Advisory task force; membership.** (a) The Minnesota Innovation Finance  
97.12 Authority Advisory Task Force is established and consists of 15 members as follows:

97.13 (1) the commissioner of commerce or the commissioner's designee, who serves as chair  
97.14 of the advisory task force;

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

97.17 (3) the commissioner of the Pollution Control Agency or the commissioner's designee;

97.18 (4) the commissioner of agriculture or the commissioner's designee;

97.19 (5) two additional members appointed by the governor;

97.20 (6) two additional members appointed by the speaker of the house;

97.21 (7) two additional members appointed by the president of the senate; and

97.22 (8) five members that have extensive life or work experience within economically  
97.23 disadvantaged communities that the authority aims to serve, appointed by the governor and  
97.24 the commissioners identified in clauses (1) to (4).

97.25 (b) The members appointed to the advisory task force under paragraph (a), clauses (6)  
97.26 and (7), must have expertise in matters relating to energy conservation, clean energy,  
97.27 economic development, banking, law, finance, or other matters relevant to the work of the  
97.28 advisory task force.

97.29 (c) When appointing a member to the advisory task force, consideration must be given  
97.30 to whether the advisory task force members collectively reflect the geographical and ethnic  
97.31 diversity of Minnesota.

98.1 (d) Members of the advisory task force must abide by the conflict of interest provisions  
98.2 in section 43A.38.

98.3 (e) In order to ensure participation, the commissioner may provide a nominal grant to  
98.4 any advisory task force member that demonstrates financial need in order to participate.

98.5 Subd. 6. **Report; audit.** Beginning February 1, 2024, the authority must annually submit  
98.6 a comprehensive report on the authority's activities for the previous fiscal year to the governor  
98.7 and the chairs and ranking minority members of the legislative committees with primary  
98.8 jurisdiction over energy policy. The report must contain, at a minimum, information on:

98.9 (1) the amount of authority capital invested, itemized by project type;

98.10 (2) the amount of private capital leveraged as a result of authority investments, itemized  
98.11 by project type;

98.12 (3) the number of qualified projects supported, itemized by project type and location  
98.13 within Minnesota;

98.14 (4) the estimated number of jobs created and tax revenue generated as a result of the  
98.15 authority's activities;

98.16 (5) the number of clean energy projects financed in low- and moderate-income  
98.17 households; and

98.18 (6) the authority's financial statements.

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

98.20 Sec. 13. **[216C.46] ENERGY ALLEY START-UP FUND.**

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

98.23 (b) "Decarbonization technology" means a technology whose implementation results in  
98.24 a reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision  
98.25 2.

98.26 (c) "Emerging energy technology" means carbon-reducing energy technologies, systems,  
98.27 or practices that are not yet at the commercialization stage.

98.28 (d) "Qualified equity business" means a minority-, women-, or veteran-owned business,  
98.29 as the terms are defined in section 116J.8737.

99.1 (e) "Qualified greater Minnesota business" means a business that is certified by the  
99.2 commissioner as a qualified small business and as a qualified greater Minnesota business  
99.3 under section 116J.8737, subdivision 2.

99.4 Subd. 2. **Establishment; purpose.** An energy alley start-up fund account is established  
99.5 in the Department of Commerce to provide loans and grants to qualified businesses to:

99.6 (1) promote the start-up, expansion, and attraction of emerging energy technologies and  
99.7 businesses within Minnesota; and

99.8 (2) stimulate other innovative decarbonization technology projects that are capable of  
99.9 being developed at a large scale.

99.10 Subd. 3. **Account established.** An energy alley start-up fund account is established in  
99.11 the special revenue fund in the state treasury. Earnings, including interest, dividends, and  
99.12 any other earnings arising from assets of the account, must be credited to the account.  
99.13 Nonstate money obtained by the commissioner for the purposes of this section must be  
99.14 credited to the account. The commissioner must manage the account. Money in the account  
99.15 is appropriated to the commissioner for the purposes of this section and must be expended  
99.16 only as provided in this section.

99.17 Subd. 4. **Nonstate contributions; influence prohibited.** (a) The commissioner must  
99.18 ensure any nonstate money deposited in the account, and the sources of nonstate money,  
99.19 have no influence over (1) awarding grants or loans, or (2) other activities conducted under  
99.20 this section.

99.21 (b) The commissioner may retain no more than three percent annually of money credited  
99.22 to the account for the department's administrative expenses.

99.23 Subd. 5. **Allocation of funds.** Money in the account must be allocated as follows:

99.24 (1) at least 50 percent to qualified greater Minnesota businesses or qualified equity  
99.25 businesses;

99.26 (2) up to 65 percent to establish a low-interest loan fund and loan loss reserve;

99.27 (3) at least 35 percent to provide grants under this section.

99.28 Subd. 6. **Loans.** (a) Loan recipients must repay loan amounts awarded under this section  
99.29 by the end of the loan term. Loan repayment amounts must be credited to the account. The  
99.30 department may use up to ten percent of the low-interest land funds or 6.5 percent of total  
99.31 money available, whichever is greater, under this section to: (1) establish a loan loss reserve

100.1 in order to leverage additional investments; (2) ensure funding for emerging, innovative  
100.2 energy products; and (3) ensure accessibility by small businesses.

100.3 (b) No loans may be awarded under this section after June 30, 2025.

100.4 Subd. 7. **Application process.** (a) An application for a grant or loan under this section  
100.5 must be made to the commissioner on a form developed by the commissioner.

100.6 (b) An application made under this section must be evaluated by the investment committee  
100.7 established under subdivision 10.

100.8 (c) The commissioner must develop administrative procedures necessary to implement  
100.9 this section.

100.10 Subd. 8. **Grant awards; limitations.** (a) The commissioner must award grants under  
100.11 this section to eligible applicants through a competitive process.

100.12 (b) An eligible entity must be (1) located in Minnesota, or (2) able to demonstrate how  
100.13 the grant directly and significantly benefits Minnesotans in a manner that meets criteria  
100.14 established by the commissioner.

100.15 Subd. 9. **Technical advisory committee; membership.** (a) The commissioner must  
100.16 establish and appoint members to the technical advisory committee to assist in the  
100.17 development of criteria governing the award of grants under this section. The technical  
100.18 advisory committee must have expertise in energy research and development, energy  
100.19 conservation, clean energy technology development, economic development, or energy  
100.20 project financing.

100.21 (b) The commissioner must appoint members to the technical advisory committee who  
100.22 collectively reflect the geographic and ethnic diversity of Minnesota.

100.23 (c) Members of the technical advisory committee must comply with the conflicts of  
100.24 interest provisions under section 43A.38.

100.25 Subd. 10. **Investment committee; duties; membership.** (a) The commissioner, in  
100.26 consultation with the commissioner of employment and economic development, must  
100.27 establish and appoint members to an investment committee to review and recommend  
100.28 applications for grant and loan awards under this section.

100.29 (b) The investment committee must consist of seven members with expertise and  
100.30 experience in investments and finance. The commissioner or the commissioner's designee,  
100.31 and the commissioner of employment and economic development or the commissioner of  
100.32 employment and economic development's designee, must serve as members of the investment

101.1 committee. The commissioner or the commissioner's designee serves as chair of the  
101.2 investment committee.

101.3 (c) The commissioner must appoint members of the investment committee who  
101.4 collectively reflect the geographic and ethnic diversity of Minnesota.

101.5 (d) Members of the investment committee must comply with the conflicts of interest  
101.6 provisions under section 43A.38. Entities represented by members of the investment  
101.7 committee are ineligible to receive grants under this section.

101.8 Subd. 11. **Annual report; audit.** On or before February 15, 2024, and by February 15  
101.9 each year thereafter, the commissioner must report on the activities of the fund for the  
101.10 preceding calendar year to the chairs and ranking minority members of the senate and house  
101.11 of representatives committees with jurisdiction over energy finance and policy and economic  
101.12 development finance. The report must include but is not limited to information specifying:

101.13 (1) the number of applications for funding received;

101.14 (2) the number of applications selected for grants and loans;

101.15 (3) the total amount of grants and loans issued in the previous year and to date, itemized  
101.16 by project type; and

101.17 (4) a complete operating and financial statement covering the fund's operations for the  
101.18 preceding year.

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

101.20 Sec. 14. **[216C.47] GRANTS FOR RENEWABLE INTEGRATION AND**  
101.21 **DEMONSTRATION.**

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

101.24 (b) "Grid modernization" means:

101.25 (1) enhancing electric grid service quality and reliability;

101.26 (2) improving the security of the electric grid and critical infrastructure against  
101.27 cyberthreats and physical threats; and

101.28 (3) increasing energy conservation opportunities by facilitating communication between  
101.29 the utility and the utility's customers through the use of two-way meters, control technologies,  
101.30 energy storage and microgrids, technologies that enable demand flexibility, and other  
101.31 innovative technologies.

102.1 (c) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1,  
102.2 paragraph (c).

102.3 Subd. 2. **Establishment; purpose.** A grants for renewable integration and demonstration  
102.4 program is established in the department. The purpose of the program is to provide grants  
102.5 for projects to:

102.6 (1) stimulate research, deployment, and grid integration of renewable electric energy  
102.7 technologies;

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

102.10 (3) stimulate other innovative energy projects that (i) reduce demand, and (ii) increase  
102.11 system efficiency and flexibility to benefit customers of the utility that owns nuclear  
102.12 generating units in Minnesota.

102.13 Subd. 3. **Program account.** A grants for renewable integration and demonstration  
102.14 program account is established as a separate account in the special revenue fund in the state  
102.15 treasury.

102.16 Subd. 4. **Expenditures.** Money in the account may be used only:

102.17 (1) for grant awards made under this section;

102.18 (2) for costs to procure technical evaluation services; and

102.19 (3) to pay reasonable costs incurred by the department to administer this section.

102.20 Subd. 5. **Eligibility.** The commissioner must determine whether a project is eligible for  
102.21 a grant under this section. When evaluating a project for approval, the commissioner must  
102.22 consider:

102.23 (1) diversity, equity, and inclusion;

102.24 (2) greenhouse gas emissions;

102.25 (3) resiliency value;

102.26 (4) grid security;

102.27 (5) jobs and economic development; and

102.28 (6) other potential benefits to Minnesota citizens and businesses, ratepayers receiving  
102.29 electric service from the utility that owns a nuclear-powered electric generating plant in  
102.30 Minnesota, the Prairie Island Indian community, or Prairie Island Indian community  
102.31 members.

103.1 Subd. 6. **Reporting.** (a) A project that receives money from a grant approved under this  
103.2 section must produce a written final report that includes sufficient detail for technical readers  
103.3 and a clearly written summary for nontechnical readers. The report must include an evaluation  
103.4 of the project's financial, environmental, and other benefits to Minnesota and the public  
103.5 utility's ratepayers.

103.6 (b) Final reports, any project status reports, and grants for renewable integration and  
103.7 demonstration program balances must be posted on a public website designated by the  
103.8 commissioner.

103.9 (c) All final reports must acknowledge that the project was made possible in whole or  
103.10 part by the Minnesota renewable development account, noting that the account is financed  
103.11 by the public utility's ratepayers.

103.12 (d) By February 15 each year, the commissioner must report to the chairs and ranking  
103.13 minority members of the legislative committees with primary jurisdiction over energy  
103.14 regarding: (1) grants issued under this section during the previous calendar year; and (2)  
103.15 any remaining balance available under this section.

103.16 Subd. 7. **Gifts; grants; donations.** The program may accept gifts and grants on behalf  
103.17 of the state that constitute donations to the state. Money received under this subdivision is  
103.18 appropriated to the commissioner of commerce to support the program under this section.

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

103.20 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

103.21 **Subd. 7. Considerations in designating sites and routes.** (a) The commission's site  
103.22 and route permit determinations must be guided by the state's goals to conserve resources,  
103.23 minimize environmental impacts, minimize human settlement and other land use conflicts,  
103.24 and ensure the state's electric energy security through efficient, cost-effective power supply  
103.25 and electric transmission infrastructure.

103.26 (b) To facilitate the study, research, evaluation, and designation of sites and routes, the  
103.27 commission shall be guided by, but not limited to, the following considerations:

103.28 (1) evaluation of research and investigations relating to the effects on land, water and  
103.29 air resources of large electric power generating plants and high-voltage transmission lines  
103.30 and the effects of water and air discharges and electric and magnetic fields resulting from  
103.31 such facilities on public health and welfare, vegetation, animals, materials and aesthetic  
103.32 values, including baseline studies, predictive modeling, and evaluation of new or improved

- 104.1 methods for minimizing adverse impacts of water and air discharges and other matters  
104.2 pertaining to the effects of power plants on the water and air environment;
- 104.3 (2) environmental evaluation of sites and routes proposed for future development and  
104.4 expansion and their relationship to the land, water, air and human resources of the state;
- 104.5 (3) evaluation of the effects of new electric power generation and transmission  
104.6 technologies and systems related to power plants designed to minimize adverse environmental  
104.7 effects;
- 104.8 (4) evaluation of the potential for beneficial uses of waste energy from proposed large  
104.9 electric power generating plants;
- 104.10 (5) analysis of the direct and indirect economic impact of proposed sites and routes  
104.11 including, but not limited to, productive agricultural land lost or impaired;
- 104.12 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided  
104.13 should the proposed site and route be accepted;
- 104.14 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant  
104.15 to subdivisions 1 and 2;
- 104.16 (8) evaluation of potential routes that would use or parallel existing railroad and highway  
104.17 rights-of-way;
- 104.18 (9) evaluation of governmental survey lines and other natural division lines of agricultural  
104.19 land so as to minimize interference with agricultural operations;
- 104.20 (10) evaluation of the future needs for additional high-voltage transmission lines in the  
104.21 same general area as any proposed route, and the advisability of ordering the construction  
104.22 of structures capable of expansion in transmission capacity through multiple circuiting or  
104.23 design modifications;
- 104.24 (11) evaluation of irreversible and irretrievable commitments of resources should the  
104.25 proposed site or route be approved; ~~and~~
- 104.26 (12) when appropriate, consideration of problems raised by other state and federal  
104.27 agencies and local entities;
- 104.28 (13) evaluation of the benefits of the proposed facility with respect to protecting and  
104.29 enhancing environmental quality, and to the reliability of state and regional energy supplies;
- 104.30 (14) evaluation of the proposed facility's impact on socioeconomic factors; and

105.1 (15) evaluation of the proposed facility's employment and economic impacts in the  
105.2 vicinity of the facility site and throughout the state, including the quantity and quality of  
105.3 construction and permanent jobs and the jobs' compensation levels. The commission must  
105.4 consider a facility's local employment and economic impacts, and may reject or place  
105.5 conditions on a site or route permit based on the factors under this clause.

105.6 (c) If the commission's rules are substantially similar to existing regulations of a federal  
105.7 agency to which the utility in the state is subject, the federal regulations must be applied by  
105.8 the commission.

105.9 (d) No site or route shall be designated which violates state agency rules.

105.10 (e) The commission must make specific findings that it has considered locating a route  
105.11 for a high-voltage transmission line on an existing high-voltage transmission route and the  
105.12 use of parallel existing highway right-of-way and, to the extent those are not used for the  
105.13 route, the commission must state the reasons.

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

105.15 Sec. 16. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

105.16 Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site  
105.17 selection standards and criteria established in this section and in rules adopted by the  
105.18 commission. When the commission designates a site, it shall issue a site permit to the  
105.19 applicant with any appropriate conditions. The commission shall publish a notice of its  
105.20 decision in the State Register within 30 days of issuance of the site permit.

105.21 (b) No route permit shall be issued in violation of the route selection standards and  
105.22 criteria established in this section and in rules adopted by the commission. When the  
105.23 commission designates a route, it shall issue a permit for the construction of a high-voltage  
105.24 transmission line specifying the design, routing, right-of-way preparation, and facility  
105.25 construction it deems necessary, and with any other appropriate conditions. The commission  
105.26 may order the construction of high-voltage transmission line facilities that are capable of  
105.27 expansion in transmission capacity through multiple circuiting or design modifications. The  
105.28 commission shall publish a notice of its decision in the State Register within 30 days of  
105.29 issuance of the permit.

105.30 (c) No site permit may be issued under this chapter for a large electric power generating  
105.31 plant, including the modification of a site permit for a repowering project, as defined in  
105.32 section 216B.243, subdivision 8, paragraph (b), unless the applicant certifies to the  
105.33 commission in writing that all employees who perform construction work on the large

106.1 electric power generating plant, including the employees of contractors and subcontractors,  
106.2 are paid no less than the prevailing wage, as defined in section 177.42.

106.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
106.4 applies to a site permit, or the modification of a site permit for a repowering project, whose  
106.5 application is filed with the commission on or after that date.

106.6 Sec. 17. Minnesota Statutes 2020, section 216F.04, is amended to read:

106.7 **216F.04 SITE PERMIT.**

106.8 (a) No person may construct an LWECS without a site permit issued by the Public  
106.9 Utilities Commission.

106.10 (b) Any person seeking to construct an LWECS shall submit an application to the  
106.11 commission for a site permit in accordance with this chapter and any rules adopted by the  
106.12 commission. The permitted site need not be contiguous land.

106.13 (c) The commission shall make a final decision on an application for a site permit for  
106.14 an LWECS within 180 days after acceptance of a complete application by the commission.  
106.15 The commission may extend this deadline for cause.

106.16 (d) The commission may place conditions in a permit and may deny, modify, suspend,  
106.17 or revoke a permit.

106.18 (e) No site permit may be issued for an LWECS with a combined nameplate capacity  
106.19 of 25,000 kilowatts or more under this chapter, including the modification of a site permit  
106.20 for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b),  
106.21 unless the applicant certifies in writing to the commission that all employees who perform  
106.22 construction work on the LWECS, including the employees of contractors and subcontractors,  
106.23 are paid no less than the prevailing wage, as defined in section 177.42.

106.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
106.25 applies to a site permit, or the modification of a site permit for a repowering project, whose  
106.26 application is filed with the commission on or after that date.

106.27 Sec. 18. Laws 2020, chapter 118, section 5, subdivision 1, is amended to read:

106.28 Subdivision 1. **Community energy transition grants.** (a) Notwithstanding Minnesota  
106.29 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2021 is  
106.30 appropriated from the renewable development account established in Minnesota Statutes,  
106.31 section 116C.779, subdivision 1, to the commissioner of employment and economic

107.1 development for deposit in the community energy transition account established in Minnesota  
107.2 Statutes, section 116J.55, subdivision 3. This is a onetime appropriation and is available  
107.3 until June 30, ~~2022~~ 2025.

107.4 (b) If another bill is enacted during the 2020 regular legislative session that appropriates  
107.5 money from the renewable development account established in Minnesota Statutes, section  
107.6 116C.779, subdivision 1, for the same general purpose as provided under Minnesota Statutes,  
107.7 section 116J.55, the appropriation under this subdivision cancels to the renewable  
107.8 development account under Minnesota Statutes, section 116C.779, subdivision 1.

## 107.9 ARTICLE 9

### 107.10 GREENHOUSE GAS EMISSIONS

107.11 Section 1. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

107.12 Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable using~~  
107.13 the best available scientific and economic information and data, quantify and establish a  
107.14 range of environmental costs associated with each method of electricity generation. The  
107.15 commission must (1) adopt and apply the interim cost of greenhouse gas emissions valuations  
107.16 presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous  
107.17 Oxide Interim Estimates, released by the federal government in February 2021, adopting  
107.18 the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with  
107.19 three percent as the central estimate; and (2) update the parameters as necessary to conform  
107.20 with updates released by the federal Interagency Working Group on the Social Cost of  
107.21 Greenhouse Gases, or the working group's successors, that are above the February 2021  
107.22 interim valuations.

107.23 (b) When evaluating and selecting resource options in all proceedings before the  
107.24 commission, including but not limited to proceedings regarding power purchase agreements,  
107.25 resource plans, and certificates of need, a utility shall must use the values established by  
107.26 the commission in conjunction with other external factors, including socioeconomic costs,  
107.27 ~~when evaluating and selecting resource options in all proceedings before the commission,~~  
107.28 ~~including resource plan and certificate of need proceedings.~~ under this subdivision to quantify  
107.29 and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for  
107.30 in-state or imported electricity generation, including extraction, processing, transport, and  
107.31 combustion.

107.32 (c) When evaluating resource options, the commission must include and consider the  
107.33 environmental cost values adopted under this subdivision. When considering the costs of a

108.1 nonrenewable energy facility under this section, the commission must consider only nonzero  
108.2 values for the environmental costs analyzed under this subdivision, including both the low  
108.3 and high values of any cost range adopted by the commission.

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

108.7 **EFFECTIVE DATE.** This section is effective August 1, 2022, and applies to dockets  
108.8 initiated at the Public Utilities Commission on or after that date.

108.9 Sec. 2. **ENVIRONMENTAL STANDARDS PROCUREMENT TASK FORCE.**

108.10 (a) No later than June 30, 2022, the commissioners of administration and transportation  
108.11 must establish an environmental standards procurement task force to examine issues  
108.12 surrounding the implementation of a program requiring vendors of certain construction  
108.13 materials purchased by the state to:

108.14 (1) submit environmental product declarations that assess the lifecycle environmental  
108.15 impacts of the construction materials to state officials as part of the procurement process;  
108.16 and

108.17 (2) meet standards established by the commissioner of administration that limit  
108.18 greenhouse gas emissions impacts of the construction materials.

108.19 (b) The task force must examine, at a minimum, the following issues:

108.20 (1) which construction materials should be subject to the program requirements;

108.21 (2) what factors should be considered in establishing greenhouse gas emissions standards;

108.22 (3) a schedule to develop standards for specific materials and incorporate the standards  
108.23 into the purchasing process;

108.24 (4) the development and use of financial incentives to reward vendors for developing  
108.25 products whose greenhouse gas emissions are below the standards;

108.26 (5) the provision of grants to defer a vendor's cost to obtain environmental product  
108.27 declarations;

108.28 (6) how the issues in clauses (1) to (5) are addressed by existing programs in other states  
108.29 and countries; and

108.30 (7) any other issues the task force deems relevant.

109.1 (c) The advisory committee must include two members of the house of representatives  
109.2 appointed by the speaker of the house of representatives and two members of the senate  
109.3 appointed by the senate majority leader. The commissioners of administration and  
109.4 transportation must appoint additional members of the advisory committee, who must include  
109.5 but may not be limited to representatives of:

109.6 (1) the Departments of Administration and Transportation;

109.7 (2) the Center for Sustainable Building Research at the University of Minnesota;

109.8 (3) manufacturers of eligible materials;

109.9 (4) suppliers of eligible materials;

109.10 (5) building and transportation construction firms;

109.11 (6) organized labor in the construction trades;

109.12 (7) organized labor representing materials manufacturing workers; and

109.13 (8) environmental advocacy organizations.

109.14 (d) The Department of Administration must provide meeting space and serve as staff to  
109.15 the advisory committee.

109.16 (e) The commissioner of administration, or the commissioner's designee, shall serve as  
109.17 chair of the advisory committee. The advisory committee must meet at least four times  
109.18 annually and must convene additional meetings at the call of the chair.

109.19 (f) The commissioner of administration must summarize the findings and  
109.20 recommendations of the task force in a report submitted to the chairs and ranking minority  
109.21 members of the senate and house of representatives committees with primary jurisdiction  
109.22 over state government, transportation, and energy no later than January 1, 2023.

109.23 (g) The advisory committee is subject to section 15.059, subdivision 6.

109.24 (h) For the purposes of this section, "environmental product declaration" means a  
109.25 supply-chain-specific type III environmental product declaration that:

109.26 (1) contains a lifecycle assessment of the environmental impacts of manufacturing a  
109.27 specific product by a specific firm, including the impacts of extracting and producing the  
109.28 raw materials and components that compose the product;

109.29 (2) is verified and registered by a third party; and

109.30 (3) meets the ISO 14025 standard developed and maintained by the International  
109.31 Organization for Standardization (ISO).

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

110.2 Sec. 3. **LOCAL CLIMATE ACTION GRANT PROGRAM.**

110.3 Subdivision 1. **Definitions.** For the purpose of this section, the following terms have  
110.4 the meanings given:

110.5 (1) "climate change" means a change in global or regional climate patterns associated  
110.6 with increased levels of greenhouse gas emissions entering the atmosphere largely as a  
110.7 result of human activity;

110.8 (2) "commissioner" means the commissioner of the Pollution Control Agency;

110.9 (3) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous  
110.10 oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that  
110.11 trap heat in the atmosphere; and

110.12 (4) "political subdivision" means a county, home rule charter or statutory city, town, or  
110.13 school district.

110.14 Subd. 2. **Establishment.** The commissioner must establish a local climate action grant  
110.15 program in the Pollution Control Agency. The purpose of the program is to provide grants  
110.16 to encourage political subdivisions to address climate change by developing and  
110.17 implementing plans of action or creating new organizations and institutions to devise policies  
110.18 and programs that:

110.19 (1) seek to mitigate the impacts of climate change on the political subdivision; or

110.20 (2) reduce the political subdivision's contributions to the causes of climate change.

110.21 Subd. 3. **Application.** (a) Application for a grant under this section must be made to the  
110.22 commissioner on a form developed by the commissioner. The commissioner must develop  
110.23 procedures to (1) solicit and review applications, and (2) award grants under this section.

110.24 (b) Eligible applicants for a grant under this section must be located in or conduct the  
110.25 preponderance of the applicant's work in the locality where the grant activities are to take  
110.26 place. Eligible applicants include political subdivisions, organizations that are exempt from  
110.27 taxation under section 501(c)(3) of the Internal Revenue Code, and educational institutions.

110.28 Subd. 4. **Awarding grants.** When awarding grants under this section, the commissioner  
110.29 must give preference to proposals that seek to involve a broad array of community residents,  
110.30 organizations, and institutions in the political subdivision's efforts to address climate change.

111.1 Subd. 5. Grant amounts. (a) A grant awarded under this section must not exceed  
111.2 \$50,000.

111.3 (b) A grant awarded under this section for activities taking place at a county-wide level  
111.4 or in a city or town with a population that exceeds 20,000 must be matched 100 percent  
111.5 with local funding.

111.6 (c) A grant awarded under this section for activities taking place in a city or town with  
111.7 a population that is less than 20,000 or in a school district must be matched a minimum of  
111.8 five percent with local funding or equivalent in-kind services.

111.9 Subd. 6. Eligible expenditures. Appropriations made to support the activities of this  
111.10 section may be used only to:

111.11 (1) provide grants under this section; and

111.12 (2) reimburse the reasonable expenses incurred by the Pollution Control Agency to  
111.13 administer the grant program.

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

111.15

## ARTICLE 10

111.16

### MISCELLANEOUS

111.17 Section 1. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

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

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

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

112.9 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
112.10 each January 15 thereafter, the public utility that owns the Monticello nuclear generating  
112.11 plant must transfer to the renewable development account \$350,000 each year for each dry  
112.12 cask containing spent fuel that is located at the Monticello nuclear power plant for each  
112.13 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered  
112.14 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear  
112.15 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for  
112.16 any part of a year.

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

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

112.29 (g) If the commission approves a new or amended power purchase agreement, or the  
112.30 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
112.31 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
112.32 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in  
112.33 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a  
112.34 grant contract with such entity to provide \$6,800,000 per year for five years, commencing  
112.35 30 days after the commission approves the new or amended power purchase agreement, or

113.1 the termination of the power purchase agreement, and on each June 1 thereafter through  
113.2 2021, to assist the transition required by the new, amended, or terminated power purchase  
113.3 agreement. The grant shall be paid by the public utility from funds withheld from the transfer  
113.4 to the renewable development account as provided in paragraphs (b) and (e).

113.5 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)  
113.6 and (g) is limited to the amount deposited into the renewable development account, and its  
113.7 predecessor, the renewable development account, established under this section, that was  
113.8 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section  
113.9 10.

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

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

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

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

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

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

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

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

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

113.32 (2) "grid modernization" means:

- 114.1 (i) enhancing the reliability of the electrical grid;
- 114.2 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
- 114.3 and
- 114.4 (iii) increasing energy conservation opportunities by facilitating communication between
- 114.5 the utility and its customers through the use of two-way meters, control technologies, energy
- 114.6 storage and microgrids, technologies to enable demand response, and other innovative
- 114.7 technologies.
- 114.8 (l) A renewable development account advisory group that includes, among others,
- 114.9 representatives of the public utility and its ratepayers, and includes at least one representative
- 114.10 of the Prairie Island Indian community appointed by that community's Tribal council, shall
- 114.11 develop recommendations on account expenditures. The advisory group must design a
- 114.12 request for proposal and evaluate projects submitted in response to a request for proposals.
- 114.13 The advisory group must utilize an independent third-party expert to evaluate proposals
- 114.14 submitted in response to a request for proposal, including all proposals made by the public
- 114.15 utility. A request for proposal for research and development under paragraph (j), clause (1),
- 114.16 may be limited to or include a request to higher education institutions located in Minnesota
- 114.17 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
- 114.18 projects may include a provision that exempts the projects from the third-party expert review
- 114.19 and instead provides for project evaluation and selection by a merit peer review grant system.
- 114.20 In the process of determining request for proposal scope and subject and in evaluating
- 114.21 responses to request for proposals, the advisory group must strongly consider, where
- 114.22 reasonable;:
- 114.23 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;
- 114.24 and
- 114.25 (2) the proposer's commitment to increasing the diversity of the proposer's workforce
- 114.26 and vendors.
- 114.27 (m) The advisory group shall submit funding recommendations to the public utility,
- 114.28 which has full and sole authority to determine which expenditures shall be submitted by
- 114.29 the advisory group to the legislature. The commission may approve proposed expenditures,
- 114.30 may disapprove proposed expenditures that it finds not to be in compliance with this
- 114.31 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
- 114.32 modify proposed expenditures. The commission shall, by order, submit its funding
- 114.33 recommendations to the legislature as provided under paragraph (n).

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

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

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

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

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

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

115.24 (r) A project receiving funds from the account must produce a written final report that  
115.25 includes sufficient detail for technical readers and a clearly written summary for nontechnical  
115.26 readers. The report must include an evaluation of the project's financial, environmental, and  
115.27 other benefits to the state and the public utility's ratepayers. A project receiving money from  
115.28 the account must submit a report that meets the requirements of section 216C.51, subdivisions  
115.29 3 and 4, each year the project funded by the account is in progress.

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

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

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

116.6 **Sec. 2. [216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

116.7 Subdivision 1. Establishment; purpose. (a) A state competitiveness fund account is  
116.8 created in the special revenue fund of the state treasury. The commissioner must credit to  
116.9 the account appropriations and transfers to the account. Earnings, such as interest, dividends,  
116.10 and any other earnings arising from assets of the account, must be credited to the account.  
116.11 Money remaining in the account at the end of a fiscal year does not cancel to the general  
116.12 fund but remains in the account until expended. The commissioner must manage the account.

116.13 (b) The money in the account must be used to:

116.14 (1) meet requirements to match federal funds awarded to the state by the United States  
116.15 Department of Energy or another federal entity;

116.16 (2) increase Minnesota's ability to successfully compete for federal funds;

116.17 (3) assist eligible entities to access available federal funds; or

116.18 (4) pay the reasonable costs incurred by the department to:

116.19 (i) pursue and administer energy-related federal funds; and

116.20 (ii) assist eligible grantees in the pursuit and management of energy-related federal  
116.21 funds.

116.22 (c) State matching grants may be awarded to eligible entities, as defined by the federal  
116.23 fund source, with priority given in the following order:

116.24 (1) federal formula funds directed to the state that require a match;

116.25 (2) federal formula or competitive funds in which a state match allows disadvantaged  
116.26 communities, utilities, or businesses to be competitive in the pursuit of funding; and

116.27 (3) all other competitive or formula grant opportunities in which matching state funds  
116.28 enhance or enable federal dollars to be leveraged.

116.29 (d) By August 1, 2022, the department must establish and convene a Minnesota State  
116.30 Competitiveness Fund Advisory Task Force.

117.1 (e) By October 1, 2022, the advisory task force must develop administrative procedures  
117.2 governing the determination of state grants so that the grant money is prioritized, to the  
117.3 extent practicable, in an equitable manner.

117.4 Subd. 2. **Advisory task force; membership.** (a) The Minnesota State Competitiveness  
117.5 Fund Advisory Task Force is established and consists of 13 members as follows:

117.6 (1) the commissioner of commerce or the commissioner's designee, who serves as a  
117.7 nonvoting chair of the advisory task force;

117.8 (2) the chair of the house of representatives committee having jurisdiction over energy  
117.9 finance and policy or the chair's designee;

117.10 (3) the chair of the senate committee having jurisdiction over energy finance and policy  
117.11 or the chair's designee;

117.12 (4) the chair of the Public Utilities Commission or the chair's designee, as a nonvoting  
117.13 member; and

117.14 (5) nine members determined by the commissioner and chairs that represent the following  
117.15 interests and entities:

117.16 (i) two members representing Minnesota utilities;

117.17 (ii) one member representing labor;

117.18 (iii) two members representing energy justice, rural, low-income, or historically  
117.19 disadvantaged communities;

117.20 (iv) one member representing clean energy businesses;

117.21 (v) one member representing manufacturing;

117.22 (vi) one member representing higher education; and

117.23 (vii) one member with policy or implementation expertise on workforce development  
117.24 for displaced energy workers or persons from low-income or environmental justice  
117.25 communities.

117.26 (b) A voting member serving on the Minnesota State Competitiveness Fund Advisory  
117.27 Task Force and the voting member's respective organization are ineligible from receiving  
117.28 state matching funds authorized under this section. A nominal stipend may be provided  
117.29 from grant funds to participating members who would otherwise be unable to attend.

117.30 Subd. 3. **Report; audit.** Beginning February 15, 2024, and each year thereafter until  
117.31 February 15, 2035, the commissioner must report to the chairs and ranking minority members

118.1 of the legislative committees with jurisdiction over energy finance and policy regarding:  
118.2 (1) grants and amounts awarded under this section during the previous year; and (2) the  
118.3 remaining balance available under this section and any additional funding opportunities  
118.4 that require additional funding beyond the remaining balance.

118.5 Sec. 3. **[216C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANTS; PILOT**  
118.6 **PROGRAM.**

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

118.9 (b) "Contractor" means a person licensed under section 326B.33 to perform work required  
118.10 under this section, or the licensed person's employer.

118.11 (c) "Electric panel" means a panel, including any subpanels, that consists of a main  
118.12 circuit breaker that regulates several other circuit breakers to prevent overloading and  
118.13 distributes electricity throughout a building.

118.14 (d) "Income eligible" means:

118.15 (1) a single-family residence whose residents received assistance from the federal  
118.16 Low-Income Home Energy Assistance Program during the most recent program year or  
118.17 who the commissioner determines are eligible to receive assistance under the federal  
118.18 Low-Income Home Energy Assistance Program; or

118.19 (2) a multifamily building in which at least 66 percent of the units are occupied by  
118.20 households whose income is 60 percent or less of the state median individual or household  
118.21 income, as applicable.

118.22 (e) "Multifamily building" means a building that contains two or more units.

118.23 (f) "Phase I" means the phase of the program established in this section that begins when  
118.24 the first grant application is received by the department and ends the later of one year after  
118.25 the date the first grant application is received or when 40 percent of funds appropriated to  
118.26 the program have been expended.

118.27 (g) "Phase II" means the phase of the program established in this section that begins  
118.28 when Phase I terminates and ends when the appropriation made under article 1, section 2,  
118.29 subdivision 2, paragraph (d), is exhausted.

118.30 (h) "Single-family residence" means a building that contains one unit or a manufactured  
118.31 home, as defined in section 327.31, subdivision 6.

118.32 (i) "Unit" means a residential living space occupied by an individual or a household.

119.1 (j) "Upgrade" means:

119.2 (1) for a single-family residence:

119.3 (i) the installation of equipment or devices required to bring an electrical panel to a total  
119.4 rating of not less than 200 amperes; and

119.5 (ii) the repair or replacement of the wiring attached to the equipment or devices in item

119.6 (i) to ensure safe operation; or

119.7 (2) for a multifamily building:

119.8 (i) the installation of equipment or devices required to bring an electrical panel to a rating  
119.9 that allows for full electrification of the building, as described in National Electrical Code  
119.10 Section 220; and

119.11 (ii) the repair or replacement of the wiring attached to the equipment or devices in item

119.12 (i) to ensure safe operation.

119.13 Subd. 2. **Program establishment.** A residential electric panel upgrade grant program  
119.14 is established as a pilot program in the department to provide financial assistance to owners  
119.15 of single-family residences and multifamily buildings to upgrade a residence's electric panel.

119.16 Subd. 3. **Application process.** An applicant seeking a grant under this section must  
119.17 submit an application to the commissioner on a form developed by the commissioner. The  
119.18 commissioner must develop administrative procedures to govern how eligibility is  
119.19 determined, applications are reviewed, and grants are awarded. The commissioner is the  
119.20 fiscal agent for the grant program and is responsible for reviewing applications and awarding  
119.21 grants under this section. The commissioner may contract with a third party to conduct some  
119.22 or all of the pilot program's operations.

119.23 Subd. 4. **Eligibility.** (a) In Phase I, an owner of a single-family residence that is  
119.24 income-eligible is eligible to receive a grant under this section.

119.25 (b) In Phase I, an owner of a multifamily building that is income-eligible is eligible to  
119.26 receive a grant under this section.

119.27 (c) In Phase II, all owners of single-family residences and multifamily buildings are  
119.28 eligible to receive a grant under this section, regardless of the income of the occupants of  
119.29 the building.

119.30 Subd. 5. **Grant awards.** (a) A grant may be awarded under this section to:

119.31 (1) an owner of a single-family residence or multifamily building;

120.1 (2) a contractor performing an upgrade, provided that the contractor submits to the  
120.2 commissioner written consent from the owner of the single-family residence or multifamily  
120.3 building receiving the upgrade to receive a grant on behalf of the owner; or

120.4 (3) a third party, provided that the third party submits to the commissioner written consent  
120.5 from the owner of the single-family residence or multifamily building receiving the upgrade  
120.6 to receive a grant on behalf of the owner.

120.7 (b) At the discretion of the commissioner, a grant may be awarded for a single-family  
120.8 home or multifamily building that is not income eligible under this section to reimburse the  
120.9 cost of an upgrade that has previously been installed.

120.10 Subd. 6. **Grant amount.** (a) A grant issued under this section must be used only to pay  
120.11 the full equipment and installation costs of an upgrade made by an owner, subject to the  
120.12 limits established in this subdivision.

120.13 (b) The maximum grant amount under this section that may be awarded per single-family  
120.14 residence that is:

120.15 (1) income eligible is \$10,000; and

120.16 (2) not income eligible is \$1,000.

120.17 (c) The grant amount under this section that may be awarded per multifamily building  
120.18 that is:

120.19 (1) income eligible is the sum of (i) \$9,500, plus (ii) \$500 multiplied by the number of  
120.20 units containing a separate electric panel that received an upgrade in the multifamily building,  
120.21 not to exceed \$50,000 per multifamily building; and

120.22 (2) not income eligible is the sum of (i) \$1,000, plus (ii) \$500 multiplied by the number  
120.23 of units containing a separate electric panel that received an upgrade in the multifamily  
120.24 building, not to exceed \$10,000 per multifamily building.

120.25 Subd. 7. **Limitation.** No more than one grant may be awarded to an owner under this  
120.26 section for work conducted at the same single-family residence or multifamily building.

120.27 Subd. 8. **Outreach.** The department must publicize the availability of grants under this  
120.28 section to, at a minimum:

120.29 (1) income-eligible households;

120.30 (2) community action agencies and other public and private nonprofit organizations that  
120.31 provide weatherization and other energy services to income-eligible households; and

121.1 (3) multifamily property owners and property managers.

121.2 Subd. 9. **Report.** (a) No later than 120 days after the date each of Phases I and II of the  
121.3 pilot program ends, the department must submit a report to the chairs and ranking minority  
121.4 members of the legislative committees with primary jurisdiction over climate and energy  
121.5 policy.

121.6 (b) The report must summarize program outcomes and must report separately, at a  
121.7 minimum:

121.8 (1) the number of units in multifamily buildings and the number of single-family  
121.9 residences whose owners received grants;

121.10 (2) the median income of the households in multifamily buildings and in single-family  
121.11 residences whose owners received grants; and

121.12 (3) the average amount of grants awarded in multifamily buildings and in single-family  
121.13 residences.

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

121.15 Sec. 4. **[216C.51] UTILITY DIVERSITY REPORTING.**

121.16 Subdivision 1. **Policy.** It is the policy of the state of Minnesota to encourage each utility  
121.17 that serves Minnesota residents to focus on and improve the diversity of the utility's  
121.18 workforce and suppliers.

121.19 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the  
121.20 meanings given.

121.21 (b) "Certification" means official recognition by a governmental unit that a business is  
121.22 a preferred vendor as a result of the characteristics of the business owner or owners or the  
121.23 location of the business.

121.24 (c) "Utility" has the meaning given in section 216C.06, subdivision 18.

121.25 Subd. 3. **Annual report.** (a) Beginning March 15, 2023, and each March 15 thereafter,  
121.26 each utility authorized to do business in Minnesota must file an annual diversity report to  
121.27 the commissioner on:

121.28 (1) the utility's goals and efforts to increase diversity in the workplace, including current  
121.29 workforce representation numbers and percentages; and

121.30 (2) all procurement goals and actual spending for female-owned, minority-owned,  
121.31 veteran-owned, and small business enterprises during the previous calendar year.

122.1 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the  
122.2 total work performed by the utility submitting the report. The actual spending for  
122.3 female-owned, minority-owned, veteran-owned, and small business enterprises must also  
122.4 be expressed as a percentage of the total work performed by the utility submitting the report.

122.5 Subd. 4. **Report elements.** Each utility required to report under this section must include  
122.6 the following in the annual report:

122.7 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers  
122.8 during the next year;

122.9 (2) an explanation of the plan to increase the goals;

122.10 (3) an explanation of the challenges faced to increase workforce and supplier diversity,  
122.11 including suggestions regarding actions the department could take to help identify potential  
122.12 employees and vendors;

122.13 (4) a list of the certifications the company recognizes;

122.14 (5) a point of contact for a potential employee or vendor that wishes to work for or do  
122.15 business with the utility; and

122.16 (6) a list of successful actions taken to increase workforce and supplier diversity, in  
122.17 order to encourage other companies to emulate best practices.

122.18 Subd. 5. **State data.** Each annual report must include as much state-specific data as  
122.19 possible. If a utility does not submit state-specific data, the utility must include any relevant  
122.20 national data the utility possesses, explain why the utility could not submit state-specific  
122.21 data, and explain how the utility intends to include state-specific data in future reports, if  
122.22 possible.

122.23 Subd. 6. **Publication; retention.** The department must publish an annual report on the  
122.24 department's website and must maintain each annual report for at least five years.

122.25 Sec. 5. Minnesota Statutes 2020, section 216E.03, subdivision 1, is amended to read:

122.26 Subdivision 1. **Site permit.** No person may construct a large electric power generating  
122.27 plant without a site permit from the commission. A large electric generating plant may be  
122.28 constructed only on a site approved by the commission. The commission must incorporate  
122.29 into one proceeding the route selection for a high-voltage transmission line that is directly  
122.30 associated with and necessary to interconnect the large electric generating plant to the  
122.31 transmission system and whose need is certified under section 216B.243.

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

123.1 Sec. 6. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED**  
123.2 **PLANT.**

123.3 As a part of the next resource plan filing under Minnesota Statutes, section 216B.2422,  
123.4 subdivision 2, but no later than December 31, 2025, the public utility that owns an electric  
123.5 generation facility that is powered by coal, scheduled for retirement in 2028, and located  
123.6 within the St. Croix National Scenic Riverway must provide, to the extent known, the public  
123.7 utility's plan and detailed timeline to decommission and demolish the electric generation  
123.8 facility and remediate pollution at the electric generation facility site. The public utility  
123.9 must also provide a copy of the plan and timeline to the governing body of the municipality  
123.10 where the electric generation facility is located on the same date the plan and timeline are  
123.11 submitted to the Public Utilities Commission. If a resource plan is not filed or required  
123.12 before December 31, 2025, the plan and timeline must be submitted to the Public Utilities  
123.13 Commission and the municipality as a separate filing by December 31, 2025.

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

123.15 Sec. 7. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**  
123.16 **COMMERCE SUPPORT.**

123.17 (a) The Department of Commerce must provide technical support and subject matter  
123.18 expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in  
123.19 Minnesota to establish and operate a Tribal advocacy council on energy.

123.20 (b) When requested by a Tribal advocacy council on energy, the Department of Commerce  
123.21 must assist the council to:

123.22 (1) assess and evaluate common Tribal energy issues, including:

123.23 (i) identifying and prioritizing energy issues;

123.24 (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

123.25 (iii) assisting decision making with respect to resolving energy issues;

123.26 (2) develop new statewide energy policies or proposed legislation, including:

123.27 (i) organizing stakeholder meetings;

123.28 (ii) gathering input and other relevant information;

123.29 (iii) assisting with policy proposal development, evaluation, and decision making; and

123.30 (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted,  
123.31 policies or legislation approved by the council;

- 124.1 (3) make efforts to raise awareness of and provide educational opportunities with respect  
124.2 to Tribal energy issues among Tribal members by:
- 124.3 (i) identifying information resources;  
124.4 (ii) gathering feedback on issues and topics the council identifies as areas of interest;  
124.5 and  
124.6 (iii) identifying topics for and helping to facilitate educational forums; and  
124.7 (4) identify, evaluate, disseminate, and implement successful energy-related practices.
- 124.8 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized  
124.9 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it  
124.10 require or obligate a federally recognized Indian Tribe in Minnesota to participate in or  
124.11 implement a decision or support an effort made by a Tribal advocacy council on energy.
- 124.12 (d) Any support provided by the Department of Commerce to a Tribal advocacy council  
124.13 on energy under this section must be provided only upon request of the council and is limited  
124.14 to issues and areas where the Department of Commerce's expertise and assistance is  
124.15 requested.
- 124.16 **Sec. 8. REPEALER.**
- 124.17 Laws 2017, chapter 5, section 1, is repealed.

### **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

(b) "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

(c) "Solar energy system" means photovoltaic devices alone or installed in conjunction with a solar thermal system.

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

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

(f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of solar energy systems of up to 300 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than 300 kilowatts to the extent necessary to match the electrical load of the building, or the capacity must be no more than necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

### **16B.326 HEATING AND COOLING SYSTEMS; STATE-FUNDED BUILDINGS.**

The commissioner must review project proposer's study for geothermal and solar thermal applications as possible uses for heating or cooling for all building projects subject to a predesign review under section 16B.335 that receive any state funding for replacement of heating or cooling systems. When practicable, geothermal and solar thermal heating and cooling systems must be considered when designing, planning, or letting bids for necessary replacement or initial installation of cooling or heating systems in new or existing buildings that are constructed or maintained with state funds. The predesign review must include a written plan for compliance with this section from a project proposer.

For the purposes of this section, "solar thermal" means a flat plate or evacuated tube with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy for heating and cooling.

### **216B.16 RATE CHANGE; PROCEDURE; HEARING.**

Subd. 10. **Intervenor compensation.** (a) A nonprofit organization or an individual granted formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to compensate all or part of an eligible intervenor's reasonable costs of participation in a general rate case that comes before the commission when the commission finds that the intervenor has materially assisted the commission's deliberation and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed \$50,000 for a single intervenor in any proceeding. For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, among other factors, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately represented;

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(2) the evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;

(2) proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;

(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

*Laws 2017, chapter 5, section 1*

Section 1. NATURAL GAS COMBINED CYCLE ELECTRIC GENERATION PLANT.

(a) Notwithstanding Minnesota Statutes, section 216B.243 and Minnesota Statutes, chapter 216E, a public utility may, at its sole discretion, construct, own, and operate a natural gas combined cycle electric generation plant as the utility proposed to the Public Utilities Commission in docket number E-002/RP-15-21, or as revised by the utility and approved by the Public Utilities Commission in the latest resource plan filed after the effective date of this section, provided that the plant is located on property in Sherburne County, Minnesota, already owned by the public utility, and will be constructed after January 1, 2018.

(b) Reasonable and prudently incurred costs and investments by a public utility under this section may be recovered pursuant to the provisions of Minnesota Statutes, section 216B.16.

(c) No less than 20 months prior to the start of construction, a public utility intending to construct a plant under this section shall file with the commission an evaluation of the utility's forecasted costs prepared by an independent evaluator and may ask the commission to establish a sliding scale rate of return mechanism for this capital investment to provide an incentive for the utility to complete the project at or under the forecasted costs.