CHAPTER 216C

ENERGY PLANNING AND CONSERVATION

216C.01 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 1a. **Alternative fuel.** "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992, Public Law 102-486, and intended for use in motor vehicles.

Subd. 1b. **Alternative fuel vehicle.** "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on an alternative fuel.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 2a. **Dedicated fuel vehicle.** "Dedicated fuel vehicle" means a vehicle that operates solely on alternative fuels.

Subd. 3. **Department.** "Department" means the Department of Commerce.

Subd. 4. **Dual-fuel vehicle.** "Dual-fuel vehicle" means a vehicle that is capable of operating on an alternative fuel and is capable of operating on gasoline or diesel fuel.

History: *1987 c 186 s 15; 1987 c 312 art 1 s 7; 1993 c 254 s 2-5; 1995 c 264 art 2 s 5,6; 1998 c 254 art 1 s 65; 1Sp2001 c 4 art 6 s 47-49; 2011 c 76 art 1 s 33*

216C.02 POWERS AND DUTIES OF COMMISSIONER; RULES.

Subdivision 1. **Powers.** (a) The commissioner may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satisfactorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16C.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the

information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

(1) expenditures on the programs are adequate to meet identified needs;

(2) the needs of low-income energy users are being adequately addressed;

(3) duplication of effort is avoided or eliminated;

(4) a program that is ineffective is improved or eliminated; and

(5) voluntary efforts are encouraged through incentives for their operators.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum-pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Subd. 2. **Appropriation.** Money received by the commissioner under this section must be deposited in the state treasury and is appropriated to the commissioner for the purpose for which the money has been received. The money appropriated by this subdivision does not cancel and is available until expended. This appropriation does not apply to money resulting from litigation or settlements of alleged violations of federal petroleum-pricing regulations.

Subd. 3. **Rules.** The commissioner may adopt rules under chapter 14 to carry out the commissioner's duties and responsibilities under this section and those sections renumbered by Laws 1987, chapter 312, article 1, section 10.

History: *1987 c 186 s 15; 1987 c 312 art 1 s 8; 1989 c 338 s 4; 1991 c 235 art 1 s 3; 1998 c 386 art 2 s 68; 2014 c 286 art 5 s 3*

216C.03 STATE GOVERNMENT ENERGY-SAVINGS PLAN.

The commissioner of commerce, in coordination with the commissioners of the agencies listed in section 15.01, the chancellor of the Minnesota State Colleges and Universities, and the president of the University of Minnesota, shall identify policy options, barriers, and economic benefits and costs for state government operations to achieve the energy-savings goals in section 216B.2401 and the resulting carbon emissions reductions.

History: *2007 c 136 art 2 s 7; 2014 c 222 art 1 s 29*

ENERGY PLANNING

216C.05 FINDINGS AND PURPOSE.

Subdivision 1. **Energy planning.** The legislature finds and declares that continued growth in demand for energy will cause severe social and economic dislocations, and that the state has a vital interest in providing for: increased efficiency in energy consumption, the development and use of renewable energy

resources wherever possible, and the creation of an effective energy forecasting, planning, and education program.

The legislature further finds and declares that the protection of life, safety, and financial security for citizens during an energy crisis is of paramount importance.

Therefore, the legislature finds that it is in the public interest to review, analyze, and encourage those energy programs that will minimize the need for annual increases in fossil fuel consumption by 1990 and the need for additional electrical generating plants, and provide for an optimum combination of energy sources and energy conservation consistent with environmental protection and the protection of citizens.

The legislature intends to monitor, through energy policy planning and implementation, the transition from historic growth in energy demand to a period when demand for traditional fuels becomes stable and the supply of renewable energy resources is readily available and adequately utilized.

The legislature further finds that for economic growth, environmental improvement, and protection of citizens, it is in the public interest to encourage those energy programs that will provide an optimum combination of energy resources, including energy savings.

Therefore, the legislature, through its committees, must monitor and evaluate progress toward greater reliance on cost-effective energy efficiency and renewable energy and lesser dependence on fossil fuels in order to reduce the economic burden of fuel imports, diversify utility-owned and consumer-owned energy resources, reduce utility costs for businesses and residents, improve the competitiveness and profitability of Minnesota businesses, create more energy-related jobs that contribute to the Minnesota economy, and reduce pollution and emissions that cause climate change.

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

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

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

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

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

History: *1974 c 307 s 1; 1980 c 579 s 4; 1981 c 356 s 248; 1987 c 312 art 1 s 10 subd 1; 2007 c 136 art 1 s 2; 2013 c 85 art 12 s 3; 2017 c 94 art 10 s 21*

216C.051 MS 2006 Subdivision 1. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 2. MS 2006 [Renumbered 3.8851, subdivision 1]

Subd. 2a. MS 2006 [Renumbered 3.8851, subd. 2]

Subd. 3. MS 2006 [Renumbered 3.8851, subd. 3]

Subd. 3a. MS 2006 [Renumbered 3.8851, subd. 4]

Subd. 4. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 4a. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 5. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 6. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 7. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 8. MS 2006 [Renumbered 3.8851, subd. 5]

Subd. 8a. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 9. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 10. MS 2006 [Renumbered 3.8851, subd. 6]

Subd. 11. MS 2006 [Renumbered 3.8851, subd. 7]

216C.052 Subdivision 1. [Repealed, 2011 c 97 s 34]

Subd. 2. [Repealed, 2011 c 97 s 34]

Subd. 3. MS 2006 [Expired, 2001 c 212 art 8 s 10; 2005 c 97 art 3 s 16; 2006 c 281 art 4 s 11]

Subd. 4. [Repealed, 2011 c 97 s 34]

216C.053 RENEWABLE ENERGY DEVELOPMENT.

The commissioner of commerce must engage in activities to encourage deployment of cost-effective renewable energy developments within the state. The commissioner shall compile and maintain information concerning existing and potential renewable energy developments and resources in the state. The commissioner shall provide, as appropriate, this information in proceedings for the determination of need for large energy facilities and for the review of a utility's integrated resource plan. To the extent practicable, and in addition to any other obligation of an electric utility to furnish information, an electric utility seeking to add generation to its supply portfolio to serve Minnesota consumers shall provide the commissioner with notice of its intention.

History: *2005 c 97 art 2 s 5*

216C.054 ANNUAL TRANSMISSION ADEQUACY REPORT TO LEGISLATURE.

The commissioner of commerce, in consultation with the Public Utilities Commission, shall annually by January 15 submit a written report to the chairs and the ranking minority members of the legislative committees with primary jurisdiction over energy policy that contains a narrative describing what electric transmission infrastructure is needed within the state over the next 15 years and what specific progress is being made to meet that need. To the extent possible, the report must contain a description of specific transmission needs and the current status of proposals to address that need. The report must identify any barriers to meeting transmission infrastructure needs and make recommendations, including any legislation, that are necessary to overcome those barriers. The report must be based on the best available information and must describe what assumptions are made as the basis for the report. If the commissioner determines that there are difficulties in accurately assessing future transmission infrastructure needs, the commissioner shall explain those difficulties as part of the report. The commissioner is not required to conduct original research to support the report. The commissioner may utilize information the commissioner, the commission,

and the Office of Energy Security possess and utilize in carrying out their existing statutory duties related to the state's transmission infrastructure. The report must be in easily understood, nontechnical terms.

History: *2009 c 110 s 28*

216C.055 KEY ROLE OF SOLAR AND BIOMASS RESOURCES IN PRODUCING THERMAL ENERGY.

The biennial legislative proposals required to be submitted by the commissioners of commerce and the Pollution Control Agency under section 216H.07, subdivision 3, must include proposals regarding the use of solar energy and the combustion of grasses, agricultural wastes, trees, and other vegetation to produce thermal energy for heating commercial, industrial, and residential buildings and for industrial processes if the commissioners determine that such policies are appropriate to achieve the state's greenhouse gas emissions-reduction goals. No legal claim against any person is allowed under this section. This section does not apply to the combustion of municipal solid waste or refuse-derived fuel to produce thermal energy. For purposes of this section, removal of woody biomass from publicly owned forests must be consistent with the principles of sustainable forest management.

History: *2009 c 110 s 29; 2012 c 272 s 79*

216C.06 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 216C.05 to 216C.30, the following terms shall have the meanings here given them.

Subd. 2. [Renumbered subd 14]

Subd. 2a. **Building energy report.** "Building energy report" means a questionnaire designed to collect information on a building concerning its energy use and other basic factors that relate to energy use.

Subd. 3. [Renumbered subd 15]

Subd. 4. **Coal supplier.** "Coal supplier" means any entity engaged in this state in the wholesale distribution of coal or transportation into this state of any coal intended for use or distribution in the state or transshipment from the state.

Subd. 5. [Renumbered subd 18]

Subd. 6. **Construction.** "Construction" means significant physical alteration of a site to install or enlarge a large energy facility, but not including activities incident to preliminary engineering or environmental studies.

Subd. 7. **Decorative gas lamp.** "Decorative gas lamp" means a device installed for the purpose of producing illumination by burning natural, mixed, or LP gas and utilizing either a mantle or an open flame, but does not include portable camp lanterns or gas lamps.

Subd. 8. [Renumbered subd 17]

Subd. 9. [Renumbered subd 2a]

Subd. 10. [Repealed, 1997 c 7 art 1 s 91]

Subd. 11. [Repealed, 1997 c 7 art 1 s 91]

Subd. 12. [Renumbered subd 19]

Subd. 13. [Renumbered subd 16]

Subd. 14. **Earth sheltered.** "Earth sheltered" means constructed so that 50 percent or more of the exterior surface is covered or in contact with earth. Exterior surface includes all walls and roof, but excludes garages and other accessory buildings. Earth covering on walls is measured from the floor of the structure's lowest level. Earth covering on the roof must be at least 12 inches deep to be included in calculations of earth covering. Partially completed buildings shall not be considered earth sheltered.

Subd. 15. **Petroleum supplier.** "Petroleum supplier" means any petroleum refinery in the state and any entity engaged in transmission or wholesale distribution of more than 100,000 gallons of crude petroleum or petroleum fuels or oil or derivatives thereof annually in this state.

Subd. 16. **Photovoltaic device.** "Photovoltaic device" means a system of components that generates electricity from incident sunlight by means of the photovoltaic effect, whether or not the device is able to store the energy produced for later use.

Subd. 17. **Solar energy system.** "Solar energy system" means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other energy-using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.

Subd. 18. **Utility.** "Utility" means any entity engaged in this state in the generation, transmission or distribution of electric energy and any entity engaged in this state in the transmission or distribution of natural or synthetic natural gas, including, but not limited to, a private investor-owned utility or a public or municipally owned utility.

Subd. 19. **Wind energy conversion system (WECS).** "Wind energy conversion system" (WECS) means any device, such as a wind charger, windmill, or wind turbine, which converts wind energy to a form of usable energy.

History: *1974 c 307 s 2; 1975 c 170 s 1; 1976 c 333 s 1,2; 1977 c 381 s 8; Ex1979 c 2 s 10-12; 1981 c 356 s 248; 1982 c 561 s 1; 1982 c 563 s 2; 1983 c 231 s 2; 1987 c 312 art 1 s 10 subd 1; 1992 c 511 art 8 s 1*

216C.07 CONFLICT OF INTEREST.

No person shall be eligible to continue in office as commissioner unless that person has within six months after being appointed completed divestiture of any interest except fully vested pension rights in any utility, coal, or petroleum supplier, or manufacturer of any major component of a large energy facility doing business within or outside this state.

No person who is an employee of the department shall participate in any manner in any decision or action of the commissioner where that person has a direct or indirect financial interest.

History: *1974 c 307 s 5; 1981 c 356 s 125,248; 1986 c 444; 1987 c 312 art 1 s 10 subd 1*

216C.08 JURISDICTION.

The commissioner has sole authority and responsibility for the administration of sections 216C.05 to 216C.30 and 216C.375. Other laws notwithstanding, the authority granted the commissioner shall supersede the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in the administration of sections 216C.05 to 216C.30 and 216C.375. The commissioner shall consult with other state departments or agencies in matters related to energy and shall

contract with them to provide appropriate services to effectuate the purposes of sections 216C.05 to 216C.30 and 216C.375. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of sections 216C.05 to 216C.30 and 216C.375 shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of sections 216C.05 to 216C.30 and 216C.375.

The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

History: *1974 c 307 s 6; 1980 c 509 s 29; 1981 c 356 s 126,248; 1987 c 312 art 1 s 10 subd 1; 2023 c 60 art 12 s 26*

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 216C.05 to 216C.30 and 216C.375;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 216C.05 to 216C.30 and 216C.375, and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

History: *1974 c 307 s 7; 1977 c 381 s 9; 1981 c 356 s 127,248; 1982 c 563 s 3; 1983 c 179 s 1; 1983 c 289 s 44; 1984 c 654 art 2 s 99; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 1; 2005 c 97 art 4 s 3; 2008 c 356 s 6; 2023 c 60 art 12 s 27*

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of sections 216C.05 to 216C.30;

(2) make all contracts under sections 216C.05 to 216C.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of sections 216C.05 to 216C.30;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the Public Utilities Commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate.

(b) Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30.

History: *1974 c 307 s 8; 1978 c 786 s 1; Ex1979 c 2 s 13; 1981 c 85 s 2; 1981 c 356 s 128,248; 1982 c 424 s 130; 1983 c 289 s 45; 1984 c 604 s 1; 1984 c 640 s 32; 1Sp1985 c 14 art 9 s 75; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 2; 1989 c 338 s 5; 1994 c 483 s 1; 1996 c 305 art 2 s 39; 2004 c 206 s 31*

216C.11 ENERGY CONSERVATION INFORMATION CENTER.

The commissioner shall establish an Energy Information Center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

The Energy Information Center shall serve as the official Minnesota Alcohol Fuels Information Center and shall disseminate information, printed, by the toll-free telephone information service, or otherwise on the applicability and technology of alcohol fuels.

The information center shall include information on the potential hazards of energy conservation techniques and improvements in the printed materials disseminated. The commissioner shall not be liable for damages arising from the installation or operation of equipment or materials recommended by the information center.

The information center shall use the information collected under section 216C.02, subdivision 1, to maintain a central source of information on conservation and other energy-related programs, including both programs required by law or rule and programs developed and carried on voluntarily.

History: *1976 c 333 s 4; Ex1979 c 2 s 14; 1980 c 579 s 5; 1981 c 356 s 129,248; 1987 c 312 art 1 s 10 subd 1; 1989 c 338 s 6; 2009 c 110 s 30; 2011 c 97 s 27*

216C.12 ENERGY CONSERVATION PUBLICITY.

The commissioner in consultation with other affected agencies or departments shall develop informational materials, pamphlets and radio and television messages on energy conservation and housing programs available in Minnesota, renewable energy resources, and energy supply and demand. The printed materials shall include information on available tax credits for residential energy conservation measures, residential retrofitting loan and grant programs, and data on the economics of energy conservation and renewable

resource measures. Copies of printed materials shall be distributed to members of the appropriate standing committees of the legislature.

History: *1977 c 381 s 22; 1980 c 579 s 6; 1981 c 356 s 130,248; 1987 c 312 art 1 s 10 subd 1*

216C.13 POSTSECONDARY ENERGY EDUCATION.

The commissioner, in consultation with the commissioner of education, the Minnesota Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, and the Board of Regents of the University of Minnesota, shall assist in the development and implementation of adult and postsecondary energy education programs.

History: *Ex1979 c 2 s 15; 1981 c 356 s 131,248; 1982 c 563 s 4; 1987 c 312 art 1 s 10 subd 1; 1995 c 212 art 3 s 59; 1996 c 395 s 18; 1998 c 398 art 5 s 55; 2003 c 130 s 12; 2005 c 107 art 2 s 60*

216C.14 [Repealed, 2014 c 222 art 1 s 58]

216C.145 COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM.

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

(b) "Community energy efficiency and renewable energy projects" means solar thermal water heating, solar electric or photovoltaic equipment, small wind energy conversion systems of less than 250 kW, anaerobic digester gas systems, microhydro systems up to 100 kW, heating and cooling applications using solar thermal or ground source technology, and cost-effective energy efficiency projects installed in industrial, commercial, or public buildings, or health care facilities.

(c) "Health care facilities" means a hospital licensed under sections 144.50 to 144.56, or a nursing home licensed under chapter 144A.

(d) "Industrial customer" means a business that is classified under the North American Industrial Classification System under codes 21, 31 to 33, 48, 49, or 562.

(e) "Small business" means a business that employs 50 or fewer employees.

(f) "Unit of local government" means any home rule charter or statutory city, county, commission, district, authority, or other political subdivision or instrumentality of this state, including a sanitary district, park district, the Metropolitan Council, a port authority, an economic development authority, or a housing and redevelopment authority.

Subd. 2. **Program established.** The commissioner of commerce shall develop, implement, and administer a community energy efficiency and renewable energy loan program under this section.

Subd. 3. **Loan purposes.** (a) The commissioner may issue low-interest, long-term loans to units of local government to:

(1) finance community-owned or publicly owned renewable energy systems or cost-effective energy efficiency improvements to public buildings; or

(2) provide loans or other aids to industrial or commercial businesses or health care facilities for cost-effective energy efficiency projects or to install renewable energy systems.

(b) The commissioner may participate in loans made by the Housing Finance Agency to residential property owners, private developers, nonprofit organizations, or units of local government under sections

462A.05, subdivisions 14 and 18; and 462A.33 for the construction, purchase, or rehabilitation of residential housing to facilitate the installation of renewable energy systems in residential housing and cost-effective energy conservation improvements identified in an energy efficiency audit. The commissioner shall assist the Housing Finance Agency in assessing the technical qualifications of loan applicants.

(c) If an industrial, commercial, or health care facility customer seeks a loan under paragraph (a), clause (2), the commissioner may require an individual industrial, commercial, or health care facility customer to provide its energy usage data for the limited purpose of assessing the energy and cost savings of the project that is subject to the loan. Industrial, commercial, or health care facility customer's energy usage data may only be released upon the express, written consent of the individual industrial, commercial, or health care facility customer. The commissioner shall not require an industrial, commercial, or health care facility customer to provide energy usage data or aggregation of energy usage data that includes an industrial, commercial, or health care facility customer for any other loan under this section. Any individual industrial, commercial, or health care facility customer's energy usage data provided under this section shall be classified as nonpublic data as defined in section 13.02, subdivision 9.

Subd. 4. **Technical standards.** The commissioner shall determine technical standards for community energy efficiency and renewable energy projects to qualify for loans under this section.

Subd. 5. **Loan proposals.** (a) At least once a year, the commissioner shall publish in the State Register a request for proposals from units of local government for a loan under this section. Within 45 days after the deadline for receipt of proposals, the commissioner shall select proposals based on the following criteria:

(1) the reliability and cost-effectiveness of the renewable or energy efficiency technology to be installed under the proposal;

(2) the extent to which the proposal effectively integrates with the conservation and energy efficiency programs or goals of the energy utilities serving the proposer;

(3) the total life cycle energy use and greenhouse gas emissions reductions per dollar of installed cost;

(4) the diversity of the renewable energy or energy efficiency technology installed under the proposal;

(5) the geographic distribution of projects throughout the state;

(6) the percentage of total project cost requested;

(7) the proposed security for payback of the loan; and

(8) other criteria the commissioner may determine to be necessary and appropriate.

Subd. 6. **Loan terms.** A loan under this section must be issued at the lowest interest rate required to recover principal and interest plus the costs of issuing the loan, and must be for a minimum of 15 years, unless the commissioner determines that a shorter loan period of no less than five years is necessary and feasible.

Subd. 7. **Account.** A community energy efficiency and renewable energy loan account is established in the state treasury. Money in the account consists of the proceeds of revenue bonds issued under section 216C.146, interest and other earnings on money in the account, money received in repayment of loans from the account, legislative appropriations, and money from any other source credited to the account.

Subd. 8. **Appropriation.** Money in the account is appropriated to the commissioner of commerce to make community energy efficiency and renewable energy loans under this section and to the commissioner

of management and budget to pay debt service and other costs under section 216C.146. Payment of debt service costs and funding reserves take priority over use of money in the account for any other purpose.

History: *2008 c 356 s 7; 2009 c 101 art 2 s 109; 2014 c 312 art 3 s 11*

216C.146 COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN REVENUE BONDS.

Subdivision 1. **Bonding authority; definition.** (a) The commissioner of management and budget, if requested by the commissioner of commerce, shall sell and issue state revenue bonds for the following purposes:

(1) to make community energy efficiency and renewable energy loans under section 216C.145;

(2) to pay the costs of issuance, debt service, including capitalized interest, and bond insurance or other credit enhancements, to fund reserves, and make payments under other agreements entered into under subdivision 2, but excludes refunding bonds sold and issued under this subdivision; and

(3) to refund bonds issued under this section.

(b) The aggregate principal amount of bonds for the purposes of paragraph (a), clause (1), that may be outstanding at any time may not exceed $100,000,000, of which up to $20,000,000 shall be reserved for community energy efficiency and renewable energy projects taking place in small businesses and public buildings; the principal amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

(c) For the purpose of this section, "commissioner" means the commissioner of management and budget.

(d) Revenue bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state at any price or percentages of par value, but the term on any series of revenue bonds may not exceed 25 years. The revenue bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(e) Revenue bonds may be sold at either public or private sale. Any bid received may be rejected.

(f) The revenue bonds are not subject to chapter 16C.

(g) Notwithstanding any other law, revenue bonds issued under this section shall be fully negotiable.

(h) Revenue bond terms must be no longer than the term of any corresponding loan made under section 216C.145.

Subd. 2. **Procedure.** The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner may enter into any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with section 216C.145. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to the community energy efficiency and renewable energy loan account created under section 216C.145.

Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the following sources:

(1) revenue credited to the community energy efficiency and renewable energy loan account from the sources identified in section 216C.145 or from any other source; and

(2) other revenues pledged to the payment of the bonds, including reserves established by a local government unit.

Subd. 4. **Refunding bonds.** The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, at the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 5. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or in part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 6. **Trustee.** The commissioner may contract with and appoint a trustee for bondholders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 7. **Pledges.** A pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 8. **Bonds; purchase and cancellation.** The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 9. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Subd. 10. **Revenue bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any revenue bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 11. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the revenue bonds and any ancillary contracts to which the commissioner is a party.

History: *2008 c 356 s 8; 2009 c 101 art 2 s 109; 2014 c 312 art 3 s 12*

216C.15 EMERGENCY ENERGY CONSERVATION AND ALLOCATION PLAN.

Subdivision 1. **Priorities and requirements.** The commissioner shall maintain an emergency conservation and allocation plan. The plan shall provide a variety of strategies and staged conservation measures to reduce energy use and, in the event of an energy supply emergency, shall establish guidelines and criteria for allocation of fuels to priority users. The plan shall contain alternative conservation actions and allocation plans to reasonably meet various foreseeable shortage circumstances and allow a choice of appropriate responses. The plan shall be consistent with requirements of federal emergency energy conservation and allocation laws and regulations, shall be based on reasonable energy savings or transfers from scarce energy resources and shall:

(1) give priority to individuals, institutions, agriculture, businesses, and public transit under contract with the commissioner of transportation or the Metropolitan Council which demonstrate they have engaged in energy-saving measures and shall include provisions to insure that:

(i) immediate allocations to individuals, institutions, agriculture, businesses, and public transit be based on needs at energy conservation levels;

(ii) successive allocations to individuals, institutions, agriculture, businesses, and public transit be based on needs after implementation of required action to increase energy conservation; and

(iii) needs of individuals, institutions, and public transit are adjusted to insure the health and welfare of the young, old and infirm;

(2) insure maintenance of reasonable job safety conditions and avoid environmental sacrifices;

(3) establish programs, controls, standards, priorities or quotas for the allocation, conservation, and consumption of energy resources; and for the suspension and modification of existing standards and the establishment of new standards affecting or affected by the use of energy resources, including those related to the type and composition of energy sources, and to the hours and days during which public buildings, commercial and industrial establishments, and other energy-consuming facilities may or are required to remain open;

(4) establish programs to control the use, sale or distribution of commodities, materials, goods or services;

(5) establish regional programs and agreements for the purpose of coordinating the energy resources, programs and actions of the state with those of the federal government, of local governments, and of other states and localities;

(6) determine at what level of an energy supply emergency situation the Pollution Control Agency shall be requested to ask the governor to petition the president for a temporary emergency suspension of air quality standards as required by the Clean Air Act, United States Code, title 42, section 7410f; and

(7) establish procedures for fair and equitable review of complaints and requests for special exemptions regarding emergency conservation measures or allocations.

Subd. 2. **Periodic revision.** At least once every five years and whenever construction of a new large energy facility is completed which affects the supply of energy in Minnesota, the commissioner shall review and if necessary revise the emergency conservation and allocation plan. Revisions of the emergency conservation and allocation plan shall be adopted pursuant to the rulemaking procedures in chapter 14 and reviewed by the appropriate standing committees of the legislature.

Subd. 3. **Declaration of energy supply emergency.** The Executive Council or the legislature may declare an energy supply emergency when an acute shortage of energy exists by issuing a declaration which indicates the nature of the emergency, the area or areas threatened if less than the whole state is threatened, and the conditions causing the emergency. The declaration shall be disseminated promptly by means calculated to bring its contents to the attention of the general public and shall be promptly filed with the commissioner, the Division of Emergency Management and the secretary of state. Upon a declaration of an energy supply emergency by the Executive Council or the legislature, the governor and the Division of Emergency Management, in consultation with the commissioner, shall implement and enforce the emergency conservation and allocation plan or any part thereof. Revisions of the plan shall be made by the commissioner in accordance with subdivision 2. The Executive Council or the legislature may terminate an energy supply emergency at any time by issuing a declaration which terminates the energy supply emergency and indicates the conditions which make possible termination of the emergency, but no energy supply emergency may continue for longer than 30 days unless renewed by the legislature. Each renewed energy supply emergency may not continue for longer than 30 days, unless otherwise provided by law. Each person shall carry out the responsibilities specified in the emergency conservation allocation plan, and violation of any provision of such emergency conservation or allocation requirements shall be deemed a violation of sections 216C.05 to 216C.30 and the rules promulgated thereunder for purposes of enforcement pursuant to section 216C.30.

History: *1974 c 307 s 9; 1974 c 428 s 5; Ex1979 c 2 s 16-18; 1981 c 356 s 133-135,248; 1982 c 424 s 130; 1984 c 640 s 32; 1987 c 71 s 2; 1987 c 312 art 1 s 10 subd 1; 1993 c 83 s 4; 1994 c 628 art 3 s 16; 1996 c 305 art 2 s 41*

216C.16 STATE PETROLEUM SET-ASIDE PROGRAM.

Subdivision 1. **Purpose.** The purpose of this section is to grant to the commissioner authority to exercise specific power to deal with shortages of refined petroleum products. Authority granted shall be exercised for the purpose of minimizing the adverse impacts of shortages and dislocations upon the citizens and the economy of the state and nation.

Subd. 2. **Establishment.** The commissioner shall establish and is responsible for a state set-aside system for motor gasoline and middle distillates to provide emergency petroleum requirements and thereby relieve the hardship caused by shortage, supply dislocations, or other emergencies. The commissioner, for purposes of administration, may exercise all of the powers granted by this chapter.

Subd. 3. **Definitions.** As used in this section:

(a) "Middle distillates" means distillates obtained between kerosene and lubricating oil fractions in the refining process, including but not limited to, kerosene, number one and number two heating oil and diesel fuel.

(b) "Motor gasoline" means a liquid mixture of hydrocarbons produced by the distillation of petroleum and used chiefly as a fuel in internal combustion engines.

(c) "Prime supplier" means the producer or supplier now or hereafter making the first sale of middle distillates or motor gasoline subject to the state set-aside for consumption within the state.

(d) "State set-aside" means the amount of middle distillates or motor gasoline required to be made available by a prime supplier for utilization by the commissioner to resolve or mitigate emergencies or hardships due to shortages of supply.

Subd. 4. **Set-aside required.** Every prime supplier shall allocate for sale or exchange monthly upon order of the commissioner a volume of motor gasoline and middle distillate not exceeding the monthly set-aside amount. The amount of gasoline subject to monthly set-aside shall be an amount equal to three percent of the prime supplier's monthly supply estimate. The amount of middle distillate subject to monthly set-aside shall be an amount equal to four percent of the prime supplier's monthly supply estimate.

Subd. 5. **Report of estimated volume; program's allocation.** Every prime supplier shall file with the commissioner a monthly report of its estimated volume of gasoline and middle distillate deliveries. The report shall be in a form prescribed by the commissioner and shall be submitted by the 25th day of the month preceding the month covered by the report. Each prime supplier shall allocate monthly for sale or exchange upon order of the commissioner three percent of estimated motor gasoline supplies and four percent of estimated middle distillate supplies as shown by the report.

Subd. 6. **Prime supplier obligations.** Each prime supplier shall designate a representative to act for and on behalf of the prime supplier in respect to department state set-aside orders to be issued to the prime supplier. A prime supplier shall provide the amount of allocated product stated in the energy state set-aside order.

Subd. 7. **Rules.** The commissioner shall adopt rules to govern the administration of the set-aside system. Rules shall cover matters such as the form and procedure for applications for set-aside allocations by dealers of bulk purchasers, reports on available gasoline and middle distillate supplies, orders and procedure for set-aside allocation and distribution and other rules deemed necessary or desirable in the implementation and administration of the set-aside system, including monthly reports of anticipated deliveries and actual sales of gasoline, middle distillates, propane, aviation fuels, and residual oils.

Subd. 8. **Criteria.** The commissioner may allocate gasoline and middle distillates from the set-aside system in accordance with the criteria in section 216C.15 and rules adopted pursuant thereto. The commissioner may prescribe additional priorities by rule.

History: *1981 c 356 s 136,248; 1982 c 424 s 130; 1982 c 563 s 5,6; 1983 c 289 s 115 subd 1; 1984 c 640 s 32; 1987 c 312 art 1 s 10 subd 1; 1995 c 233 art 2 s 56*

216C.17 ENERGY FORECASTS AND STATISTICS; REPORT.

Subdivision 1. **Energy data program.** In order to further the purposes of sections 216C.05 to 216C.30, the commissioner shall develop and maintain an effective program of collection, compilation, and analysis of energy statistics. The statistical program shall be developed to insure a central state repository of energy

data and so that the state may coordinate and cooperate with other governmental data collection and record-keeping programs.

Subd. 2. **Forecasts.** Except as provided in subdivision 3, in addition to supplying the current statistical and short-range forecasting information the commissioner requires, each utility, coal supplier, petroleum supplier and large energy facility in the state shall prepare and transmit to the commissioner by July 1 of each year, a report specifying in five-, ten-, and 15-year forecasts the projected demand for energy within their respective service areas and the facilities necessary to meet the demand.

The report shall be in a form specified by the commissioner and contain all information deemed relevant by the commissioner.

Subd. 3. **Duplication.** The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. Electric utilities submitting advance forecasts as part of an integrated resource plan filed pursuant to section 216B.2422 and Public Utilities Commission rules are excluded from the annual reporting requirement in subdivision 2.

Subd. 4. **Public inspection.** Reports issued pursuant to this section, other than individual corporate reports classified as nonpublic data in section 13.68, shall be available for public inspection in the office of the department during normal business hours.

Subd. 5. **Evaluation.** The commissioner shall review and evaluate forecasts of energy demands and resources as they relate to the most current population growth and development estimates, statewide and regional land use, transportation, and economic development programs and forecasts.

History: *1974 c 307 s 10; 1975 c 170 s 2; 1981 c 311 s 39; 1981 c 356 s 137,248; 1982 c 545 s 24; 1982 c 563 s 7; 1987 c 312 art 1 s 10 subd 1; 1993 c 327 s 14; 1994 c 644 s 5,6*

216C.18 STATE ENERGY POLICY AND CONSERVATION REPORT.

Subdivision 1. **Report on trends and issues.** By July 1 of 1988 and every four years thereafter, the commissioner shall issue a comprehensive report designed to identify major emerging trends and issues in energy supply, consumption, conservation, and costs. The report shall include the following:

(1) projections of the level and composition of statewide energy consumption under current government policies and an evaluation of the ability of existing and anticipated facilities to supply the necessary energy for that consumption;

(2) projections of how the level and the composition of energy consumption would be affected by new programs or new policies;

(3) projections of energy costs to consumers, businesses, and government;

(4) identification and discussion of key social, economic, and environmental issues in energy;

(5) explanations of the department's current energy programs and studies; and

(6) recommendations.

Subd. 1a. **Rate plan.** The energy policy and conservation report shall include a section prepared by the Public Utilities Commission. The commission's section shall be prepared in consultation with the commissioner and shall include, but not be limited to, all of the following:

(1) a description and analysis of the commission's rate design policy as it pertains to the goals stated in sections 216B.164, 216B.241, and 216C.05, including a description of all energy conservation improvements ordered by the commission; and

(2) recommendations to the governor and the legislature for administrative and legislative actions to accomplish the purposes of sections 216B.164, 216B.241, and 216C.05.

Subd. 2. **Draft report; public meeting.** Prior to the preparation of a final report, the commissioner shall issue a draft report to the Environmental Quality Board and any person, upon request, and shall hold a public meeting. Notice of the public meeting shall be provided to each regional development commission.

Subd. 3. **Final report, distribution.** The commissioner shall distribute the final report to any person upon request.

History: *1974 c 307 s 11; 1975 c 271 s 6; Ex1979 c 2 s 19; 1981 c 356 s 138,248; 1982 c 561 s 3; 1982 c 563 s 8; 1983 c 179 s 2; 1983 c 231 s 3; 1983 c 289 s 115 subd 1; 1984 c 654 art 2 s 100; 1987 c 186 s 15; 1987 c 312 art 1 s 10 subd 1*

ENERGY CONSERVATION

216C.19 ENERGY CONSERVATION.

Subdivision 1. **Roadway lighting; rules.** After consultation with the commissioner and the commissioner of public safety, the commissioner of transportation shall adopt rules under chapter 14 establishing minimum energy efficiency standards for street, highway, and parking lot lighting. The standards must be consistent with overall protection of the public health, safety, and welfare. No new highway, street, or parking lot lighting may be installed in violation of these rules. Existing lighting equipment, excluding roadway sign lighting, with lamps with initial efficiencies less than 70 lumens per watt must be replaced when worn out with light sources using lamps with initial efficiencies of at least 70 lumens per watt.

Subd. 2. **Outdoor display lighting.** Beginning July 1, 1980, the use of outdoor display lighting shall be limited as provided in subdivision 3. For purposes of this section, "outdoor display lighting" shall include building facade lighting, other decorative lighting, and all billboards and advertising signs except those which identify a commercial establishment which is open for business at that hour.

Subd. 3. **Rules on outdoor lighting.** The commissioner shall adopt rules, pursuant to chapter 14, setting standards covering permissible hours of operation, quantity, and efficiency of outdoor display lighting and defining "outdoor display lighting."

Subd. 4. **Rules on promotional practices.** The commissioner may investigate promotional practices by energy suppliers and, pursuant to chapter 14, may promulgate rules to limit such practices in order to reduce the rate of growth of energy demand.

Subd. 5. **Natural gas outdoor lighting prohibited; exception.** After July 1, 1974, no new natural gas outdoor lighting shall be installed in the state. However, the installation and use of natural gas outdoor lighting that is equipped with either an automatic daytime shutoff device or is otherwise capable of being switched on and off, is permitted.

Subd. 6. **Variance for decorative gas lamp.** Beginning April 20, 1977, no person shall use a decorative gas lamp in Minnesota except as provided in this subdivision and in subdivisions 5 and 7. The commissioner shall grant a permanent variance allowing a homeowner who received a variance in 1977 to operate a decorative gas lamp or lamps at the homeowner's principal place of residence. The variance shall be valid

for the life of the recipient. The commissioner shall not issue a variance to any other person to use a decorative gas lamp or lamps.

Subd. 7. **Exemption for old gas lamp.** Gas lamps installed prior to April 20, 1977, by or at the request of a municipality, on a public street or right-of-way, may be used as street lighting.

Subd. 8. [Repealed, 2000 c 297 s 5]

Subd. 9. **Energy use by state; rules.** The commissioner shall conduct studies and make recommendations concerning the purchase and use by the state and its political subdivisions of supplies, motor vehicles and equipment having a significant impact on energy use in order to determine the potential for energy conservation. The commissioner may adopt rules pursuant to chapter 14 to insure that energy use and conservation will be considered in state purchasing and, where appropriate, to require certain minimum energy efficiency standards in purchased products and equipment. No state purchasing of equipment or material use shall occur that is not in conformity with these rules.

Subd. 10. [Repealed, 1996 c 310 s 1]

Subd. 11. [Repealed, 1996 c 310 s 1]

Subd. 12. [Repealed, 1996 c 310 s 1]

Subd. 13. **New room air conditioner.** No new room air conditioner shall be sold or installed or transported for resale into Minnesota unless it has an energy efficiency ratio equal to or greater than the values required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 14. **Certain gas-powered equipment prohibited.** No new residential

(1) forced-air-type central furnace;

(2) cooking appliance manufactured with an electrical supply cord; or

(3) clothes-drying equipment,

that is designed to burn natural gas shall be sold or installed in Minnesota, unless it meets or exceeds the efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 15. **Fluorescent lamp ballast.** No person may sell or install a fluorescent lamp ballast in this state that does not comply with the energy efficiency standards for fluorescent lamp ballasts adopted by the commissioner under subdivision 8.

Subd. 16. **Lamp.** No new lamp may be sold in Minnesota unless it meets or exceeds the minimum efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 17. **Motor.** No new motor covered by this subdivision, excluding those sold as part of an appliance, may be sold or installed in Minnesota unless its nominal efficiency meets or exceeds the values adopted under section 326B.106.

Subd. 18. **Commercial heating, air conditioning, and ventilating equipment.** (a) This subdivision applies to electrically operated unitary and packaged terminal air conditioners and heat pumps, electrically operated water-chilling packages, gas- and oil-fired boilers, and warm air furnaces and combination warm air furnaces and air conditioning units installed in buildings housing commercial or industrial operations.

(b) No commercial heating, air conditioning, or ventilating equipment covered by this subdivision may be sold or installed in Minnesota unless it meets or exceeds the minimum performance standards established by ASHRAE standard 90.1.

Subd. 19. **Showerhead; faucet.** No new showerhead, kitchen faucet or kitchen replacement aerator, or lavatory faucet or lavatory replacement aerator may be sold or installed in Minnesota unless it meets or exceeds the efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 20. **Conservation rules.** The commissioner shall adopt rules to implement subdivisions 13 and 16 to 19, including rules governing testing of products covered by those sections. The rules must make allowance for wholesalers, distributors, or retailers who have inventory or stock which was acquired prior to July 1, 1993. The rules must consider appropriate efficiency requirements for motors used infrequently in agricultural and other applications.

History: *1974 c 307 s 12; 1975 c 65 s 1; 1976 c 166 s 7; 1976 c 333 s 5-7; 1977 c 381 s 11-14; Ex1979 c 2 s 20-24; 1980 c 579 s 8; 1981 c 85 s 3,4; 1981 c 356 s 139-145,248; 1981 c 365 s 9; 1982 c 424 s 130; 1982 c 563 s 9; 1984 c 544 s 89; 1984 c 654 art 2 s 101; 1985 c 50 s 1; 1985 c 248 s 70; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 3,4; 1992 c 597 s 4-10; 1995 c 161 s 1-5; 1997 c 191 art 1 s 8; 1998 c 350 s 4; 1999 c 135 s 5; 2009 c 86 art 1 s 32*

216C.195 [Repealed, 2000 c 297 s 5]

216C.20 ENERGY CONSERVATION IN PUBLIC BUILDING.

Subdivision 1. **Applicability.** The rules concerning heat loss, illumination, and climate control standards adopted pursuant to section 326B.106, subdivision 1, shall include standards for all existing buildings heated by oil, coal, gas, or electric units which are owned by the state, the University of Minnesota, any city, any county, or any school district. Compliance with standards adopted pursuant to this section shall not be mandatory for buildings owned by any city, county, or school district, except as otherwise provided by this section.

Subd. 2. **Consideration of economic feasibility.** The illumination standards promulgated pursuant to subdivision 1, are mandatory for all public buildings where economically feasible. For the purposes of this subdivision, "public building" means any building which is open to the public during normal business hours and which exceeds 5,000 square feet in gross floor area. The commissioner shall specify the formula for determining economic feasibility.

Subd. 3. **Parking ramp.** No enclosed structure or portion of an enclosed structure constructed after January 1, 1978, and used primarily as a commercial parking facility for three or more motor vehicles shall be heated. Incidental heating resulting from building exhaust air passing through a parking facility shall not be prohibited, provided that substantially all useful heat has previously been removed from the air. The commissioner of commerce may grant an exemption from this subdivision if the commercial parking is

integrated within a facility that has both public and private uses, the benefits of the exemption to taxpayers exceed the costs, and all appropriate energy efficiency measures have been considered.

History: *1976 c 333 s 8; 1977 c 381 s 15; 1981 c 356 s 146,147,248; 1987 c 312 art 1 s 10 subd 1; 2000 c 297 s 2; 2007 c 140 art 4 s 61; art 13 s 4; 2016 c 189 art 6 s 9*

216C.21 [Repealed, 1996 c 310 s 1]

216C.22 [Repealed, 1996 c 310 s 1]

216C.23 [Repealed, 1996 c 310 s 1]

216C.24 [Repealed, 1996 c 310 s 1]

216C.25 SOLAR ENERGY SYSTEM STANDARDS.

The commissioner of administration in consultation with the commissioner shall adopt rules concerning quality and performance standards which are in reasonable conformance with the Interim Performance Criteria for Solar Heating and Combined Heating/Cooling Systems and Dwellings, National Bureau of Standards, January 1, 1975; and the Interim Performance Criteria for Commercial Solar Heating and Combined Heating/Cooling Systems and Facilities, National Aeronautics and Space Administration, February 28, 1975, to insure that within the existing state of development, solar energy systems as defined in section 216C.06, subdivision 17, which are sold or installed within this state, are effective and represent a high standard of quality of material, workmanship, design, and performance. The commissioner of administration in consultation with the energy commissioner shall amend the rules as new technology and materials become available, or as standards are revised by the federal government.

Manufacturers or retailers of solar energy systems shall disclose to each bona fide potential purchaser of a system the extent to which the system meets or exceeds each quality standard.

History: *1976 c 333 s 14; 1981 c 356 s 152,248; 1987 c 312 art 1 s 10 subd 1*

216C.26 ENERGY RESEARCH PROJECT; REVIEW.

The commissioner shall continuously identify, monitor, and evaluate in terms of potential direct benefit to, and possible implementation in Minnesota, research studies and demonstration projects of alternative energy and energy conservation systems and methodologies currently performed in Minnesota and other states and countries including:

(1) solar energy systems for heating and cooling;

(2) energy systems using wind, agricultural wastes, forestry products, peat, and other nonconventional energy resources;

(3) devices and technologies increasing the energy efficiency of energy-consuming appliances, equipment, and systems;

(4) hydroelectric power; and

(5) other projects the commissioner deems appropriate and of direct benefit to Minnesota and other states of the upper midwest.

History: *1976 c 333 s 15; 1981 c 356 s 153,248; 1982 c 563 s 10; 1987 c 312 art 1 s 10 subd 1*

216C.261 ALTERNATIVE ENERGY ENGINEERING ACTIVITY.

Subdivision 1. **Creation, goals.** To further the development of indigenous energy resources and energy conservation, the commissioner shall establish an alternative energy engineering activity. The activity shall facilitate the development of specific projects in the public and private sectors and provide a broad range of information, education, and engineering assistance services necessary to accelerate energy conservation and alternative energy development in the state.

Subd. 2. **Duties.** The alternative energy engineering activity shall:

(1) provide on-site technical assistance for alternative energy and conservation projects;

(2) develop information materials and educational programs to meet the needs of engineers, technicians, developers, and others in the alternative energy field;

(3) conduct feasibility studies when the results of the studies would be of benefit to others working in the same area;

(4) facilitate development of energy projects through assistance in finding financing, meeting regulatory requirements, gaining public and private support, limited technical consultation, and similar forms of assistance; and

(5) work with and use the services of Minnesota design professionals.

History: *1984 c 654 art 2 s 102; 1987 c 312 art 1 s 10 subd 1*

216C.262 [Repealed, 2014 c 222 art 1 s 58]

216C.263 [Repealed, 2014 c 222 art 1 s 58]

216C.264 COORDINATING RESIDENTIAL WEATHERIZATION PROGRAMS.

Subdivision 1. **Agency designation.** The department is the state agency to apply for, receive, and disburse money made available to the state by federal law for the purpose of weatherizing the residences of low-income persons. The commissioner must coordinate available federal money with state money appropriated for this purpose.

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

(b) "Low-income conservation program" means a utility program that offers energy conservation services to low-income households under sections 216B.2403, subdivision 5, and 216B.241, subdivision 7.

(c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision 20.

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

(e) "Weatherization assistance services" means the energy measures installed in households under the weatherization assistance program.

Subd. 1b. **Establishment; purpose.** A preweatherization program is established in the department. The purpose of the program is to provide grants for preweatherization services, as defined under section 216B.2402, subdivision 20, in order to expand the breadth and depth of services provided to income-eligible households in Minnesota.

Subd. 1c. **Preweatherization account.** (a) A preweatherization account is created as a separate account in the special revenue fund of the state treasury. The account consists of money provided by law, donated, allotted, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund and remains in the account until expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to pay for (1) grants issued under the program, and (2) the reasonable costs incurred by the commissioner to administer the program.

Subd. 2. **Grants.** The commissioner must make grants of federal and state money to community action agencies and other public or private nonprofit agencies for the purpose of weatherizing the residences of low-income persons.

Subd. 3. **Benefits of weatherization.** In the case of any grant made to an owner of a rental dwelling unit for weatherization, the commissioner must require that (1) the benefits of weatherization assistance in connection with the dwelling unit accrue primarily to the low-income family that resides in the unit; (2) the rents on the dwelling unit will not be raised because of any increase in value due solely to the weatherization assistance; and (3) no undue or excessive enhancement will occur to the value of the dwelling unit.

Subd. 4. [Repealed by amendment, 2011 c 97 s 28]

Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state grants in a manner consistent with the goal of producing the maximum number of weatherized units. Supplementary state grants are provided primarily to pay for and may be used to:

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

(2) install eligible preweatherization measures established by the commissioner, as required under section 216B.241, subdivision 7, paragraph (g);

(3) increase the number of weatherized residences;

(4) conduct outreach activities to make income-eligible households aware of available weatherization services, to assist applicants in filling out applications for weatherization assistance, and to provide translation services when necessary;

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

(6) expand weatherization training opportunities in existing and new training programs;

(7) pay additional labor costs for the federal weatherization program; and

(8) provide an incentive for the increased production of weatherized units.

(b) Criteria used to allocate state grants to local agencies include existing local agency production levels, emergency needs, and the potential to maintain or increase acceptable levels of production in the area.

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

Subd. 6. **Eligibility criteria.** To the extent allowed by federal regulations, the commissioner must ensure that the same income eligibility criteria apply to both the weatherization program and the energy assistance program.

Subd. 7. **Supplemental preweatherization assistance program.** The commissioner must provide grants to weatherization service providers to address physical deficiencies and install weatherization and preweatherization measures in residential buildings occupied by eligible low-income households.

History: *1998 c 273 s 4; 2005 c 97 art 4 s 6; 2011 c 97 s 28; 2023 c 60 art 12 s 28-32*

216C.2641 WEATHERIZATION TRAINING GRANT PROGRAM.

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

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

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

(c) The commissioner may award grants under this section only to:

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

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

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

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

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

Subd. 3. **Reports.** By January 15, 2025, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must detail the use of grant funds under this section, including data on the number of trainees trained and the career progress of trainees supported by prior grants.

History: *2023 c 60 art 12 s 33*

216C.265 EMERGENCY ENERGY ASSISTANCE; FUEL FUNDS.

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

(b) "Energy provider" means a person who provides heating fuel, including natural gas, electricity, fuel oil, propane, wood, or other form of heating fuel, to residences at retail.

(c) "Fuel fund" means a fund established by an energy provider, the state, or any other entity that collects and distributes money for low-income emergency energy assistance and meets the minimum criteria, including

income eligibility criteria, for receiving money from the federal Low-Income Home Energy Assistance Program and the program's Incentive Fund for Leveraging Non-Federal Resources.

Subd. 2. **Energy providers; requirement.** Each energy provider may solicit contributions from its energy customers for deposit in a fuel fund established by the energy provider, a fuel fund established by another energy provider or other entity, or the statewide fuel account established in subdivision 3, for the purpose of providing emergency energy assistance to low-income households that qualify under the federal eligibility criteria of the federal Low-Income Home Energy Assistance Program. Solicitation of contributions from customers may be made at least annually and may provide each customer an opportunity to contribute as part of payment of bills for provision of service or provide an alternate, convenient way for customers to contribute.

Subd. 3. **Statewide fuel account; appropriation.** The commissioner must establish a statewide fuel account. The commissioner may develop and implement a program to solicit contributions, manage the receipts, and distribute emergency energy assistance to low-income households, as defined in the federal Low-Income Home Energy Assistance Program, on a statewide basis. All money remitted to the commissioner for deposit in the statewide fuel account is appropriated to the commissioner for the purpose of developing and implementing the program. No more than ten percent of the money received in the first two years of the program may be used for the administrative expenses of the commissioner to implement the program and no more than five percent of the money received in any subsequent year may be used for administration of the program.

Subd. 4. **Emergency Energy Assistance Advisory Council.** The commissioner must appoint an advisory council to advise the commissioner on implementation of this section. At least one-third of the advisory council must be composed of persons from households that are eligible for emergency energy assistance under the federal Low-Income Home Energy Assistance Program. The remaining two-thirds of the advisory council must be composed of persons representing energy providers, customers, local energy assistance providers, existing fuel fund delivery agencies, and community action agencies. Members of the advisory council may receive expenses, but no other compensation, as provided in section 15.059, subdivision 3. Appointment and removal of members is governed by section 15.059.

History: *1998 c 273 s 5; 2005 c 97 art 4 s 6*

216C.266 DATA PRIVACY; ENERGY PROGRAMS.

Subdivision 1. **Classification of application data.** Data on individuals collected, maintained, or created because an individual applies on behalf of a household for benefits or services provided by the energy assistance and weatherization programs are private data on individuals and must not be disseminated except pursuant to section 13.05, subdivisions 3 and 4, or as provided in this section.

Subd. 2. **Sharing energy assistance program data.** The commissioner may disseminate to the commissioner of human services the name, telephone number, and last four digits of the Social Security number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program if the household is determined to be eligible for the energy assistance program.

Subd. 3. **Use of shared data.** Data disseminated to the commissioner of human services under subdivision 2 may be disclosed to a person other than the subject of the data only for the purpose of determining a household's eligibility for the telephone assistance program pursuant to section 13.46, subdivision 2, clause (23).

Subd. 4. **Additional use of energy assistance program data.** The commissioner may use the name, telephone number, and last four digits of the Social Security number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program for the purpose of determining whether the household is eligible for the telephone assistance program if the household is determined to be eligible for the energy assistance program.

History: *1998 c 273 s 6; 2005 c 97 art 4 s 6; 2012 c 290 s 70*

216C.27 Subdivision1. [Repealed, 2007 c 136 art 3 s 7]

Subd. 2. [Repealed, 2007 c 136 art 3 s 7]

Subd. 3. [Repealed, 2007 c 136 art 3 s 7]

Subd. 4. [Repealed, 2007 c 136 art 3 s 7]

Subd. 5. [Repealed, 2007 c 136 art 3 s 7]

Subd. 6. [Repealed, 2007 c 136 art 3 s 7]

Subd. 7. [Repealed, 2007 c 136 art 3 s 7]

Subd. 8. [Renumbered 16B.61, subd 8]

216C.29 SUBPOENA POWER.

The commissioner shall have the power, for the purposes of sections 216C.05 to 216C.30, to issue subpoenas for production of books, records, correspondence and other information and to require attendance of witnesses. The subpoenas may be served anywhere in the state by any person authorized to serve processes of courts of record. If a person does not comply with a subpoena, the commissioner may apply to the District Court of Ramsey County and the court shall compel obedience to the subpoena by a proper order. A person failing to obey the order is punishable by the court as for contempt.

History: *1974 c 307 s 14; 1981 c 356 s 160,248; 1987 c 312 art 1 s 10 subd 1*

216C.30 ENFORCEMENT; PENALTIES, REMEDIES.

Subdivision 1. **Misdemeanor.** Any person who violates any provision of this chapter or section 325F.20 or 325F.21, or any rule promulgated thereunder, or knowingly submits false information in any report required by this chapter or section 325F.20 or 325F.21 shall be guilty of a misdemeanor. Each day of violation shall constitute a separate offense.

Subd. 2. **Equitable remedies.** The provisions of this chapter and sections 325F.20 and 325F.21, or any rules promulgated hereunder may be enforced by injunction, action to compel performance or other appropriate action in the district court of the county wherein the violation takes place. The attorney general shall bring any action under this subdivision upon the request of the commissioner, and the existence of an adequate remedy at law shall not be a defense to an action brought under this subdivision.

Subd. 3. **Money penalty.** When the court finds that any person has violated any provision of this chapter or section 325F.20 or 325F.21, or any rule thereunder, has knowingly submitted false information in any report required by this chapter or section 325F.20 or 325F.21, or has violated any court order issued under this chapter or section 325F.20 or 325F.21, the court may impose a civil penalty of not more than $10,000 for each violation. These penalties shall be paid to the general fund in the state treasury.

Subd. 4. [Repealed, 2008 c 277 art 1 s 98]

Subd. 5. [Repealed, 2007 c 136 art 3 s 7]

History: *1974 c 307 s 15; Ex1979 c 2 s 33; 1981 c 356 s 161,248; 1982 c 563 s 11-13; 1984 c 595 s 6,7; 1985 c 248 s 70; 1987 c 312 art 1 s 10 subd 1; 1999 c 199 art 2 s 6*

216C.31 ENERGY AUDIT PROGRAMS.

The commissioner shall develop state programs of energy audits of residential and commercial buildings including the training and qualifications necessary for the auditing of residential and commercial buildings under the auspices of a program created under section 216B.241.

History: *1980 c 579 s 12; 1981 c 356 s 162,248; 1983 c 289 s 47; 1983 c 301 s 127; 1984 c 654 art 2 s 104; 1987 c 312 art 1 s 10 subd 1; 2007 c 136 art 3 s 3*

216C.315 ALTERNATIVE ENERGY ECONOMIC ANALYSIS.

The commissioner shall carry out the following energy economic analysis duties:

(1) provide continued analysis of alternative energy issues for the biennial report, certificates of need, and legislative requests;

(2) provide alternative energy information to consumers and business;

(3) assist in the maintenance and improvement of alternative energy input-output multipliers and market penetration models;

(4) provide analysis of alternative energy data.

History: *1983 c 301 s 128; 1987 c 312 art 1 s 10 subd 1*

216C.32 ENERGY-EFFICIENT BUILDING EDUCATION.

The commissioner shall develop a program to provide information and training to persons in the state who influence the energy efficiency of new buildings, including contractors, engineers, and architects on techniques and standards for the design and construction of buildings which maximize energy efficiency. The program may include the production of printed materials and the development of training courses.

History: *1980 c 579 s 28; 1981 c 356 s 163,248; 1982 c 563 s 14; 1987 c 312 art 1 s 10 subd 1*

216C.33 MINNESOTA BIOMASS CENTER.

Subdivision 1. **Creation, purpose.** The commissioner, in consultation with the commissioner of agriculture, may organize a Minnesota Biomass Center.

The center shall be the focus of biomass energy activities for the state. To the maximum extent possible, the center shall coordinate its activities and the use of its staff and facilities with those of other entities involved in biomass energy projects.

Subd. 2. **Duties.** The center shall:

(1) coordinate existing education and training programs for biomass energy production and use within the state and develop new programs where necessary. Educational programs shall cover all types of biomass energy production use, including but not limited to production from grain, biowaste, and cellulosic materials;

(2) serve as a central information resource in conjunction with existing agencies and academic institutions in order to provide information to the public on the production and use of biomass energy. The center shall obtain and analyze available information on biomass energy topics and prepare it for distribution to ensure that the public receives the most accurate and up-to-date information available;

(3) participate in necessary research projects to assist in technological advancement in areas of biomass energy production, distribution, and use. The center shall also study the environmental and safety aspects of biomass energy use;

(4) support and coordinate financing activities for biomass energy production, including providing technical assistance and manuals to individuals and groups seeking private, local, state or federal funding. The center shall be responsible for evaluating projects for any state assistance that may become available;

(5) develop consumer information and protection programs for all aspects of biomass energy production and use;

(6) investigate marketing and distribution needs within the state;

(7) review state and federal laws and regulations affecting biomass energy production and use, and evaluate regulatory incentives in order to provide the legislature with legislative proposals for the encouragement of biomass energy production and use within the state.

History: *1980 c 579 s 29; 1981 c 85 s 6; 1981 c 356 s 164,248; 1987 c 312 art 1 s 10 subd 1*

216C.331 ENERGY BENCHMARKING.

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

(b) "Aggregated customer energy use data" means customer energy use data that is combined into one collective data point per time interval. Aggregated customer energy use data is data with any unique identifiers or other personal information removed that a qualifying utility collects and aggregates in at least monthly intervals for an entire building on a covered property.

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

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

(1) address;

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

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

(4) energy use intensity;

(5) greenhouse gas emissions; and

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

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

(f) "Covered property" means any property that is served by an investor-owned utility in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents served by a municipal energy utility or investor-owned utility, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

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

(2) a property that is: (i) classified as manufacturing under the North American Industrial Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an industrial building otherwise incompatible with benchmarking in the benchmarking tool, as determined by the commissioner;

(3) an agricultural building;

(4) a multitenant building that is served by a utility that cannot supply aggregated customer usage data; or

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

(g) "Customer energy use data" means data collected from utility customer meters that reflect the quantity, quality, or timing of customers' energy use.

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

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

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

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

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

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

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

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

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

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

(m) "Local government" means a statutory or home rule municipality or county.

(n) "Owner" means:

(1) an individual or entity that possesses title to a covered property; or

(2) an agent authorized to act on behalf of the covered property owner.

(o) "Qualifying utility" means a utility serving the covered property, including:

(1) an electric or gas utility, including:

(i) an investor-owned electric or gas utility; or

(ii) a municipally owned electric or gas utility;

(2) a natural gas supplier with five or more active commercial connections, accounts, or customers in the state; or

(3) a district steam, hot water, or chilled water provider.

(p) "Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a lease agreement.

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

(r) "Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

Subd. 2. **Establishment.** The commissioner must establish and maintain a building energy benchmarking program. The purpose of the program is to:

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

(2) enhance the likelihood that an owner adopts energy conservation measures in the owner's building as a way to reduce energy use, operating costs, and greenhouse gas emissions.

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

Class	Total Floor Area (square feet)
1	100,000 or more
2	50,000 to 99,999

Subd. 4. **Benchmarking requirement.** (a) An owner must annually benchmark all covered property owned as of December 31 in conformity with the schedule in subdivision 7. Energy use data must be compiled by:

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

(2) reading a master meter.

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

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

(d) Nothing in this subdivision prohibits an owner of property that is not a covered property from voluntarily benchmarking a property under this section.

Subd. 5. **Exemption for individual building.** (a) The commissioner may exempt an owner of a specific covered property from the requirements of subdivision 4 if the owner provides evidence satisfactory to the commissioner that the covered property for which the owner is seeking an exemption:

(1) is presently experiencing financial distress;

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

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

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

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

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

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

Subd. 6. **Exemption by other government benchmarking program.** An owner is exempt from the requirements of subdivision 4 for a covered property if the property is subject to a benchmarking requirement by the state, a city, or other political subdivision with a benchmarking requirement that the commissioner determines is equivalent or more stringent, as determined under subdivision 11, paragraph (b), than the benchmarking requirement established in this section. The exemption under this subdivision applies in perpetuity unless or until the benchmarking requirement is changed or revoked and the commissioner determines the benchmarking requirement is no longer equivalent nor more stringent.

Subd. 7. **Benchmarking schedule.** (a) An owner must annually benchmark each covered property for the previous calendar year according to the following schedule:

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

(2) all Class 2 properties by June 1, 2026, and by every June 1 thereafter.

(b) Beginning June 1, 2025, for Class 1 properties, and June 1, 2026, for Class 2 properties, an owner who is selling a covered property must provide the following to the new owner at the time of sale:

(1) benchmarking information for the most recent 12-month period, including monthly energy use by source; or

(2) ownership of the digital property record in the benchmarking tool through an online transfer.

Subd. 8. **Utility data requirements.** (a) In implementing this section, a qualifying utility shall only aggregate customer energy use data of covered properties, and on or before January 1, 2025, a qualifying utility shall:

(1) establish an aggregation standard whereby:

(i) an aggregated customer energy use data set may include customer energy use data from no fewer than four customers. A single customer's energy use must not constitute more than 50 percent of total energy consumption for the requested data set; and

(ii) customer energy use data sets containing three or fewer customers or with a single customer's energy use constituting more than 50 percent of total energy consumption may be provided upon the written consent of:

(A) all customers included in the requested data set, in cases of three or fewer customers; or

(B) any customer constituting more than 50 percent of total energy consumption for the requested data set; and

(2) prepare and make available customer energy use data and aggregated customer energy use data upon the request of an owner.

(b) Customer energy use data that a qualifying utility provides an owner pursuant to this subdivision must be:

(1) available on, or able to be requested through, an easily navigable web portal or online request form using up-to-date standards for digital authentication;

(2) provided to the owner within 30 days after receiving the owner's valid written or electronic request;

(3) provided for at least 24 consecutive months of energy consumption or as many months of consumption data that are available if the owner has owned the building for less than 24 months;

(4) directly uploaded to the owner's benchmarking tool account, delivered in the spreadsheet template specified by the benchmarking tool, or delivered in another format approved by the commissioner;

(5) provided to the owner on at least an annual basis until the owner revokes the request for energy use data or sells the covered property; and

(6) provided in monthly intervals, or the shortest available intervals based in billing.

(c) Data necessary to establish, utilize, or maintain information in the benchmarking tool under this section may be collected or shared as provided by this section and are considered public data whether or not the data have been aggregated.

(d) Notwithstanding any other provision of law, a qualifying utility shall not aggregate or anonymize customer energy use data of any customer exempted by the commissioner under section 216B.241 from contributing to investments and expenditures made by a qualifying utility under an energy and conservation optimization plan, unless the customer provides written consent to the qualifying utility.

(e) Except as provided in paragraph (d), qualifying utilities may aggregate the customer energy use data of properties with a total floor area of less than 50,000 square feet if the property otherwise meets the definition of a covered property.

Subd. 9. **Data collection and management.** (a) The commissioner must:

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

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

(3) collaborate with the Department of Revenue to collect the data necessary for establishing the covered property list annually; and

(4) provide technical guidance to utilities in the establishment of data aggregation and access tools.

(b) Upon request of the commissioner, a county assessor shall provide by January 15 annually readily available property data necessary for the development of the covered property list, including but not limited to gross floor area, property type, and owner information.

(c) The commissioner must:

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

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

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

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

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

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

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

Subd. 10. **Data disclosure to public.** (a) The commissioner must post on the department's website and update by December 1 annually the following information for the previous calendar year:

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

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

(3) the percentage of covered properties in each building class listed in subdivision 3 that are in compliance with the benchmarking requirements under subdivisions 4 to 7; and

(4) for each covered property, at a minimum, the address, the total energy use, energy use intensity, annual greenhouse gas emissions, and an energy performance score, if available.

(b) The commissioner must post the information required under this subdivision for:

(1) all Class 1 properties by December 1, 2025, and by every December 1 thereafter; and

(2) all Class 2 properties by December 1, 2026, and by every December 1 thereafter.

Subd. 11. **Coordination with other benchmarking programs.** (a) The commissioner shall coordinate with any state agency or local government that implements an energy benchmarking program, including with respect to reporting requirements.

(b) This section does not restrict a local government from adopting or implementing an ordinance or resolution that imposes more stringent benchmarking requirements. For purposes of this section, a local government benchmarking program is more stringent if the program requires:

(1) buildings to be benchmarked that are not required to be benchmarked under this section; or

(2) benchmarking of information that is not required to be benchmarked under this section.

(c) Benchmarking program requirements of local governments must:

(1) be at least as comprehensive in scope and application as the program operated under this section; and

(2) include annual enforcement of a penalty on covered properties that do not comply with the local government's benchmarking ordinance.

(d) Local governments must notify the commissioner of the local government's existing benchmarking ordinance requirements and of new, changed, or revoked ordinance requirements that would apply to the benchmarking schedule for the following year.

(e) The commissioner must make available to local governments upon request all benchmarking data for covered properties within the local government's jurisdiction annually by December 1.

Subd. 12. **Building performance disclosure to occupants.** The commissioner must provide disclosure materials for public display within a building to building owners, so that owners can prominently display the performance of the building. The materials must include the number of stars assigned to the building by the commissioner under subdivision 9, paragraph (c), and a relevant explanation of the rating.

Subd. 13. **Notifications.** By March 1 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year of the requirement to benchmark by June 1 of the current year.

Subd. 14. **Program implementation.** The commissioner may contract with an independent third party to implement any or all of the commissioner's duties required under this section. The commissioner must assist owners to increase energy efficiency and reduce greenhouse gas emissions from the owners' covered properties, including by providing outreach, training, and technical assistance to owners to help owners' covered properties comply with the benchmarking program.

Subd. 15. **Account established; appropriation.** (a) An energy benchmarking program account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and

any other earnings arising from assets of the account, must be credited to the account. Money in the account at the end of a fiscal year does not cancel to the general fund but remains available in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to pay the reasonable costs of the department to administer this section.

Subd. 16. **Enforcement.** By June 15 each year, the commissioner must notify the owner of each covered property that has failed to comply with this section that the owner has until July 15 to bring the covered property into compliance, unless the owner requests and receives an extension until August 15. If an owner fails to comply with the requirements of this section by July 15 and fails to request an extension by that date, or is given an extension and fails to comply by August 15, the commissioner may impose a civil fine of $1,000 on the owner. The commissioner may by rule increase the civil fine to adjust for inflation.

[See Note.]

Subd. 17. **Recovery of expenses.** The commission shall allow a public utility to recover reasonable and prudent expenses of implementing this section under section 216B.16, subdivision 6b. The costs and benefits associated with implementing this section may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the public utility under section 216B.16, subdivision 6c. The energy and demand savings may, at the discretion of the public utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals under section 216B.241, subdivision 1c, and in the financial incentive mechanism under section 216B.16, subdivision 6c.

History: *2023 c 60 art 12 s 34*

NOTE: Subdivision 16, as added by Laws 2023, chapter 60, article 12, section 34, is effective June 15, 2026. Laws 2023, chapter 60, article 12, section 34, the effective date.

FINANCIAL ASSISTANCE

216C.34 MONEY FOR SCHOOL OR GOVERNING BODY.

Money to pay part or all of the actual costs of mini-audits, maxi-audits, and energy conservation measures performed by or for schools and governing bodies shall be available from legislative appropriations made for that purpose in accordance with the priorities established in section 216C.35. Money appropriated pursuant to this section is available to school districts and local governmental units that submitted acceptable mini-audits or maxi-audits after April 9, 1976, and before July 1, 1979.

History: *Ex1979 c 2 s 34; 1980 c 579 s 13; 1981 c 356 s 248; 1987 c 312 art 1 s 10 subd 1*

216C.35 PRIORITIES FOR FUNDING.

All applications for funding shall be made to the commissioner. Applications shall be accompanied by a report on the energy-using characteristics of the building and any other information the commissioner may reasonably require.

History: *Ex1979 c 2 s 35; 1981 c 356 s 165,248; 1987 c 312 art 1 s 10 subd 1; 1997 c 7 art 1 s 92*

216C.36 [Repealed, 1993 c 327 s 24]

216C.37 ENERGY CONSERVATION INVESTMENT LOAN.

Subdivision 1. **Definitions.** In this section:

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

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(d) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Subd. 2. **Eligibility.** The commissioner shall approve loans to municipalities for energy conservation investments. A loan may be made to a municipality that has demonstrated that it has complied with all the appropriate provisions of this section and has made adequate provisions to assure proper and efficient operation of the municipal facilities after improvements and modifications are completed.

Subd. 3. **Application.** Application for a loan to be made pursuant to this section shall be made by a municipality to the commissioner on a form the commissioner prescribes by rule. The commissioner shall review each application to determine:

(1) whether or not the municipality's proposal is complete;

(2) whether the calculations and estimates contained in the energy project study are appropriate, accurate, and reasonable;

(3) whether the project is eligible for a loan;

(4) the amount of the loan for which the project is eligible; and

(5) the means by which the municipality proposes to finance the project including:

(i) a loan authorized by this section;

(ii) a grant of money appropriated by state law;

(iii) a grant to the municipality by an agency of the federal government within the amount of money then appropriated to that agency; or

(iv) the appropriation of other money of the municipality to an account for the construction of the project.

Subd. 3a. **Additional information.** During application review, the commissioner may request additional information about a proposed energy conservation investment, including information on project cost. Failure to provide information requested disqualifies a loan applicant.

Subd. 3b. **Public accessibility of loan application data.** Data contained in an application submitted to the commissioner for a loan to be made pursuant to this section, including supporting technical documentation, is classified as "public data not on individuals" under section 13.02, subdivision 14.

Subd. 4. **Conditions for loan approval; repayment.** The commissioner shall approve loans to municipalities on the following conditions:

(a) A municipality must demonstrate that the project is economically feasible, and that it has made adequate provisions to assure proper and efficient operation of the facility once the project is completed.

(b) A loan made pursuant to this section is repayable over a period of not more than ten years from the date the loan is made. Interest shall accrue from the date the loan is made, but the first payment of interest or principal shall not be due until one year after the loan was made. The principal shall be amortized in equal periodic payments over the remainder of the term of the loan. The accrued interest on the balance of the loan principal shall be due with each payment. Interest attributable to the first year of deferred payment shall be paid in the same manner as principal.

(c) Public schools shall receive funding priority whenever approvable loan applications exceed available funds.

Subd. 5. **Payment; obligation.** The commissioner shall not approve payment to a municipality pursuant to an approved loan until the commissioner has determined that financing of the project is assured by an irrevocable undertaking, by resolution of the governing body of the municipality, to annually levy or otherwise collect an amount of money sufficient to pay the principal and interest due on the loan as well as any of the commissioner of management and budget's administrative expenses according to the terms of the loan.

Subd. 6. **Receipts; appropriation.** The commissioner of management and budget shall deposit in the state treasury all principal and interest payments received in repayment of the loans authorized by this section. These payments shall be credited to the bond proceeds fund and are appropriated to the commissioner of management and budget for the purposes of that account.

Subd. 7. **Rules.** The commissioner shall adopt rules necessary to implement this section. The rules shall contain as a minimum:

(1) procedures for application by municipalities;

(2) criteria for reviewing loan applications; and

(3) procedures and guidelines for program monitoring, closeout, and evaluation.

Subd. 8. [Repealed, 1994 c 616 s 12]

History: *1983 c 289 s 115 subd 1; 1983 c 323 s 1; 1984 c 640 s 32; 1Sp1985 c 12 art 7 s 1; 1986 c 444; 1987 c 186 s 15; 1987 c 289 s 1; 1987 c 312 art 1 s 10 subd 1; 1987 c 386 art 3 s 16,17; 1989 c 271 s 31; 1993 c 163 art 1 s 28; 1993 c 327 s 15; 1994 c 616 s 2-5; 1996 c 305 art 2 s 42; 1Sp2001 c 4 art 6 s 51; 2009 c 101 art 2 s 109*

216C.373 [Repealed, 2014 c 222 art 1 s 58]

216C.374 ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.

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

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

(c) "Electric school bus" means an electric vehicle: (1) designed to carry a driver and more than ten passengers; and (2) primarily used to transport preprimary, primary, and secondary students.

(d) "Electric utility" means any utility that provides wholesale or retail electric service to customers in Minnesota.

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

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

(g) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated electric panels, machinery, equipment, and infrastructure necessary for an electric utility to supply electricity to an electric vehicle charging station and to support electric vehicle operation.

(h) "Electric vehicle service provider" means an organization that installs, maintains, or otherwise services a battery exchange station, electric vehicle infrastructure, or electric vehicle charging stations.

(i) "Eligible applicant" means a school district or an electric utility, electric vehicle service provider, or transportation service provider applying for a grant under this section on behalf of a school district.

(j) "Federal vehicle electrification grants" means grants that fund electric school buses or electric vehicle infrastructure under the federal Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(k) "Poor air quality" means:

(1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for total suspended particulates, particulate matter less than ten microns wide (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen dioxide; or

(2) areas in which levels of asthma among children significantly exceed the statewide average.

(l) "Prioritized school district" means:

(1) a school district listed in the Small Area Income and Poverty Estimates School District Estimates as having 7.5 percent or more students living in poverty based on the most recent decennial U.S. census;

(2) a school district identified with locale codes "43-Rural: Remote" and "42-Rural: Distant" by the National Center for Education Statistics;

(3) a school district funded by the Bureau of Indian Affairs; or

(4) a school district that receives basic support payments under United States Code, title 20, section 7703(b)(1), for children who reside on Indian land.

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

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

(o) "School district" means:

(1) an independent school district, as defined in section 120A.05, subdivision 10; or

(2) a special school district, as defined in section 120A.05, subdivision 14.

(p) "Transportation service provider" means a person that has a contract with a school district to transport students to and from school.

Subd. 2. **Establishment; purpose.** An electric school bus deployment program is established in the department. The purpose of the program is to provide grants to accelerate the deployment of electric school buses by school districts and to encourage schools to use vehicle electrification as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** An electric school bus program account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money in the account at the end of a fiscal year does not cancel to the general fund but remains available in the account until June 30, 2027. The commissioner shall manage the account.

Subd. 4. **Appropriation; expenditures.** Money in the account is appropriated to the commissioner and must be used only:

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

(2) to pay the reasonable costs incurred by the department to administer this section, including the cost of providing technical assistance to eligible applicants, including but not limited to grant writing assistance for applications for federal vehicle electrification grants under subdivision 6, paragraph (c).

Subd. 5. **Eligible grant expenditures.** A grant awarded under this section may be used only to pay:

(1) a school district or transportation service provider to purchase one or more electric school buses, or convert or repower fossil-fuel-powered school buses to be powered by electricity;

(2) up to 75 percent of the cost a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(3) for prioritized school districts, up to 95 percent of the cost a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(4) up to 75 percent of the cost of deploying, on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(5) for prioritized school districts, up to 95 percent of the cost of deploying, on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations; and

(6) the reasonable costs of technical assistance related to electric school bus deployment program planning and to prepare grant applications for federal vehicle electrification grants.

Subd. 6. **Application process.** (a) The commissioner must develop administrative procedures governing the application and grant award process.

(b) The commissioner must issue a request for proposals to eligible applicants who may wish to apply for a grant under this section on behalf of a school.

(c) An eligible applicant must submit an application for an electric school bus deployment grant to the commissioner on a form prescribed by the commissioner. The form must require an applicant to supply, at a minimum, the following information:

(1) the number of and a description of the electric school buses the school district or transportation service provider intends to purchase;

(2) the total cost to purchase the electric school buses and the incremental cost, if any, of the electric school buses when compared with fossil-fuel-powered school buses;

(3) a copy of the proposed contract agreement between the school district, the electric utility, the electric vehicle service provider, or the transportation service provider that includes provisions addressing responsibility for maintenance of the electric school buses and related electric vehicle infrastructure and battery exchange stations;

(4) whether the school district is a prioritized school district;

(5) areas of the school district that serve significant numbers of students eligible for free and reduced-price school meals, and areas that disproportionately experience poor air quality, as measured by indicators such as the Minnesota Pollution Control Agency's air quality monitoring network, the Minnesota Department of Health's air quality and health monitoring, or other relevant indicators;

(6) the school district's plan to prioritize the deployment of electric school buses in areas of the school district that:

(i) serve students eligible for free and reduced-price school meals;

(ii) experience disproportionately poor air quality; or

(iii) are located within environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e);

(7) the school district's plan, if any, to make the electric school buses serve as a visible learning tool for students, teachers, and visitors to the school, including how vehicle electrification may be integrated into the school district's curriculum;

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

(9) any federal vehicle electrification grants awarded to or applied for by the eligible applicant for the same electric school buses or electric vehicle infrastructure proposed by the eligible applicant in a grant application made under this section;

(10) information that demonstrates the school district's readiness to implement the project and to operate the electric school buses for no less than five years;

(11) whether the electric utility or electric vehicle service provider will deploy electric vehicle infrastructure on the school district's or transportation service provider's property, and if so, the willingness and ability of the electric vehicle service provider or the electric utility to:

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

(ii) comply with section 177.43; and

(12) any other information deemed relevant by the commissioner.

(d) An eligible applicant may seek a technical assistance grant under this section to assist the eligible applicant apply for federal vehicle electrification grants. An eligible applicant seeking a technical assistance grant under this section must submit an application to the commissioner on behalf of a school district on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the names of the federal programs to which the applicant intends to apply;

(2) a description of the technical assistance the applicants need in order to complete the federal application; and

(3) any other information deemed relevant by the commissioner.

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

Subd. 7. **Technical assistance.** The department must provide technical assistance to school districts to develop and execute projects applied for or funded by grants awarded under this section.

Subd. 8. **Grant awards.** (a) In awarding grants under this section, the commissioner must give priority to applications from or on behalf of prioritized school districts, and must endeavor to award no less than 40 percent of the total amount of grants awarded under this section to prioritized school districts.

(b) In making grant awards under this section, the amount of the grant must be based on the commissioner's assessment of the school district's need for financial assistance.

(c) A grant awarded under this section, when combined with any federal vehicle electrification grants obtained by an eligible applicant for the same electric school buses or electric vehicle infrastructure as proposed by the eligible applicant in a grant application made under this section, must not exceed the total cost of the electric school buses or electric vehicle infrastructure funded by the grant.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2026.

Subd. 10. **Reporting.** Beginning January 15, 2024, and each year thereafter until January 15, 2028, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding:

(1) grants and amounts awarded to school districts under this section during the previous year; and

(2) any remaining balance available in the electric school bus program account.

Subd. 11. **Cost recovery.** (a) A prudent and reasonable investment on electric vehicle infrastructure installed on a school district's real property that is made by a public utility may be placed in the public utility's rate base and earn a rate of return determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism to automatically adjust annual charges for prudent and reasonable investments made by a public utility on electric vehicle infrastructure installed on a school district's real property.

History: *2023 c 60 art 12 s 35*

216C.375 SOLAR FOR SCHOOLS PROGRAM.

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

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

(c) "Electricity expenses" means expenses associated with:

(1) purchasing electricity from a utility; or

(2) purchasing and installing a solar energy system, including financing and power purchase agreement payments, operation and maintenance contract payments, and interest charges.

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

(e) "School" means:

(1) a school that operates as part of a school district;

(2) a Tribal contract school; or

(3) a state college or university that is under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

(f) "School district" means:

(1) an independent school district, as defined in section 120A.05, subdivision 10;

(2) a special school district, as defined in section 120A.05, subdivision 14; or

(3) a cooperative unit, as defined in section 123A.24, subdivision 2.

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

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

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

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

Subd. 3. **Establishment of account.** A solar for schools program account is established in the special revenue fund. Money received from the general fund and from the renewable development account established under section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account. The account consists of money received from the general fund and the renewable development

account, provided by law, donated, allocated, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Except as otherwise provided in this paragraph, money deposited in the account remains in the account until expended. Any money that remains in the account on June 30, 2034, cancels to the general fund.

Subd. 4. **Appropriation; expenditures.** (a) Money in the account is appropriated to the commissioner and may be used only:

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

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

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

(c) Grant awards made with funds from the renewable development account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1.

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

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

(2) if installed on or adjacent to a school building receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of: (i) 40 kilowatts alternating current or, with the consent of the interconnecting electric utility, up to 1,000 kilowatts alternating current; or (ii) 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed;

(3) if installed on or adjacent to a school building receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of 1,000 kilowatts alternating current or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed; and

(4) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

(b) A school that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

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

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

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

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

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

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

(5) a copy of the proposed contract agreement between the school and the utility to which the solar energy system is interconnected or the developer that includes provisions addressing responsibility for maintenance of the solar energy system;

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

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

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

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

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

(ii) adhere to the provisions of section 177.43;

(10) the school's projected reductions in electricity expenses resulting from purchasing and installing the solar energy system; and

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

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

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

(e) The school, the developer, or the utility to which the solar energy generating system is interconnected must annually submit to the commissioner on a form prescribed by the commissioner a report containing the following information for each of the 12 previous months:

(1) the total number of kilowatt-hours of electricity consumed by the school;

(2) the total number of kilowatt-hours generated by the solar energy generating system;

(3) the amount paid by the school to its utility for electricity; and

(4) any other information requested by the commissioner.

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

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

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

Subd. 10. **Application deadline.** No application may be submitted under this section after December 31, 2032.

Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January 15, 2035, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during the previous year; (2) the amount of electricity generated by solar energy generating systems awarded a grant under this section; and (3) the impact on school electricity expenses.

Subd. 12. **Renewable energy credits.** Renewable energy credits associated with the electricity generated by a solar energy generating system installed under this section in the electric service area of a public utility subject to section 116C.779 are the property of the public utility for the life of the solar energy generating system.

History: *1Sp2021 c 4 art 8 s 23; 2023 c 60 art 12 s 36*

216C.376 MS 2022 [Repealed, 2023 c 60 art 12 s 78]

216C.377 SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.

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

(b) "Cooperative electric association" means a cooperative association organized under chapter 308A for the purpose of providing rural electrification at retail.

(c) "Developer" means an entity that installs and may own, maintain, or decommission a solar energy generating system on a public building awarded a grant under this section.

(d) "Local unit of government" means:

(1) a county, statutory or home rule charter city, town, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375; or

(2) a federally recognized Indian Tribe in Minnesota.

(e) "Municipal electric utility" means a utility that (1) provides electric service to retail customers in Minnesota, and (2) is governed by a city council or a local utilities commission.

(f) "Public building" means:

(1) a building owned and operated by a local unit of government; or

(2) a building owned by a federally recognized Indian Tribe in Minnesota whose primary purpose is Tribal government operations.

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

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

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

Subd. 4. **Appropriation; expenditures.** Money in the account established under subdivision 3 is appropriated to the commissioner for the purposes of this section and must be used only:

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

(2) to pay the reasonable costs of the department to administer this section.

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

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

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

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

(c) Before filing an application for a grant under this section, a local unit of government or public building that is served by a municipal electric utility or cooperative electric association must inform the municipal electric utility or cooperative electric association of the local unit of government's or public building's intention to do so. A municipal electric utility may, under an agreement with a local unit of government,

own and operate a solar energy generating system awarded a grant under this section on behalf of and for the benefit of the local unit of government.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to local units of government who may wish to apply for a grant under this section on behalf of a public building.

(b) A local unit of government must submit an application to the commissioner on behalf of a public building on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy generating system and the amount of electricity that is projected to be generated;

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

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

(4) the total cost to purchase and install the solar energy generating system and the solar energy generating system's life cycle cost, including removal and disposal after decommissioning;

(5) a copy of the proposed contract agreement between the local unit of government and the utility or developer that includes provisions addressing responsibility for maintenance, removal, and disposal of the solar energy generating system; and

(6) a written statement from the interconnecting utility that no issues that would prevent interconnection of the solar energy generating system as proposed are foreseen.

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

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

Subd. 7. **Energy conservation review.** At the commissioner's request, a local unit of government awarded a grant under this section must provide the commissioner with information regarding energy conservation measures implemented at the public building where the solar energy generating system is to be installed. The commissioner may make recommendations to the local unit of government regarding cost-effective conservation measures the local unit of government can implement and may provide technical assistance and direct the local unit of government to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a local unit of government for the necessary and reasonable costs associated with the purchase and installation of a solar energy generating system. In determining the amount of a grant award, the commissioner shall take into consideration the financial capacity of the local unit of government awarded the grant.

Subd. 10. **Application deadline.** An application must not be submitted under this section after June 30, 2026.

Subd. 11. **Contractor conditions.** A contractor or subcontractor performing construction work on a project supported by a grant awarded under this section:

(1) must pay employees working on the project no less than the prevailing wage rate, as defined in section 177.42; and

(2) is subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 12. **Forfeited income.** (a) The utility to which a solar energy generating system awarded a grant under this section is interconnected must calculate the amount of net income accruing to the local unit of government annually as a result of the operation of the solar energy generating system, whether in the form of cash payments or electricity bill credits, and report that amount to the local unit of government no later than February 1.

(b) Any net income accruing to a local unit of government as calculated under paragraph (a) must be forfeited to the utility by the local unit of government.

Subd. 13. **Reporting.** Beginning January 15, 2025, and each year thereafter until January 15, 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding grants and amounts awarded to local units of government under this section during the previous year and any remaining balances available in the account established under this section.

History: *2023 c 60 art 12 s 37*

216C.378 DISTRIBUTED ENERGY RESOURCES SYSTEM UPGRADE PROGRAM.

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

(b) "Capacity constrained location" means a location on an electric utility's distribution system that the utility has reasonably determined requires significant distribution or network upgrades before additional distributed energy resources can interconnect.

(c) "DER Technical Planning Standard" means an engineering practice that limits the total aggregate distributed energy resource capacity that may interconnect to a particular location on the utility's distribution system.

(d) "Distributed energy resources" means distributed generation, as defined in section 216B.164, and energy storage systems, as defined in section 216B.2422.

(e) "Distribution upgrades" means the additions, modifications, and upgrades made to an electric utility's distribution system to facilitate interconnection of distributed energy resources.

(f) "Interconnection" means the process governed by the Minnesota Distributed Energy Resources Interconnection Process and Agreement, as approved in the Minnesota Public Utilities Commission's order issued April 19, 2019, or the Minnesota Distributed Energy Resources Interconnection Process most recently approved by the commission.

(g) "Net metered facility" has the meaning given in section 216B.164.

(h) "Network upgrades" means additions, modifications, and upgrades to the transmission system required at or beyond the point at which the distributed energy resource interconnects with an electric utility's distribution system to accommodate the interconnection of the distributed energy resource with the electric utility's distribution system. Network upgrades do not include distribution upgrades.

Subd. 2. **Establishment; purpose.** A distributed energy resources system upgrade program is established in the department. The purpose of the program is to provide funding to the utility subject to section 116C.779 to complete infrastructure investments necessary to enable electricity customers to interconnect distributed energy resources. The program must be designed to achieve the following goals to the maximum extent feasible:

(1) make upgrades at capacity constrained locations on the utility's distribution system that maximize the number and capacity of distributed energy resources projects with a capacity of up to 40 kilowatts alternating current that can be interconnected sufficient to serve projected demand;

(2) enable all distributed energy resources projects with a nameplate capacity of up to 40 kilowatts alternating current to be reviewed and approved by the utility within 43 business days;

(3) minimize interconnection barriers for electricity customers seeking to construct net metered facilities for on-site electricity use; and

(4) advance innovative solutions that can minimize the cost of distribution and network upgrades required for interconnection, including but not limited to energy storage, control technologies, smart inverters, distributed energy resources management systems, and other innovative technologies and programs.

Subd. 3. **Required plan.** (a) By November 1, 2023, the utility subject to section 116C.779 must file with the commissioner a plan for the distributed energy resources system upgrade program. The plan must contain, at a minimum:

(1) a description of how the utility proposes to use money in the distributed energy resources system upgrade program account to upgrade the utility's distribution system to maximize the number and capacity of distributed energy resources that can be interconnected sufficient to serve projected demand;

(2) the locations where the utility proposes to make investments under the program;

(3) the number and capacity of distributed energy resources projects the utility expects to interconnect as a result of the program;

(4) a plan for reporting on the program's outcomes; and

(5) any additional information required by the commissioner.

(b) The utility subject to section 116C.779 is prohibited from implementing the program until the commissioner approves the plan submitted under this subdivision. No later than March 31, 2024, the commissioner must approve a plan under this subdivision that the commissioner determines is in the public interest. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 4. **Project priorities.** When developing the plan required under subdivision 3, the utility must prioritize making investments:

(1) at capacity constrained locations on the distribution grid;

(2) in communities with demonstrated customer interest in distributed energy resources, as measured by anticipated, pending, and completed interconnection applications; and

(3) in communities with a climate action plan, clean energy goal, or policies that:

(i) seek to mitigate the impacts of climate change on the city; or

(ii) reduce the city's contributions to the causes of climate change.

Subd. 5. **Eligible costs.** The commissioner may pay the following reasonable costs of the utility subject to section 116C.779 under a plan approved in accordance with subdivision 3 from money available in the distributed energy resources system upgrade program account:

(1) distribution upgrades and network upgrades;

(2) energy storage; control technologies, including but not limited to a distributed energy resources management system; or other innovative technology used to achieve the purposes of this section; and

(3) pilot programs operated by the utility to implement innovative technology solutions.

Subd. 6. **Capacity reserved.** The utility subject to section 116C.779 must reserve any increase in the DER Technical Planning Standard made available by upgrades paid for under this section for net metered facilities and distributed energy resources with a nameplate capacity of up to 40 kilowatts alternating current. The commissioner may modify the requirements of this subdivision when the commissioner finds doing so is in the public interest.

Subd. 7. **Establishment of account.** (a) A distributed energy resources system upgrade program account is established in the special revenue fund. The account consists of money provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Earnings remaining in the account at the end of a fiscal year do not cancel to the general fund or renewable development account but remain in the account until expended.

(b) Money from the account is appropriated to the commissioner to review plans, award grants, and pay the reasonable costs of the department to administer this section.

Subd. 8. **Reporting of certain incidents.** The utility subject to section 116C.779 must report to the commissioner within 60 days if any distributed energy resources project with a capacity of up to 40 kilowatts alternating current is unable to interconnect due to safety, reliability, or the cost of distribution or network upgrades required at a location for which upgrade funding was provided under this program. The utility must make available to the commissioner all engineering analyses, studies, and information related to any such instances. The commissioner may modify or waive this requirement after December 31, 2025.

History: *2023 c 60 art 12 s 38*

216C.379 ENERGY STORAGE INCENTIVE PROGRAM.

(a) The public utility subject to section 116C.779 must develop and operate a program to provide a grant to customers to reduce the cost to purchase and install an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The public utility subject to this section must file a plan with the commissioner to operate the program no later than November 1, 2023. The public utility must not operate

the program until the program is approved by the commissioner. Any change to an operating program must be approved by the commissioner.

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

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

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

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

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

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

(d) The amount of a grant awarded under this section must be based on the number of watt-hours that reflects the duration of the energy storage system at the system's rated capacity, up to a maximum of $5,000.

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

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

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

History: *2023 c 60 art 12 s 39*

216C.38 [Repealed, 2014 c 222 art 1 s 58]

216C.381 COMMUNITY ENERGY PROGRAM.

Subdivision 1. **Findings.** The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the use of alternative resources. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. **Community energy councils; creation.** Statutory and home rule charter cities, counties, or Indian tribal governments of federally recognized Minnesota-based bands or tribes, individually or through the exercise of joint powers agreements, may create community energy councils. Membership on a council shall include representatives of labor, small business, voluntary organizations, senior citizens, and low- and moderate-income residents, and may include city, county, and Indian tribal government officials, and other interested parties.

Subd. 3. **Council powers and duties.** In order to develop and implement community-based energy programs, a community energy council may:

(1) analyze social and economic impacts caused by energy expenditures;

(2) plan, coordinate, advertise, and provide energy programs to minimize negative social and economic impacts;

(3) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision; and

(4) exercise other powers and duties imposed on it by statute, charter, or by ordinance.

Subd. 4. **Department assistance.** The commissioner may provide professional and financial assistance to communities to establish community energy councils, and develop and implement community energy programs, within available resources.

History: *1984 c 654 art 2 s 106; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 5*

216C.385 CLEAN ENERGY RESOURCE TEAMS.

Subdivision 1. **Findings.** The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the production and use of renewable resources such as wind, solar, biomass, and biofuels. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. **Mission, organization, and membership.** The clean energy resource teams (CERT's) project is an innovative state, university, and nonprofit partnership that serves as a catalyst for community energy planning and projects. The mission of CERT's is to give citizens a voice in the energy planning process by connecting them with the necessary technical resources to identify and implement community-scale renewable energy and energy efficiency projects. In 2003, the Department of Commerce designated the CERT's project as a statewide collaborative venture and recognized six regional teams based on their geography: Central, Northeast, Northwest, Southeast, Southwest, and West-Central. Membership of CERT's may include but is not limited to representatives of utilities; federal, state, and local governments; small business; labor; senior citizens; academia; and other interested parties. The Department of Commerce may certify additional clean energy resource teams by regional geography, including teams in the Twin Cities metropolitan area.

Subd. 3. **Powers and duties.** In order to develop and implement community-based energy programs, a clean energy resource team may:

(1) analyze social and economic impacts caused by energy expenditures;

(2) analyze regional renewable and energy efficiency resources and opportunities;

(3) link community members and community energy projects to the knowledge and capabilities of the University of Minnesota, the State Energy Office, nonprofit organizations, and regional community members, among others;

(4) plan, set priorities for, provide technical assistance to, and catalyze local energy efficiency and renewable energy projects that help to meet state energy policy goals and maximize local economic development opportunities;

(5) provide a broad-based resource and communications network that links local, county, and regional energy efficiency and renewable energy project efforts around the state (both interregional and intraregional);

(6) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision;

(7) provide a convening and networking function within CERT's regions to facilitate education, knowledge formation, and project replication; and

(8) exercise other powers and duties imposed on it by statute, charter, or ordinance.

Subd. 4. **Department assistance.** The commissioner, via the clean energy resource teams, may provide professional, technical, organizational, and financial assistance to regions and communities to develop and implement community energy programs and projects, within available resources.

History: *2007 c 57 art 2 s 27*

216C.39 [Repealed, 2016 c 189 art 6 s 16]

216C.390 LEGISLATIVE FINDINGS.

The legislature finds that increasing the competitiveness of Minnesota is critically important to ensuring the state's economy is strong and growing. Increasing competitiveness can be accomplished by improving productivity, improving competition, and improving investments.

History: *2023 c 24 s 1*

216C.391 MINNESOTA STATE COMPETITIVENESS FUND.

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

(b) "Competitive funds" means federal funds awarded to selected applicants based on the grantor's evaluation of the strength of an application measured against all other applications.

(c) "Disadvantaged community" has the meaning given by the federal agency disbursing federal funds.

(d) "Eligible entity" means an entity located in Minnesota that is eligible to receive federal funds, tax credits, loans, or an entity that has at least one Minnesota-based partner, as determined by the grantor of the federal funds, tax credits, or loans.

(e) "Federal funds" means federal formula or competitive funds available for award to applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(f) "Formula funds" means federal funds awarded to all eligible applicants on a noncompetitive basis.

(g) "Loans" means federal loans from loan funds authorized or funded in the Inflation Reduction Act of 2022, Public Law 117-169.

(h) "Match" means the amount of state money a successful grantee in Minnesota is required to contribute to a project as a condition of receiving federal funds.

(i) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

(j) "Project" means the activities proposed to be undertaken by an eligible entity awarded federal funds and are located in Minnesota or will directly benefit Minnesotans.

(k) "Tax credits" means federal tax credits authorized in the Inflation Reduction Act of 2022, Public Law 117-169.

(l) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

Subd. 2. **Establishment of account; eligible expenditures.** (a) A state competitiveness fund account is created in the special revenue fund of the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains available until June 30, 2034. The commissioner is the fiscal agent and must manage the account.

(b) Money in the account is appropriated to the commissioner and must be used to:

(1) pay all or any portion of the state match required as a condition of receiving federal funds, or to otherwise reduce the cost for projects that are awarded federal funds, as described under subdivision 3, paragraph (a);

(2) award grants under subdivision 4 to obtain grant development assistance for eligible entities;

(3) award grants that reduce the cost for projects that are awarded federal loans within disadvantaged communities;

(4) award grants that are additive to federal tax credits received by an eligible entity to further reduce the cost of the technologies and activities eligible for such federal tax credits in disadvantaged communities; and

(5) pay the reasonable costs incurred by the department to assist eligible entities to successfully compete for available federal funds and utilize available federal tax credits or loans.

Subd. 3. **Grant awards; eligible entities; priorities.** (a) Grants may be awarded under this section to eligible entities in accordance with the following order of priorities:

(1) federal formula funds directed to the state that require a match;

(2) federal funds directed to a political subdivision or a Tribal government that require a match;

(3) federal funds directed to an institution of higher education, a consumer-owned utility, a business, or a nonprofit organization that require a match;

(4) federal funds directed to investor-owned utilities that require a match;

(5) federal funds directed to an eligible entity not included in clauses (1) to (4) that require a match; and

(6) all other grant opportunities directed to eligible entities that do not require a match but for which the commissioner determines that a grant made under this section is likely to enhance the likelihood of an applicant receiving federal funds, or to increase the potential amount of federal funds received.

(b) By November 15, 2023, the commissioner must develop and publicly post, and report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance, the federal energy grant funds that are eligible for state matching funds under this section.

Subd. 4. **Grant awards; grant development assistance.** Grants may be awarded under this section to entities with expertise and experience in grant development to assist eligible entities to prepare grant applications for federal funds. Eligible grantees under this subdivision include regional development commissions established in section 462.387, the West Central Initiative Foundation, Minnesota Municipal Utilities Association, Minnesota Rural Electric Association, consumer-owned utilities, Tribal governments,

and any entity the commissioner determines will enhance the competitiveness of grant applications by disadvantaged communities and from eligible entities located in areas not served by a regional development commission.

Subd. 5. **Grant amounts.** (a) For grants that meet the criteria in subdivision 3, paragraph (a), clauses (1) to (3), the maximum grant award for each entity is 100 percent of the required match.

(b) For grants that meet the criteria in subdivision 3, paragraph (a), clauses (4) and (5), the maximum grant award is 50 percent of the required match, except that if the commissioner determines that at least 40 percent of the direct benefits resulting from a project awarded federal funds would be realized by residents of a disadvantaged community, the commissioner may award up to 100 percent of the required match.

(c) For projects that meet the criteria in subdivision 3, paragraph (a), clause (6), the commissioner may award a grant up to ten percent of the amount of federal funds requested by the applicant, except that if the commissioner determines that at least 40 percent of the direct benefits resulting from a project awarded federal funds would be realized by residents of a disadvantaged community, the commissioner may award up to 20 percent of the amount of federal funds requested.

(d) Except for the commissioner, when matching federal funds are directed to the state, no single entity may receive, as an award or subaward, grants under this subdivision totaling more than $15,000,000.

(e) The maximum grant award for each entity under subdivision 4 is $300,000.

Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner is responsible for receiving and reviewing grant applications and awarding grants under this section, and shall develop administrative procedures governing the application, evaluation, and award process. The commissioner may not make a grant award under this section unless the commissioner has determined, and has notified the applicant in writing, that the application is complete. In awarding grants under this section, the commissioner shall endeavor to make awards to applicants from all regions of the state.

(b) The department must provide technical assistance to applicants. Applicants may also receive grant development assistance at no cost from entities awarded grants for that purpose under subdivision 4.

(c) Within ten business days of determining a grant award amount to an applicant, the commissioner must:

(1) reserve that amount for that specific grant in the state competitiveness fund account; and

(2) notify the Legislative Advisory Commission in writing of the reserved amount, the name of the applicant, the purpose of the project, and the unreserved balance of funds remaining in the account.

(d) Reserved funds are committed to the grant and use specified in the notice provided under paragraph (c) and are unavailable for reservation or appropriation for other applications unless and until the commissioner receives written notice from the applicant that the application for federal funds has been withdrawn or from the federal grantor that the application for which funds from the account were reserved has been denied federal funds.

(e) Reserved funds may only be expended upon presentation of written notice from the federal grantor to the commissioner stating that the applicant will receive federal funds for the project described in the

application. If the amount of federal funds awarded to an applicant differs from the amount requested in the application, the commissioner may adjust the award made under this section accordingly.

(f) Reserved funds must be made for projects that demonstrate they will help meet the state's clean energy and energy-related climate goals through renewable energy development, energy conservation, efficiency, or energy-related greenhouse gas reduction benefits.

(g) The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance when the unreserved balance of the competitiveness fund account reaches the following amounts: 50 percent, unreserved; 25 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be within ten days after each level of unreserved balance is reached.

Subd. 7. **Report; audit.** Beginning February 15, 2024, and each February 15 thereafter until February 15, 2035, the commissioner must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance on the activities taken and expenditures made under this section. The report must, at a minimum, include the following information for the most recent calendar year:

(1) the number of applications for grants filed with the commissioner and the total amount of grant funds requested;

(2) each grant awarded;

(3) the number of additional personnel hired for the purposes of this section;

(4) expenditures on activities conducted under this section, reported separately for these areas:

(i) the provision of technical assistance;

(ii) grants made under subdivision 4 to entities to assist applicants with grant development;

(iii) application review and evaluation, including applicants that were denied federal or state grant awards and the reason for the denial;

(iv) information technology activities; and

(v) other expenditures;

(5) the unreserved balance remaining in the state competitiveness fund account;

(6) a copy of a financial audit of the department's expenditures under this section conducted by an independent auditor;

(7) recommendations for legislation to enhance the ability of eligible entities to successfully compete for federal funds;

(8) additional available funding opportunities to obtain energy-related funding from federal agencies; and

(9) federal grant program changes that would affect the federal funds available to the state and eligible applicants, including changes that would affect the required match for receiving federal funds.

History: *2023 c 24 s 2; 2023 c 53 art 21 s 3,4*

216C.40 [Expired, 1993 c 254 s 6]

216C.401 ELECTRIC VEHICLE REBATES.

Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that:

(1) possesses a new motor vehicle license under chapter 168;

(2) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(3) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(4) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (b).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership are transferred other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this section if the electric vehicle:

(1) has not been previously owned;

(2) is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state; or

(3) is returned to a dealer by a purchaser or lessee:

(i) within two weeks of purchase or leasing or when a purchaser's or lessee's financing for the electric vehicle has been disapproved; or

(ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota; and

(4) has not been modified from the original manufacturer's specifications;

(5) has a manufacturer's suggested base retail price that does not exceed $55,000;

(6) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota; and

(7) is purchased or leased after May 25, 2023, for use by the purchaser and not for resale.

(b) A used electric vehicle is eligible for an electric vehicle rebate under this section: (1) if the electric vehicle has previously been owned in Minnesota or another state; (2) has not been modified from the original manufacturer's specifications; and (3) has a purchase price no greater than $25,000, exclusive of taxes and fees.

Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

(ii) a business that has a valid address in Minnesota from which business is conducted;

(iii) a nonprofit corporation incorporated under chapter 317A; or

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from the state of Minnesota; and

(3) registers the electric vehicle in Minnesota.

Subd. 4. **Rebate amounts.** (a) A $2,500 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $600 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

Subd. 6. **Program administration.** (a) A rebate application under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on the availability of money to award rebates or other factors.

Subd. 7. **Account established.** (a) The electric vehicle rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from

assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award rebates for electric vehicles and to reimburse the reasonable costs of the department to administer this section.

Subd. 8. **Expiration.** This section expires June 30, 2027.

History: *2023 c 60 art 12 s 40*

216C.402 GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

Subdivision 1. **Establishment.** A grant program is established in the department to award grants to dealers to offset the costs of obtaining the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. **Application.** An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. **Account established; appropriation.** (a) An auto dealer certification grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money in the account at the end of a fiscal year does not cancel to the general fund but remains available in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to pay the reasonable costs of the department to administer this section.

Subd. 5. **Eligible expenditures.** Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs to administer this section.

Subd. 6. **Limitation.** A grant awarded under this section to a single dealer must not exceed $40,000.

History: *2023 c 60 art 12 s 41*

216C.41 RENEWABLE ENERGY PRODUCTION INCENTIVE.

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

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) owned by a resident of Minnesota or an entity that is organized under the laws of this state, is not prohibited from owning agricultural land under section 500.24, and owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a Minnesota nonprofit organization;

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation;

(v) owned by a Minnesota municipal utility or a Minnesota cooperative electric association; or

(vi) owned by a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, or any other local or regional governmental organization such as a board, commission, or association; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A other than a Minnesota cooperative electric association; and

(ii) all shares and membership in the cooperative are held by an entity that is not prohibited from owning agricultural land under section 500.24.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation; and

(2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial

repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of commerce of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the renewable development account under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, in addition to the amounts funded by the renewable development account as specified in subdivision 5a.

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) a qualified hydroelectric facility that is operational and generating electricity before December 31, 2011;

(2) a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017.

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2021;

(2) by a qualified wind energy conversion facility after December 31, 2018; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2017.

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Subd. 5. **Amount of payment; wind facilities limit.** (a) An incentive payment is based on the number of kilowatt-hours of electricity generated. The amount of the payment is:

(1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cent per kilowatt-hour; and

(2) for all other facilities, 1.5 cents per kilowatt-hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 200 megawatts of nameplate capacity.

(b) For wind energy conversion systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one

wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same calendar year as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Subd. 5a. **Renewable development account.** The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 2.

Subd. 6. **Ownership; financing; cure.** (a) For the purposes of subdivision 1, paragraph (c), clause (2), a wind energy conversion facility qualifies if it is owned at least 51 percent by one or more of any combination of the entities listed in that clause.

(b) A subsequent owner of a qualified facility may continue to receive the incentive payment for the duration of the original payment period if the subsequent owner qualifies for the incentive under subdivision 1.

(c) Nothing in this section may be construed to deny incentive payment to an otherwise qualified facility that has obtained debt or equity financing for construction or operation as long as the ownership requirements of subdivision 1 and this subdivision are met. If, during the incentive payment period for a qualified facility, the owner of the facility is in default of a lending agreement and the lender takes possession of and operates the facility and makes reasonable efforts to transfer ownership of the facility to an entity other than the lender, the lender may continue to receive the incentive payment for electricity generated and sold by the facility for a period not to exceed 18 months. A lender who takes possession of a facility shall notify the commissioner immediately on taking possession and, at least quarterly, document efforts to transfer ownership of the facility.

(d) If, during the incentive payment period, a qualified facility loses the right to receive the incentive because of changes in ownership, the facility may regain the right to receive the incentive upon cure of the ownership structure that resulted in the loss of eligibility and may reapply for the incentive, but in no case may the payment period be extended beyond the original ten-year limit.

(e) A subsequent or requalifying owner under paragraph (b) or (d) retains the facility's original priority order for incentive payments as long as the ownership structure requalifies within two years from the date the facility became unqualified or two years from the date a lender takes possession.

Subd. 7. **Eligibility process.** (a) A qualifying project is eligible for the incentive on the date the commissioner receives:

(1) an application for payment of the incentive;

(2) one of the following:

(i) a copy of a signed power purchase agreement;

(ii) a copy of a binding agreement other than a power purchase agreement to sell electricity generated by the project to a third person; or

(iii) if the project developer or owner will sell electricity to its own members or customers, a copy of the purchase order for equipment to construct the project with a delivery date and a copy of a signed receipt for a nonrefundable deposit; and

(3) any other information the commissioner deems necessary to determine whether the proposed project qualifies for the incentive under this section.

(b) The commissioner shall determine whether a project qualifies for the incentive and respond in writing to the applicant approving or denying the application within 15 working days of receipt of the information required in paragraph (a). A project that is not operational within 18 months of receipt of a letter of approval is no longer approved for the incentive. The commissioner shall notify an applicant of potential loss of approval not less than 60 days prior to the end of the 18-month period. Eligibility for a project that loses approval may be reestablished as of the date the commissioner receives a new completed application.

History: *1994 c 643 s 71; 1995 c 245 s 4-8; 1997 c 216 s 124; 1999 c 223 art 2 s 34,35; 2000 c 488 art 2 s 15; 2001 c 212 art 5 s 1-3; 1Sp2001 c 4 art 2 s 21; 2002 c 398 s 6; 2003 c 128 art 3 s 44; 1Sp2003 c 11 art 2 s 9-15; 2004 c 228 art 1 s 35,76 subd 10; 2005 c 40 s 1; 2005 c 97 art 9 s 1; 1Sp2005 c 1 art 4 s 51-53; 2006 c 281 art 4 s 12,13; 2006 c 282 art 11 s 10,11; 2007 c 57 art 2 s 29; 2008 c 363 art 6 s 6,7; 2009 c 110 s 31; 2014 c 254 s 14*

216C.411 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

216C.412 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

216C.413 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

216C.414 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

216C.415 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

216C.416 MS 2016 [Repealed, 2017 c 94 art 10 s 30]

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

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

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

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

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

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

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

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

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

History: *2017 c 94 art 10 s 22*

216C.42 DEFINITIONS; ENERGY IMPROVEMENTS FOR BUILDINGS.

Subdivision 1. **Scope.** For the purpose of this section and section 216C.43, the terms defined in this section have the meanings given them.

Subd. 2. **Energy improvement project.** "Energy improvement project" means a project to improve energy efficiency in a building or facility, including the design, acquisition, installation, construction, and commissioning of equipment or improvements to a building or facility, and training of building or facility staff necessary to properly operate and maintain the equipment or improvements.

Subd. 3. **Energy project study.** "Energy project study" means a technical and financial study of one or more energy improvement projects, including:

(1) an analysis of historical energy consumption and cost data;

(2) a description of existing equipment, structural elements, operating characteristics, and other conditions affecting energy use;

(3) a description of the proposed energy improvement projects;

(4) a detailed budget for the proposed project;

(5) calculations sufficient to demonstrate the expected energy savings; and

(6) if a geothermal energy improvement, whether the project is calculated to produce savings in terms of nongeothermal energy and costs.

Subd. 4. **Financing agreement.** "Financing agreement" means a tax-exempt lease-purchase agreement entered into by a local government and a financial institution under a standard project financing agreement offered under section 216C.43, subdivision 6.

Subd. 5. **Local government.** "Local government" means a Minnesota county, statutory or home rule charter city, town, school district, park district, or any combination of those units operating under an agreement to exercise powers jointly.

Subd. 6. **Program.** "Program" means the energy improvement financing program for local governments authorized by section 216C.43.

Subd. 7. **Supplemental cash flow agreement.** "Supplemental cash flow agreement" means an agreement by the commissioner to lend funds to a local government up to an amount necessary to ensure that the cumulative payments made by the local government under a financing agreement minus the amount loaned by the commissioner do not exceed the actual energy and operating cost savings attributable to the energy improvement project for the term of the supplemental cash flow agreement.

History: *2008 c 356 s 9*

216C.43 ENERGY IMPROVEMENT FINANCING PROGRAM FOR LOCAL GOVERNMENT.

Subdivision 1. **Commissioner's authority and duties; local government authority.** The commissioner shall administer this section. A local government may enter into contracts for the purposes of this section with the commissioner, the primary contractor, other contracted technical service providers, and participating financial institutions.

Subd. 2. **Voluntary program participation; targeted technical services.** A local government may elect to participate in the program. The commissioner may prioritize and target technical services offered under subdivision 4 to local governments that the commissioner determines offer the greatest potential for cost-effective energy improvement projects.

Subd. 3. **Primary contractor for technical, financial, and program management services.** The commissioner may enter into a contract for the delivery of technical services, financial management, marketing, and administrative services necessary for implementation of the program.

Subd. 4. **Targeted technical services.** The commissioner shall offer technical services to targeted local governments to conduct energy project studies. The commissioner may contract with one or more qualified technical service providers to conduct energy project studies for targeted local governments. The commissioner may require full or partial reimbursement of costs for technical services provided to a local government, subject to terms and conditions specified and agreed to by contract before the delivery of technical services. A local government may independently procure technical services to conduct an energy project study, but the energy project study must be reviewed and approved by the commissioner to qualify an energy improvement project for a financing agreement under subdivision 6 or a supplemental cash flow agreement under subdivision 7.

Subd. 5. **Participation of technical service providers statewide.** Program activities must be implemented to encourage statewide participation of engineers, architects, energy auditors, contractors, and other technical service providers. The commissioner may provide training on energy project study requirements and procedures to technical service providers.

Subd. 6. **Standard project financing agreement.** The commissioner shall solicit proposals from private financial institutions and may enter into a standard project financing agreement with one or more financial

institutions. A standard project financing agreement must specify terms and conditions uniformly available to all participating public entities for financing to implement energy improvement projects under this section. A local government may choose to finance an energy improvement project by means other than a standard project financing agreement, but a supplemental cash flow agreement under subdivision 7 must not be offered unless the commissioner determines that the other financing means creates no greater potential obligation under a supplemental cash flow agreement than would be created through a standard project financing agreement.

Subd. 7. **Supplemental cash flow agreement.** (a) The commissioner may offer a supplemental cash flow agreement to a participating local government for qualifying energy improvement projects. The term of a supplemental cash flow agreement may not exceed 15 years. Terms and conditions of a supplemental cash flow agreement must be agreed to by contract prior to a local government entering into a financing agreement.

(b) A supplemental cash flow agreement must include, but is not limited to:

(1) specification of methods and procedures to measure and verify energy cost savings;

(2) obligations of the local government to operate and maintain the energy improvements;

(3) procedures to modify the supplemental cash flow agreement if the local government modifies operating characteristics of its building or facility in a manner that adversely affects energy cost savings;

(4) interest charged on the loan, which may not exceed the interest on the related financial agreement; and

(5) procedures for resolution of disputes.

(c) The commissioner must limit aggregate exposure to liability for payments under existing supplemental cash flow agreements to an amount no more than the appropriation available to make those payments.

Subd. 8. **Qualifying energy improvement projects.** A local government may submit to the commissioner, on a form prescribed by the commissioner, an application for a financing agreement authorization and supplemental cash flow agreement for energy improvement projects. The commissioner shall approve an energy improvement project for a supplemental cash flow agreement and authorize eligibility for a financing agreement if the commissioner determines that:

(1) the application has been approved by the governing body or agency head of the local government;

(2) the project is technically and economically feasible;

(3) the local government has made adequate provision for the operation and maintenance of the project;

(4) the project proposer has fully explored the use of conservation investment plan opportunities under section 216B.241 with the utilities providing gas and electric service to the project;

(5) the project is calculated to result in a positive cash flow in each year the financing agreement is in effect; and

(6) adequate money will be available to the commissioner to fulfill the supplemental cash flow agreement.

Energy improvement projects under this section are not subject to section 123B.71.

Subd. 9. **Program costs.** Program costs incurred by the commissioner or a public entity that are not direct costs to implement energy improvement projects may be paid with program money appropriated under subdivision 10.

Subd. 10. **Appropriation; transfer.** Petroleum violation escrow funds appropriated to the commissioner by Laws 1988, chapter 686, article 1, section 38, for state energy loan programs for schools, hospitals, and public buildings, and reappropriated by Laws 2007, chapter 57, article 2, section 30, are appropriated to the commissioner for the purposes of this section and are available until spent. The commissioner may transfer up to $1,000,000 of this appropriation to the commissioner of administration for the purposes of section 16B.322.

Subd. 11. **CIP energy-savings goals.** A utility or association may count toward its energy-savings goals under section 216B.241, subdivision 1c, the energy savings resulting from its investment in an energy improvement project.

Subd. 12. **Report.** Beginning January 15, 2009, and each year thereafter, the commissioner shall submit to the chairs and ranking minority members of the senate and house of representatives committees on energy finance a report containing, at a minimum, the following information regarding projects implemented under this section:

(1) the total number of projects;

(2) the amount of calculated and, if available, actual energy savings for each project;

(3) the cost of each project; and

(4) the total amount paid for technical services provided under subdivision 4 for each project.

History: *2008 c 356 s 10*

216C.435 DEFINITIONS; PACE LOAN PROGRAMS.

Subdivision 1. **Scope.** For the purposes of sections 216C.435 to 216C.437, the following terms have the meanings given them.

Subd. 2. **Authority.** "Authority" means a housing and redevelopment authority or economic development authority created pursuant to section 469.003, 469.004, or 469.091, a port authority pursuant to section 469.049, 469.1082, or special law, or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections. Authority does not include a residential PACE administrator.

Subd. 3. **City.** "City" means a home rule charter or statutory city.

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" means:

(1) any new construction, renovation, or retrofitting of qualifying commercial real property to improve energy efficiency that is permanently affixed to the property, results in a net reduction in energy consumption without altering the principal source of energy, and has been identified in an energy audit as repaying the purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices;

(2) any renovation or retrofitting of qualifying residential real property that is permanently affixed to the property and is eligible to receive an incentive through a program offered by the electric or natural gas utility that provides service under section 216B.241 to the property or is otherwise determined to be a

cost-effective energy improvement by the commissioner under section 216B.241, subdivision 1d, paragraph (a);

(3) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(4) a solar voltaic or solar thermal energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source that has been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices.

Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor" means a person or entity that installs cost-effective energy improvements financed under a commercial PACE loan program.

Subd. 3c. **Commercial PACE loan program.** "Commercial PACE loan program" means a financing program established under section 216C.436.

Subd. 3d. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices.

Subd. 5. MS 2016 [Repealed, 2018 c 155 s 38]

Subd. 5a. **Homeowner.** "Homeowner" means an owner of qualifying residential real property. Homeowner includes all the persons on the deed having a legal interest in the property and all persons on the mortgage or note.

Subd. 6. **Implementing entity.** "Implementing entity" means the local government or an authority designated by the local government by resolution to implement and administer programs described in sections 216C.436 and 216C.437. Implementing entity does not include a residential PACE administrator.

Subd. 7. **Local government.** "Local government" means a city, county, or town.

Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means a residential dwelling containing five or more units intended for use as a residence by tenants or lessees of the owner.

Subd. 7b. **PACE.** "PACE" means property assessed clean energy.

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, a commercial or industrial building, or farmland, as defined in section 216C.436, subdivision 1b, that the implementing entity has determined, after review of an energy audit, renewable energy system feasibility study, or agronomic assessment, as defined in section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Subd. 8a. **Qualifying residential real property.** "Qualifying residential real property" means a single-family residential dwelling, or other residential dwelling of four or fewer units, that the implementing entity has determined can be benefited by installation of cost-effective energy improvements.

Subd. 9. **Renewable energy.** "Renewable energy" means energy produced by means of solar thermal, solar photovoltaic, wind, or geothermal resources.

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the length of time a specific renewable energy system will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

Subd. 10a. **Residential PACE administrator.** "Residential PACE administrator" means an entity with which the implementing entity contracts to administer all or part of a residential PACE loan program. For purposes of this subdivision, "administer" includes, but is not limited to, the performance of any or all of the following acts, whether directly or through an agent:

(1) marketing, offering, selling, facilitating, or financing, in whole or in part, a residential PACE loan;

(2) facilitating, arranging, or contracting for the installation of the cost-effective energy improvements financed through a residential PACE loan; or

(3) offering any other service to an implementing entity in connection with the offering or provision of a residential PACE loan or operating a residential PACE program.

Subd. 10b. **Residential PACE loan contract.** "Residential PACE loan contract" means the legal agreement for the financing and installation of cost-effective energy improvements under the residential PACE program.

Subd. 10c. **Residential PACE contractor.** "Residential PACE contractor" means a person or entity that installs cost-effective energy improvements financed, in whole or in part, by a PACE loan.

Subd. 10d. **Residential PACE lien.** "Residential PACE lien" means the encumbrance on the qualifying residential real property created by the special assessment as provided in section 216C.437, subdivision 28.

Subd. 10e. **Residential PACE loan.** "Residential PACE loan" means the extension of financing that is offered to pay for the installation of cost-effective energy improvements on a homeowner's qualifying residential real property and is repayable by the homeowner through a special assessment as provided under section 216C.437, subdivision 28.

Subd. 10f. **Residential PACE loan program.** "Residential PACE loan program" means the financing program established under section 216C.437.

Subd. 11. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

Subd. 12. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

Subd. 13. **Vulnerable adult.** "Vulnerable adult" means any person 18 years of age or older who:

(1) receives services from a home care provider required to be licensed under sections 144A.43 to 144A.482, or from a person or organization that offers, provides, or arranges for personal care assistance services under the medical assistance program as authorized under section 256B.0625, subdivision 19a, 256B.0651, 256B.0653, 256B.0654, 256B.0659, or 256B.85;

(2) possesses a physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the individual's ability to provide adequately for the individual's own care without assistance, including the provision of food, shelter, clothing, health care, or supervision;

(3) possesses a physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the individual's ability to knowingly contract or otherwise protect the individual's own self-interest; or

(4) identifies as having dementia or Alzheimer's disease, or who exhibits behaviors that a reasonable person would suspect indicates the adult has Alzheimer's disease or other dementia.

History: *2010 c 216 s 3; 2010 c 389 art 7 s 11-13; 2013 c 85 art 8 s 1,2; 2017 c 94 art 10 s 23; 2018 c 155 s 7-24; 1Sp2019 c 7 art 11 s 7,8; 2023 c 60 art 12 s 42*

216C.436 COMMERCIAL PACE LOAN PROGRAM.

Subdivision 1. **Program purpose and authority.** An implementing entity may establish a commercial PACE loan program to finance cost-effective energy improvements to enable owners of qualifying commercial real property to pay for the cost-effective energy improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. An implementing entity may limit the number of qualifying commercial real properties for which a property owner may receive program financing.

Subd. 1a. **Scope.** Unless otherwise specified, this section applies only to programs established under subdivision 1 that are offered to an owner of qualifying commercial real property.

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

(b) "Agronomic assessment" means a study by an independent third party that assesses the environmental impacts of proposed land and water improvements on farmland.

(c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under section 273.13, subdivision 23.

(d) "Land and water improvement" means:

(1) an improvement to farmland that:

(i) is permanent;

(ii) results in improved agricultural profitability or resiliency;

(iii) reduces the environmental impact of agricultural production; and

(iv) if the improvement affects drainage, complies with the most recent versions of the applicable following conservation practice standards issued by the United States Department of Agriculture's Natural Resources Conservation Service: Drainage Water Management (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and Constructed Wetland (Code 656); or

(2) water conservation and quality measures, which include permanently affixed equipment, appliances, or improvements that reduce a property's water consumption or that enable water to be managed more efficiently.

(e) "Resiliency" means the ability of farmland to maintain and enhance profitability, soil health, and water quality.

Subd. 2. **Program requirements.** A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit, renewable energy system feasibility study, or agronomic or soil health assessment to be conducted on the qualifying commercial real property and reviewed by the implementing entity prior to approval of the financing;

(3) require the inspection of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

(4) not prohibit the financing of all cost-effective energy improvements or land and water improvements not otherwise prohibited by this section;

(5) require that all cost-effective energy improvements or land and water improvements be made to a qualifying commercial real property prior to, or in conjunction with, an applicant's repayment of financing for cost-effective energy improvements or land and water improvements for that property;

(6) have cost-effective energy improvements or land and water improvements financed by the program performed by a licensed contractor as required by chapter 326B or other law or ordinance;

(7) require disclosures in the loan document to borrowers by the implementing entity of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default; and (ii) all the terms and conditions of the commercial PACE loan and the installation of cost-effective energy improvements or land and water improvements, including the interest rate being charged on the loan;

(8) provide financing only to those who demonstrate an ability to repay;

(9) not provide financing for a qualifying commercial real property in which the owner is not current on mortgage or real property tax payments;

(10) require a petition to the implementing entity by all owners of the qualifying commercial real property requesting collections of repayments as a special assessment under section 429.101;

(11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due;

(12) require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

(13) prior to financing any improvements to or imposing any assessment upon qualifying commercial real property, require notice to and written consent from the mortgage lender of any mortgage encumbering or otherwise secured by the qualifying commercial real property.

Subd. 3. **Retail and end use prohibited.** Energy generated by an energy improvement may not be sold, transmitted, or distributed at retail and may not provide for end use of the electrical energy from an off-site facility. On-site generation is allowed to the extent provided for in section 216B.1611.

This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the energy improvements installed, as determined by the implementing entity, but in no event may a term exceed 20 years;

(2) a principal amount not to exceed the lesser of:

(i) the greater of 20 percent of the assessed value of the real property on which the improvements are to be installed or 20 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Subd. 5. **Coordination with other programs.** A commercial PACE loan program must include cooperation and coordination with the conservation improvement activities of the utility serving the qualifying commercial real property under section 216B.241 and other public and private energy improvement programs.

Subd. 6. **Certificate of participation.** Upon completion of a project, an implementing entity shall provide a borrower with a certificate stating participation in the program and what energy improvements have been made with financing program proceeds.

Subd. 7. **Repayment.** An implementing entity that finances an energy improvement under this section must:

(1) secure payment with a lien against the qualifying commercial real property; and

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to 20 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section and section 216C.437, provided the revenue bond must not be payable more than 20 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

Subd. 9. **Supplemental funding sources.** (a) An implementing entity is authorized to establish, acquire, and use additional or alternative funding sources for the purposes of this section and section 216C.437.

(b) For the purposes of this subdivision and section 216C.437, additional or alternative funding sources do not include issuance of general obligation bonds.

Subd. 10. **Improvements; real property or fixture.** A cost-effective energy improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

History: *2010 c 216 s 4; 2010 c 389 art 7 s 14-19; 2013 c 85 art 8 s 3-5; 2013 c 143 art 12 s 3; 2014 c 254 s 15,16; 2018 c 155 s 25-31; 1Sp2019 c 7 art 11 s 9,10; 2023 c 60 art 12 s 43,44*

216C.437 RESIDENTIAL PACE LOAN PROGRAM; AUTHORITY; CONSUMER PROTECTIONS.

Subdivision 1. **Scope.** This section applies only to programs established under subdivision 2 that are offered to a homeowner.

Subd. 2. **Program purpose and authority.** (a) An implementing entity may establish a residential PACE loan program to finance cost-effective energy improvements to enable homeowners to pay for the cost-effective energy improvements to qualifying residential real property with the net proceeds and interest earnings of revenue bonds authorized in section 216C.436, subdivision 8. The program must serve a public purpose and not primarily be for the benefit of private entities or private investors even though private benefit may result incidentally.

(b) An implementing entity may limit the number of qualifying residential real properties for which a homeowner may receive program financing.

(c) No implementing entity or residential PACE administrator may:

(1) provide, offer, or facilitate financing to a homeowner who is not current on mortgage or real property tax payments; or

(2) permit a homeowner to have more than one residential PACE loan outstanding at a time or a combination of a residential PACE loan and one or more other loan products offered by the administrator or any affiliate or related entity of the administrator.

(d) Upon completion of a project, an implementing entity shall provide a homeowner with a certificate stating participation in the program and identify what cost-effective energy improvements have been made with financing program proceeds.

Subd. 3. **Financing terms.** (a) An implementing entity shall ensure that financing provided under this section has:

(1) a cost-weighted average maturity not exceeding the useful life of the cost-effective energy improvements installed, as determined by the commissioner, but in no event may a term exceed 20 years; and

(2) a principal amount not to exceed:

(i) for a residential PACE loan for energy efficiency improvements only, the lesser of ten percent of the estimated market value of the property on which the improvements are to be installed or the actual cost of installing the cost-effective energy improvements; and

(ii) for a residential PACE loan for a renewable energy system or a combination of a renewable energy system and energy efficiency improvements, the lesser of 20 percent of the estimated market value of the property on which the improvements are to be installed or the actual cost of installing the cost-effective energy improvements.

For the purposes of this clause, the "actual cost of installing cost-effective energy improvements" includes the costs of necessary equipment, materials and labor, and the cost of verification of installation.

(b) The combined debt of existing mortgages, the residential PACE lien, and all other liens on the qualified residential real property may not exceed 90 percent of the estimated market value of the property.

Subd. 4. **PACE lien position.** (a) Notwithstanding any statute or ordinance to the contrary, a residential PACE lien shall be:

(1) subordinate to all liens on the qualifying residential real property recorded prior to the time the PACE lien is recorded;

(2) subordinate to a first mortgage on the qualifying property recorded after the PACE lien is recorded; and

(3) superior to any other lien on the qualifying residential real property recorded after the PACE lien is recorded.

(b) Notwithstanding any other law to the contrary, in the event of a foreclosure sale or a sale pursuant to the exercise of a power of sale under a mortgage relating to a qualifying residential real property, the holders of any mortgages or other liens, including delinquent annual assessments secured by PACE liens, shall receive proceeds in accordance with the priorities established under paragraph (a).

Subd. 5. **Lienholder notice.** (a) An implementing entity or a residential PACE administrator may not enter into a residential PACE loan contract with a homeowner unless the implementing entity or the residential PACE administrator has provided written notice to each of the servicers of any mortgage or other lien on the qualifying residential real property that the homeowner intends to enter into a residential PACE loan contract.

(b) No residential PACE loan may be made unless the implementing entity or the residential PACE administrator obtains written, signed confirmation from the servicer of any mortgage or other lien on the qualifying residential real property that entering into the residential PACE loan contract does not constitute an event of default or give rise to any remedies under the terms of the mortgage loan or other contractual agreement.

(c) A notice of the PACE loan, containing the legal description of the property shall be recorded by the PACE administrator with the county recorder or registrar of titles as appropriate, within 30 days of the first date of funding of the PACE loan.

Subd. 6. **Licensing.** No residential PACE administrator may operate in this state without first obtaining a license from the commissioner. An administrator applying for a license must provide the following information in a form prescribed by the commissioner:

(1) the full name of each natural person who is a principal of the administrator;

(2) the mailing address, which must not be a post office box, the telephone number, and, if applicable, the email address of the primary office of the administrator and any branch offices in this state;

(3) consent to the jurisdiction of the courts of this state;

(4) the name and address of the registered agent in this state authorized to accept service of process on behalf of the administrator;

(5) disclosure of:

(i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation relating to any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the administrator, or against any officer, director, manager, or shareholder of owning more than five percent interest in the administrator, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;

(iii) whether the administrator, or any person employed by the administrator, has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and

(iv) whether authority granted to the administrator to operate in any other state has ever been denied, revoked, or suspended; and

(6) any other information and material as the commissioner may require.

Subd. 7. **Term of license.** Licenses for residential PACE administrators issued under this chapter expire on December 31 and are renewable on January 1 of each year after that date.

Subd. 8. **Timely renewal.** (a) A person whose application is properly and timely filed and who has not received notice of denial of renewal is considered approved for renewal, and the person may continue to transact business as a residential PACE administrator whether or not the renewed license has been received on or before January 1 of the renewal year. An application for renewal of a license is considered timely filed if received by the commissioner by December 15 of the renewal year. An application for renewal is considered properly filed if made upon forms duly executed and sworn to, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application for renewal of a license and who has not received the renewal license as of January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 9. **Contents of renewal application.** Application for the renewal of an existing license must contain the request for renewal and any changes to the information specified in subdivision 6.

Subd. 10. **Cancellation.** A licensee ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall simultaneously inform the commissioner in writing and surrender the license and all other symbols or indicia of licensure. The licensee shall include a plan for the withdrawal from regulated business, including a timetable for the disposition of the business.

Subd. 11. **Powers of the commissioner.** (a) The commissioner has under this section the same powers the commissioner has under section 45.027, including the authority to impose a civil penalty not to exceed $10,000 per violation.

(b) The commissioner may condition or refuse to renew a license for any of the reasons the commissioner may deny, suspend, or revoke a license.

(c) The commissioner may order restitution against persons subject to this section for violations of this section.

(d) The commissioner may issue orders or directives under this section as follows:

(1) order or direct persons subject to this chapter to cease and desist from conducting business, including immediate temporary orders to cease and desist;

(2) order or direct persons subject to this chapter to cease any harmful activities or violations of this chapter, including immediate temporary orders to cease and desist;

(3) enter immediate temporary orders to cease business under a license if the commissioner determines that the license was erroneously granted or the licensee is currently in violation of this chapter; and

(4) order or direct other affirmative action the commissioner considers necessary.

(e) Each violation or failure to comply with any directive or order of the commissioner is a separate and distinct violation or failure.

(f) Section 58A.04, subdivisions 2 and 3, apply to this section.

Subd. 12. **Fees.** The following fees must be paid to the commissioner:

(1) for an initial license, $1,000; and

(2) for a renewal license, $500.

Subd. 13. **Financial examinations.** The commissioner shall have the power vested under section 46.04 to conduct financial examinations of licensees. Each residential PACE administrator must keep, and use in licensee's business, any books, accounts, and records, including electronic records, as will enable the commissioner to determine whether the licensee is complying with this section and any rules, orders, and directives adopted by the commissioner under this section. Every licensee must preserve the books, accounts, and records for at least six years after making the final entry on any transaction recorded. Examinations of the books, records, and method of operations conducted under the supervision of the commissioner shall be done at the cost of the licensee. The cost must be assessed as determined under section 46.131.

Subd. 14. **Bond.** (a) An applicant for a residential PACE administrator license must file with the department a surety bond in the amount of $100,000, issued by an insurance company authorized to do so in this state. The bond must cover all persons who are employees or agents of the applicant. The bond must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by homeowners as a result of a licensee's noncompliance with the requirements of this section, sections 325D.43 to 325D.48, 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

(b) The bond must be submitted with the administrator's license application and evidence of continued coverage must be submitted with each renewal. Any change in the bond must be submitted for approval by the commissioner within ten days of its execution. The bond or a substitute bond shall remain in effect during all periods of licensing.

(c) A licensee shall maintain or increase its surety bond to reflect the total dollar amount of the residential PACE loans made in this state in the preceding year according to the table in this paragraph. A licensee may decrease its surety bond according to the table in this paragraph if the surety bond required is less than the amount of the surety bond on file with the department.

Dollar Amount of Residential PACE Loans	Surety Bond Required
$0 to $5,000,000	$100,000
$5,000,000.01 to $10,000,000	$125,000
$10,000,000.01 to $25,000,000	$150,000
Over $25,000,000	$200,000

Subd. 15. **Annual reporting.** Residential PACE administrators shall file reports by March 31 of each year on forms supplied by the commissioner and containing information required by the commissioner.

Subd. 16. **Residential PACE loan contracts.** (a) A residential PACE loan contract must:

(1) be in writing and must be signed by:

(i) the homeowner;

(ii) all other persons on the deed, mortgage, or note having a legal interest in the property;

(iii) the residential PACE contractor; and

(iv) the residential PACE administrator;

(2) contain all the terms and conditions of a residential PACE loan and the installation of cost-effective energy improvements;

(3) be written in English and the primary language of the homeowner:

(i) at the homeowner's request;

(ii) if the residential PACE loan is advertised in that language; or

(iii) if the residential PACE loan contract was described, discussed, or negotiated in that language, regardless of whether the residential PACE loan is advertised in that language;

(4) conspicuously display both the verbatim statement that "[insert name of the residential PACE administrator] is licensed with the Minnesota Department of Commerce" and the license number of the administrator;

(5) conspicuously display both the verbatim statement that "[insert name of the residential PACE contractor] is licensed by [insert name of agency]" and the license number of the contractor;

(6) offer a fixed, simple interest rate;

(7) charge an interest rate that does not exceed the interest rate limit set forth under section 334.01, subdivision 1, unless the residential PACE administrator is otherwise authorized to make loans under section 47.20;

(8) fully amortize the debt obligation;

(9) at any time, permit prepayment of some or all of the residential PACE loan balance; and

(10) include the right to rescind, as provided under subdivision 19.

(b) If a homeowner is requested to provide an electronic signature on the residential PACE loan contract:

(1) the residential PACE contractor and residential PACE administrator must comply with United States Code, title 15, chapter 96; and

(2) the residential PACE contractor or residential PACE administrator shall deliver a paper copy of the residential PACE loan contract to the homeowner no later than five business days following receipt from the homeowner of the electronically signed contract.

(c) A residential PACE loan may not:

(1) result at any time in negative amortization;

(2) charge any interest upon interest or upon fees;

(3) notwithstanding section 429.061, subdivision 1, contain any provision under which the homeowner is prohibited or restricted from making a prepayment or requiring a penalty, fee, premium, or other charge for prepayment of some or all of the residential PACE loan;

(4) contain any provision requiring forced arbitration or restricting class actions; or

(5) be entered into with a contract for deed vendee or vendor for the otherwise qualifying residential real property that is subject to the contract for deed.

(d) It shall be unlawful for a residential PACE administrator or a residential PACE contractor to enter into a residential PACE loan contract financed through a residential PACE loan with a homeowner who the administrator or contractor knew or should have known:

(1) is a vulnerable adult;

(2) is a homeowner who is not sufficiently competent to understand the terms of the loan; or

(3) does not have the ability to repay the loan, as provided under subdivision 17.

Subd. 17. **Underwriting.** (a) No residential PACE loan may be executed by a residential PACE administrator or a residential PACE contractor unless the administrator has first verified the ability of the homeowner to repay the residential PACE loan by:

(1) determining that the ratio of the homeowner's total monthly debt to total monthly income at the time the loan is executed does not exceed 43 percent;

(2) determining that the homeowner has sufficient residual income to meet basic living expenses;

(3) considering whether reductions in income or increases in debt that could adversely impact the ability of the homeowner to repay the residential PACE loan are reasonably anticipated to occur following the execution of the residential PACE loan; and

(4) considering any other factors, including credit reports and credit scores, that indicate that the homeowner may not have the ability to repay the residential PACE loan.

(b) For the purposes of this subdivision:

(1) "total monthly income" means the sum of the homeowner's current or reasonably expected income. Income may not be derived from temporary sources of income, illiquid assets, or proceeds derived from the equity the homeowner has in the qualifying residential real property;

(2) "total monthly debt" means the sum of the homeowner's monthly debt obligations including but not limited to mortgage-related obligations that include all mortgage principal and interest payments; other secured debt; mortgage guaranty insurance; any other insurance; property taxes; preexisting fees and assessments on the property, including the PACE assessment; unsecured debt; alimony; and child support;

(3) "residual income" means the homeowner's remaining income after subtracting the homeowner's total monthly debt obligations from the homeowner's total monthly income;

(4) "basic living expenses" include but are not limited to food and other household necessities; medical expenses, including premiums, co-pays, and the cost of prescriptions and over-the-counter remedies; transportation costs such as fuel, auto insurance, and maintenance; public transit costs; and utility expenses; and

(5) "current or reasonably expected income" includes income from assets and excludes the value of the qualifying residential real property, including any attached real property, that secures the residential PACE loan.

(c) The residential PACE administrator must use only reliable documents and records to verify the homeowner's ability to repay the residential PACE loan. Reliable documents and records include Internal Revenue Service Form W-2 (Wage and Tax Statement) or other similar Internal Revenue Service forms that are used for reporting wages or tax withholding, tax returns, payroll receipts and statements, and financial institution records and statements. A statement by the homeowner to the residential PACE administrator of the homeowner's income is not sufficient to establish the existence of the income or resources when verifying the homeowner's ability to repay the residential PACE loan.

Subd. 18. **Oral confirmation.** (a) Prior to the execution by the homeowner of a residential PACE contract and prior to the commencement of any installation of any energy improvement, the residential PACE administrator must orally, in a live, recorded telephone conversation with the homeowner:

(1) confirm the key terms of the agreement and the scope of energy improvement work, including, at a minimum, the measures to be installed that are financed by a residential PACE loan, the total estimated annual payment, the date the first tax payment will be due, the interest rate expressed as an annual percentage rate, the term of the loan, and that repayments will be made through the homeowner's property taxes;

(2) verify that the homeowner understands:

(i) the key terms of the agreement;

(ii) that if taxes are escrowed, by how much the escrowed amounts will increase or, if taxes are not escrowed, that the homeowner should consider saving enough money during the year to cover the additional residential PACE assessment;

(iii) that the residential PACE loan becomes a PACE lien on the homeowner's property and will likely need to be paid off when the house is sold;

(iv) the monetary penalty that accompanies a homeowner delinquency or default on property tax payments; and

(v) that the homeowner has the right to rescind a residential PACE loan contract, as provided in subdivision 19; and

(3) communicate that:

(i) energy savings are not guaranteed and the risk that energy savings from the cost-effective energy improvements may not equal or exceed the residential PACE loan payments that will be added to the homeowner's property taxes;

(ii) refinancing a home encumbered by a residential PACE lien will likely be more difficult or impossible;

(iii) selling a home encumbered by a residential PACE lien will likely be more difficult; and

(iv) the homeowner risks tax forfeiture or foreclosure upon default.

(b) At the commencement of the oral confirmation, the administrator must ask if the homeowner would prefer to communicate during the oral confirmation primarily in a language other than English. If the preferred language is supported by the residential PACE administrator, the oral confirmation shall be given in the preferred language, except where the homeowner on the call chooses to communicate through an interpreter chosen by the homeowner. If the preferred language is not supported and an interpreter is not chosen by the homeowner on the call, the administrator shall terminate the call and no residential PACE loan contract may be executed.

(c) Notwithstanding paragraph (b), the oral confirmation must be conducted in the primary language of the homeowner if the PACE contract was explained, discussed, or negotiated in that language.

(d) A voice mail message does not meet the requirements of this subdivision.

(e) For purposes of this subdivision, "an interpreter chosen by the homeowner" means a person 18 years of age or older who is able to speak fluently and read with full understanding both the English language and the preferred language of the homeowner, and:

(1) who is not employed by the residential PACE administrator or the residential PACE contractor or an affiliate or related entity of the administrator or contractor; or

(2) whose services are not made available through the administrator or the contractor.

Subd. 19. **Right to rescind a residential PACE loan contract.** (a) A homeowner shall have the right to rescind, without penalty or obligation, a residential PACE loan contract until midnight on the third calendar day following execution of the contract by the homeowner. For the purposes of this subdivision, the rescission period begins at 12:01 a.m. of the day following the day the contract was executed by the homeowner.

(b) The homeowner shall notify the offering party of the rescission by:

(1) mail or other written communications delivered to the offeror's physical address; or

(2) by electronic means if the residential PACE administrator or residential PACE contractor has previously communicated with the homeowner via electronic means. Service by mail is effective upon deposit in the United States mail.

(c) Any payments made by the homeowner in connection with the residential PACE loan or a home improvement contract for cost-effective energy improvements financed with a residential PACE loan must be returned to the homeowner within 20 business days after receipt by the administrator or the contractor by any means of notification of rescission.

(d) When more than one homeowner in a transaction has the right to rescind, the exercise of the right by one consumer shall be effective as to all homeowners.

Subd. 20. **Rescission notice and form.** (a) A residential PACE administrator and a residential PACE contractor shall furnish the buyer with the following rescission notice and form, which must be in a writing separate from the residential PACE loan contract and shall not be considered substantive law under this section:

RESCISSION RIGHT AND FORM

Your right to cancel

You have the right to rescind (cancel) this contract without penalty until midnight on [insert day and date].

To rescind (cancel): Mail or otherwise deliver a signed and dated copy of this form to [insert name of the residential PACE administrator] at [insert physical or, if the residential PACE administrator accepts electronic rescission, the email address of the residential PACE administrator].

You do not have to use this form, but must notify [insert the name of the residential PACE administrator] in writing at the address listed in the previous sentence of your intention to rescind (cancel).

If you rescind (cancel), any payments made by you under this contract will be returned within 20 business days after the residential PACE administrator receives this form.

Notice of Rescission Form

I HEREBY RESCIND (CANCEL) THIS CONTRACT.

.....

(Print your name)

.....

(Sign your name)

.....

(Date)

(b) The document containing the rescission right and form must be provided to the homeowner at the time the homeowner executes the residential PACE loan contract.

(c) When a homeowner rescinds a residential PACE loan, the homeowner shall not be liable for any amount, including any finance charge, fees, or other charges.

Subd. 21. **Installation of energy improvements.** (a) Without exception and notwithstanding section 326B.805, subdivision 6, cost-effective energy improvements financed through a residential PACE loan must be installed by a residential PACE contractor who is licensed by the commissioner of labor and industry as a residential building contractor or residential remodeler. Mechanical contractors, plumbing contractors, electrical contractors, and technology system contractors properly registered or licensed under chapter 326B may act as subcontractors in order to perform installation of energy improvements that fall completely within the scope of their registration or license.

(b) A residential PACE contractor may not commence work to install cost-effective energy improvements financed with a residential PACE loan prior to the expiration of the rescission period provided under subdivision 19. A residential PACE contractor who violates this paragraph:

(1) is not entitled to compensation for that work;

(2) must restore the property to its original condition at no cost to the homeowner; and

(3) immediately and without condition return all money, property, and other consideration given by the homeowner.

(c) A residential PACE contractor may not charge a homeowner a different price for the cost-effective energy improvements and their installation that the contractor would charge for the same or similar installations that are not financed through a residential PACE loan.

(d) An implementing entity must inspect all installations and conduct a performance verification of at least ten percent of the cost-effective energy improvements financed by the program.

(e) A residential PACE loan program shall require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for cost-effective energy improvements for that property.

Subd. 22. **Coordination with other programs.** A residential PACE loan program must include cooperation and coordination with the conservation improvement activities of the utility serving the qualifying residential real property under section 216B.241 and other public and private energy improvement programs identified by the commissioner or the commissioner's designee.

Subd. 23. **Retail and end use prohibited.** (a) Energy generated by an energy improvement may not be sold, transmitted, or distributed at retail and may not provide for end use of the electrical energy from an off-site facility. On-site generation is allowed to the extent provided for in section 216B.1611.

(b) This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Subd. 24. **Prohibited practices.** (a) No residential PACE administrator or residential PACE contractor may:

(1) in any form of communication, make any statement or implication that is false, unfair, unlawful, deceptive, abusive, or misleading, or make any material omission, regardless of reliance on the statement or omission by the homeowner, in connection with a residential PACE loan or the marketing or offering of cost-effective energy improvements financed through a residential PACE loan;

(2) indicate or imply that the cost-effective energy improvements will pay for themselves or offset or exceed the amount of the residential PACE loan, unless the residential PACE administrator or residential PACE contractor guarantees in writing that the improvements will pay for themselves or offset or exceed the amount of the residential PACE loan, and a provision for sufficient consideration to the homeowner is included in the residential PACE loan contract in the event that the guarantee does not materialize;

(3) indicate or imply that the residential PACE loan is free, a form of public assistance, or a government program;

(4) indicate or imply that the residential PACE loan will be repaid, in whole or in part, by a subsequent homeowner;

(5) engage in any false, deceptive, or misleading advertising, act, or practice;

(6) use an implementing entity's logo, city seal, or other graphic in marketing materials or representations;

(7) steer or otherwise direct a homeowner to a residential PACE loan;

(8) offer or provide any tax advice or information, unless the offeror or provider is a tax expert, provided that a residential PACE administrator or residential PACE contractor may:

(i) indicate to a homeowner that tax benefits may be available to certain homeowners who obtain residential PACE loans; and

(ii) direct the homeowner to seek the advice of an expert regarding tax matters related to the residential PACE loan;

(9) offer or provide direct or indirect monetary payments or any other form of compensation, incentive, kickback, inducement, or any other thing of value to a homeowner to enter into a residential PACE loan;

(10) engage in practices prohibited under section 47.605;

(11) engage in practices prohibited under section 332.37;

(12) engage in practices prohibited under section 326B.84;

(13) enter into any residential PACE loan unless both the Federal Housing Finance Agency and the Federal Housing Administration will purchase, refinance, or insure mortgages encumbered by subordinate PACE liens;

(14) violate state or federal do-not-call or telemarketing restrictions or prohibitions; or

(15) violate any other state or federal law or rule.

(b) No residential PACE administrator may:

(1) offer or provide direct or indirect monetary payments or any other form of compensation, incentive, kickback, inducement, or any other thing of value to a residential PACE contractor to offer, favor, or refer a homeowner to a residential PACE loan over other forms of financing or credit; and

(2) disclose or permit disclosure to a residential PACE contractor the amount of PACE loan financing for which a homeowner is eligible.

Subd. 25. **Relation to other laws.** (a) A residential PACE administrator must comply with the Servicemembers Civil Relief Act, United States Code, title 50, section 3901, et seq., except that, for the purposes of this section, the rights granted under the act may not be waived.

(b) A residential PACE administrator is subject to section 582.043.

Subd. 26. **Special protection for low-income homeowners.** (a) Neither a residential PACE administrator nor a residential PACE contractor may enter into a residential PACE loan contract with a homeowner unless the administrator first screens the homeowner for eligibility for, and, if eligible, refers the homeowner to, the free low-income weatherization assistance program and low-income home energy assistance programs, relevant programs offered by the Minnesota Housing Finance Agency, relevant programs offered by the electric and gas utility company or companies serving the homeowner, and any other relevant no- or low-cost programs known to the administrator or contractor.

(b) For the purposes of this subdivision:

(1) "low-income" means income qualifying a homeowner for assistance under the low-income home energy assistance program;

(2) "low-income home energy assistance program" has the meaning given under section 256J.08, subdivision 52; and

(3) "low-income weatherization assistance program" means the program described under section 216C.264.

Subd. 27. **Disclosures.** (a) The following verbatim disclosure must be provided to a homeowner on a one-page document, separate from any other, and in 14-point type:

IMPORTANT THINGS TO KNOW ABOUT THIS LOAN

1. **This loan is called a PACE loan.** PACE stands for Property Assessed Clean Energy Loan.

2. **This is not a typical loan.** You pay it back through your property taxes. Property taxes are paid annually or twice a year, not monthly, like most loans.

3. You are putting up your house as a guarantee of repayment (collateral) for this loan. **You could lose your house in foreclosure or tax forfeiture** if you fall behind or cannot meet the tax payments necessary to repay the loan.

4. **This PACE loan will increase your property tax bill by [$ insert annual amount] per year** for [insert duration of the loan] years, unless you pay the loan back early.

5. Having a PACE loan on the house will likely make it harder to sell your house because you will have to pay off the PACE loan or reduce the price of the house by the amount of the remaining PACE loan balance.

6. Having a PACE loan on the house will likely make it more difficult to refinance your mortgage or get a loan modification. It may also delay a closing on a sale.

7. To learn about the benefits and risks of a PACE loan, contact the Minnesota Homeownership Center at 651-659-9336 or 866-462-6466 (toll-free) to get the name and location of a local certified housing counseling organization. You might also consider talking to a lawyer.

(b) A residential PACE administrator or a residential PACE contractor shall give the disclosure in paragraph (a) to the homeowner five days prior to the execution by the homeowner of a residential PACE loan contract at the first in-person encounter with the homeowner at which a residential PACE loan or the installation of energy measures to be financed by a residential PACE loan is discussed.

No other disclosures or papers may be proffered with the disclosures and annual statement required under this subdivision. The administrator must ensure that the contact information for the referral provided in the disclosure is up to date.

(c) In addition to the disclosure required under paragraph (a), the residential PACE administrator must provide, before the execution of a PACE loan contract, a disclosure that is approved by the commissioner that includes information specified by the commissioner. The disclosure must include:

(1) the total amount of the assessment;

(2) the annual assessment payments and a payment schedule;

(3) the term of the assessment;

(4) the interest rate and annual percentage rate of the PACE loan, and all applicable fees;

(5) the improvements to be installed;

(6) that no penalty shall be assessed or collected for prepayment of the assessment;

(7) that any potential utility savings are not guaranteed and may not be equal to or greater than the assessment payments or total assessment amount;

(8) that the payments will be added to the homeowner's property tax bill; and

(9) the amount by which escrowed property taxes will increase.

(d) A residential PACE administrator must provide an annual statement of the status of the residential PACE loan, including, at a minimum, the amount paid to date and the remaining balance of the loan.

(e) All legally required and voluntary disclosures made in connection with a residential PACE loan must be provided in the primary language of the homeowner if:

(1) requested by the homeowner;

(2) the residential PACE loan is advertised in that language; or

(3) the residential PACE loan contract was explained, discussed, or negotiated in that language, regardless of whether the residential PACE loan is advertised in that language.

Subd. 28. **Repayment.** (a) An implementing entity that finances an energy improvement under this section must:

(1) secure payment with a lien against the qualifying real property;

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to 20 equal annual installments;

(3) impose requirements and conditions on financing arrangements to ensure timely repayment;

(4) require a petition to the implementing entity by all homeowners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;

(5) provide that payments and assessments are not accelerated due to a default and that a tax delinquency for assessments not paid shall be subordinate to all other assessments on the property existing at the time. Payments made by the homeowner for unpaid special charges collected as a special assessment shall first be credited to any outstanding charge under section 429.021, subdivision 1, clauses (1) to (20), before applying any payment to unpaid special charges collected as a special assessment imposed under this section; and

(6) require that liability for special assessments related to the financing runs with the qualifying real property.

(b) If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under section 216C.436, subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

(c) All residential PACE administrators must develop, offer, and implement binding residential PACE loan forbearance, modification, and forgiveness mechanisms for homeowners of residential real property who are facing economic hardship. The mechanisms may not result in an increase in monthly payments and must restructure or forgive debt in cases of permanent hardship, including loss of income due to death or disability.

Subd. 29. **Prepayment of loan.** A homeowner may prepay a residential PACE loan, in whole or in part, at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest to the date of prepayment.

Subd. 30. **Preservation of claims and defenses.** A homeowner or subsequent homeowner of, a successor in interest to, or any person obligated to pay the property taxes on qualifying residential real property encumbered by a PACE lien may assert all claims and defenses against a subsequent residential PACE administrator that the homeowner who originally entered into the residential PACE loan could assert against the original residential PACE administrator or servicer of a residential PACE loan.

Subd. 31. **Standard of conduct; agency relationship.** (a) Residential PACE administrators, residential PACE contractors, subcontractors of the residential PACE contractor, and agents thereof shall act in good faith toward and in the best interests of the homeowners.

(b) For the purposes of this section, a residential PACE contractor, a subcontractor of the residential PACE contractor, and any other agent of the contractor is an agent of a residential PACE administrator. The performance of any act related to a residential PACE loan contract by a residential PACE contractor, a subcontractor of the residential PACE contractor, or any agent of the contractor is considered an act of the administrator, provided the act was within the contractual scope work.

Subd. 32. **Remedies.** (a) Any homeowner aggrieved by a person or entity violating this section is entitled in an action to:

(1) actual, incidental, and consequential damages;

(2) statutory damages of either:

(i) $5,000; or

(ii) $10,000 if the defendant violated subdivision 17 or 24, paragraph (a), clause (1);

(3) reasonable attorney fees; and

(4) investigative and court costs.

(b) A homeowner of qualified residential real property who is a vulnerable adult is entitled, in addition to any other relief available under this section, to the civil relief available under section 626.557, subdivision 20, if the homeowner prevails in any claim that the defendant:

(1) did not possess a license as required under subdivision 6; and

(2) violated subdivision 16, 17, 18, 19, 21, 24, 25, 26, 27, or 31.

(c) The remedies provided under this subdivision are cumulative, not exclusive, and do not restrict any remedy that is otherwise available to a homeowner at law or in equity.

Subd. 33. **Waivers not permitted.** The parties to a residential PACE loan contract may not waive any of the rights or requirements set forth or any provision contained in this section. Any waiver of any right,

requirement, or provision in a residential PACE loan contract or home improvement contract for cost-effective energy improvements financed with a residential PACE loan is void and unenforceable as contrary to public policy.

History: *2018 c 155 s 32; 2020 c 80 art 1 s 22*

216C.44 [Repealed, 2014 c 222 art 1 s 58]

216C.441 MINNESOTA CLIMATE INNOVATION FINANCE AUTHORITY.

Subdivision 1. **Establishment; purpose.** (a) There is created a public body corporate and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans, credit enhancements, and other financing mechanisms in order to leverage existing public and private sources of capital to reduce the upfront and total cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income communities.

(b) The goals of the authority include but are not limited to:

(1) reducing Minnesota's contributions to climate change by accelerating the deployment of clean energy projects;

(2) ensuring that all Minnesotans share the benefits of clean and renewable energy and the opportunity to fully participate in the clean energy economy by promoting:

(i) the creation of clean energy jobs for Minnesota workers, particularly in environmental justice communities and communities in which fossil fuel electric generating plants are retiring; and

(ii) the principles of environmental justice in the authority's operations and funding decisions; and

(3) maintaining energy reliability while reducing the economic burden of energy costs, especially on low-income households.

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

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

(c) "Board" means the Minnesota Climate Innovation Finance Authority's board of directors established in subdivision 10.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (n), clauses (1) to (7).

(e) "Community navigator" means an organization that works to facilitate access to clean energy project financing by individuals and community groups.

(f) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans and other investments made by financing entities, including a pool for multistate projects provided that benefits to Minnesota outweigh any contribution from the authority at least two to one. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

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

(h) "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice community or the public health of an environmental justice community's residents, due consideration is given to the history of the area's and the area's residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of the area's residents to additional exposure to pollutants.

(i) "Environmental justice community" means a community in Minnesota that:

(1) is defined as a disadvantaged community by the federal source of funding accessed by the authority under this section; or

(2) based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

(i) 40 percent or more of the community's total population is nonwhite;

(ii) 35 percent or more of households in the community have an income that is at or below 200 percent of the federal poverty level;

(iii) 40 percent or more of the community's residents over the age of five have limited English proficiency; or

(iv) the community is located within Indian country, as defined in United States Code, title 18, section 1151.

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

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

(l) "Microgrid system" means an electrical grid that:

(1) serves a discrete geographical area from distributed energy resources; and

(2) can operate independently from the central electric grid on a temporary basis.

(m) "Project labor agreement" means a prehire collective bargaining agreement with a council of building and construction trades labor organizations (1) prohibiting strikes, lockouts, and similar disruptions, and (2) providing for a binding procedure to resolve labor disputes on the project.

(n) "Qualified project" means a project, technology, product, service, or measure promoting energy efficiency, clean energy, electrification, or water conservation and quality that:

(1) substantially reduces greenhouse gas emissions;

(2) reduces energy use without diminishing the level of service;

(3) increases the deployment of renewable energy projects, energy storage systems, district heating, smart grid technologies, or microgrid systems;

(4) replaces existing fossil-fuel-based technology with an end-use electric technology;

(5) supports the development and deployment of electric vehicle charging stations and associated infrastructure, electric buses, and electric fleet vehicles;

(6) reduces water use or protects, restores, or preserves the quality of surface waters; or

(7) incentivizes customers to shift demand in response to changes in the price of electricity or when system reliability is not jeopardized.

(o) "Renewable energy" has the meaning given in section 216B.1691, subdivision 1, paragraph (c), clauses (1), (2), and (4), and includes fuel cells generated from renewable energy.

(p) "Securitization" means the conversion of an asset composed of individual loans into marketable securities.

(q) "Smart grid" means a digital technology that:

(1) allows for two-way communication between a utility and the utility's customers; and

(2) enables the utility to control power flow and load in real time.

Subd. 3. **General powers.** (a) For the purpose of exercising the specific powers granted in this section, the authority has the general powers granted in this subdivision.

(b) The authority may:

(1) hire an executive director and staff to conduct the authority's operations;

(2) sue and be sued;

(3) have a seal and alter the seal;

(4) acquire, hold, lease, manage, and dispose of real or personal property for the authority's corporate purposes;

(5) enter into agreements, including cooperative financing agreements, contracts, or other transactions, with a Tribal government, any federal or state agency, county, local unit of government, regional development commission, person, domestic or foreign partnership, corporation, association, or organization;

(6) acquire by purchase real property, or an interest therein, in the authority's own name where acquisition is necessary or appropriate;

(7) provide general technical and consultative services related to the authority's purpose;

(8) promote research and development in matters related to the authority's purpose;

(9) conduct market analysis to determine where the market is underserved;

(10) analyze greenhouse gas emissions reduction project financing needs in the state and recommend measures to alleviate any shortage of financing capacity;

(11) contract with any governmental or private agency or organization, legal counsel, financial advisor, investment banker, or others to assist in the exercise of the authority's powers;

(12) enter into agreements with qualified lenders or others insuring or guaranteeing to the state the payment of qualified loans or other financing instruments; and

(13) accept on behalf of the state any gift, grant, or interest in money or personal property tendered to the state for any purpose pertaining to the authority's activities.

Subd. 4. **Authority duties.** (a) The authority must:

(1) serve as a financial resource to reduce the upfront and total costs of implementing qualified projects;

(2) ensure that all financed projects reduce greenhouse gas emissions;

(3) ensure that financing terms and conditions offered are well-suited to qualified projects;

(4) strategically prioritize the use of the authority's funds to leverage private investment in qualified projects, with the aim of achieving a high ratio of private to public money invested through funding mechanisms that support, enhance, and complement private lending and investment;

(5) coordinate with existing federal, state, local, utility, and other programs to ensure that the authority's resources are being used most effectively to add to and complement those programs;

(6) stimulate demand for qualified projects by:

(i) contracting with the department to provide, including through subcontracts with community navigators, information to project participants about federal, state, local, utility, and other authority financial assistance for qualifying projects, and technical information on energy conservation and renewable energy measures;

(ii) forming partnerships with contractors and informing contractors about the authority's financing programs;

(iii) developing innovative marketing strategies to stimulate project owner interest, especially in underserved communities; and

(iv) incentivizing financing entities to increase activity in underserved markets;

(7) finance projects in all regions of the state;

(8) develop participant eligibility standards and other terms and conditions for financial support provided by the authority;

(9) develop and administer:

(i) policies to collect reasonable fees for authority services; and

(ii) risk management activities to support ongoing authority activities;

(10) develop consumer protection standards governing the authority's investments to ensure that financial support is provided responsibly and transparently and is in the financial interest of participating project owners;

(11) develop methods to accurately measure the impact of the authority's activities, particularly on low-income communities and on greenhouse gas emissions reductions;

(12) hire an executive director and sufficient staff with the appropriate skills and qualifications to carry out the authority's programs, making an affirmative effort to recruit and hire a director and staff who are from, or share the interests of, the communities the authority must serve;

(13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title 42, section 7434, paragraph (a), clauses (1), (2), and (3). Until the Climate Innovation Finance Authority is established, the commissioner shall apply for and receive funding through Public Law 117-169 in order to leverage state investment, on behalf of the authority. To the extent practicable, applications for these funds by or on behalf of the authority should be made in coordination with other Minnesota applicants;

(14) acting under its powers as a state energy financing institution under United States Code, title 42, section 16511, collaborate with the United States Department of Energy Loan Programs Office to ensure that authorities made available under the Inflation Reduction Act of 2022, Public Law 117-169, maximally benefit Minnesotans. Until the Climate Innovation Finance Authority is established, the commissioner may engage with the United States Department of Energy Loan Programs Office on behalf of the authority; and

(15) ensure that authority contracts with all third-party administrators, contractors, and subcontractors contain required covenants, representations, and warranties specifying that contracted third parties are agents of the authority and that all acts of contracted third parties are considered acts of the authority, provided that the act is within the contracted scope of work.

(b) The authority may:

(1) employ credit enhancement mechanisms that reduce financial risk for financing entities by providing assurance that a limited portion of a loan or other financial instrument is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;

(2) co-invest in a qualified project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with other investment, co-lending, or financing;

(3) aggregate small and geographically dispersed qualified projects in order to diversify risk or secure additional private investment through securitization or similar resale of the authority's interest in a completed qualified project;

(4) expend up to 25 percent of funds appropriated to the authority for start-up purposes, which may be used for financing programs and project investments authorized under this section, prior to adoption of the strategic plan required under subdivision 7 and the investment strategy under subdivision 8; and

(5) require a specific project to agree to implement a project labor agreement as a condition of receiving financing from the authority.

Subd. 5. **Limitations.** The authority must not provide loans to a single entity in an amount less than $250,000.

Subd. 6. **Authority lending practices; labor and consumer protection standards.** (a) In determining the projects in which the authority will participate, the authority must give preference to projects that:

(1) maximize the creation of high-quality employment and apprenticeship opportunities for local workers, consistent with the public interest, especially workers from environmental justice communities, labor organizations, and Minnesota communities hosting retired or retiring electric generation facilities, including workers previously employed at retiring facilities;

(2) utilize energy technologies produced domestically that received an advanced manufacturing tax credit under section 45X of the Internal Revenue Code, as allowed under the federal Inflation Reduction Act of 2022, Public Law 117-169;

(3) certify, for all contractors and subcontractors, that the rights of workers to organize and unionize are recognized; and

(4) agree to implement a project labor agreement.

(b) The authority must require, for all projects for which the authority provides financing, that:

(1) if the budget is $100,000 or more, all contractors and subcontractors:

(i) must pay no less than the prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) are subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.43, and 177.45, including the posting of prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay for all trades on the project in at least one conspicuous location at the project site;

(2) financing is not offered without first ensuring that the participants meet the authority's underwriting criteria; and

(3) any loan made to a homeowner for a project on the homeowner's residence complies with section 47.59 and the following federal laws:

(i) the Truth in Lending Act, United States Code, title 15, section 1601 et seq.;

(ii) the Fair Credit Reporting Act, United States Code, title 15, section 1681;

(iii) the Equal Credit Opportunity Act, United States Code, title 15, section 1691 et seq.; and

(iv) the Fair Debt Collection Practices Act, United States Code, title 15, section 1692.

(c) The authority and any third-party administrator, contractor, subcontractor, or agent that conducts lending, financing, investment, marketing, administration, servicing, or installation of measures in connection with a qualified project financed in whole or in part with authority funds is subject to sections 325D.43 to 325D.48; 325F.67 to 325F.71; 325G.06 to 325G.14; 325G.29 to 325G.37; and 332.37.

(d) For the purposes of this section, "local workers" means Minnesota residents who permanently reside within 150 miles of the location of a proposed project in which the authority is considering to participate.

Subd. 7. **Strategic plan.** (a) By December 15, 2024, and each December 15 in even-numbered years thereafter, the authority must develop and adopt a strategic plan that prioritizes the authority's activities over the next two years. A strategic plan must:

(1) identify targeted underserved markets for qualified projects in Minnesota;

(2) develop specific programs to overcome market impediments through access to authority financing and technical assistance; and

(3) develop outreach and marketing strategies designed to make potential project developers, participants, and communities aware of financing and technical assistance available from the authority, including the deployment of community navigators.

(b) Elements of the strategic plan must be informed by the authority's analysis of the market for qualified projects, and by the authority's experience under the previous strategic plan, including the degree to which performance targets were or were not achieved by each financing program. In addition, the authority must actively seek input regarding activities that should be included in the strategic plan from stakeholders, environmental justice communities, the general public, and participants, including via meetings required under subdivision 9.

(c) The authority must establish annual targets in a strategic plan for each financing program regarding the number of projects, level of authority investments, greenhouse gas emissions reductions, and installed generating capacity or energy savings the authority hopes to achieve, including separate targets for authority activities undertaken in environmental justice communities.

(d) The authority's targets and strategies must be designed to ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities as defined under subdivision 2, by the United States Department of Energy, or as modified by the department.

Subd. 8. **Investment strategy; content; process.** (a) No later than December 15, 2024, and every four years thereafter, the authority must adopt a long-term investment strategy to ensure the authority's paramount goal to reduce greenhouse gas emissions is reflected in all of the authority's operations. The investment strategy must address:

(1) the types of qualified projects the authority should focus on;

(2) gaps in current qualified project financing that present the greatest opportunities for successful action by the authority;

(3) how the authority can best position itself to maximize its impact without displacing, subsidizing, or assuming risk that should be shared with financing entities;

(4) financing tools that will be most effective in achieving the authority's goals;

(5) partnerships the authority should establish with other organizations to increase the likelihood of success; and

(6) how values of equity, environmental justice, and geographic balance can be integrated into all investment operations of the authority.

(b) In developing an investment strategy, the authority must consult, at a minimum, with similar organizations in other states, lending authorities, state agencies, utilities, environmental and energy policy nonprofits, labor organizations, and other organizations that can provide valuable advice on the authority's activities.

(c) The long-term investment strategy must contain provisions ensuring that:

(1) authority investments are not made solely to reduce private risk; and

(2) private financing entities do not unilaterally control the terms of investments to which the authority is a party.

(d) The board must submit a draft long-term investment strategy for comment to each of the groups and individuals the board consults under paragraph (b) and to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance and policy, and must post the draft strategy on the authority's website. The authority must accept written comments on

the draft strategy for at least 30 days and must consider the comments in preparing the final long-term investment strategy.

Subd. 9. **Public communications and outreach.** The authority must:

(1) maintain a public website that provides information about the authority's operations, current financing programs, and practices, including rates, terms, and conditions; the number and amount of investments by project type; the number of jobs created; the financing application process; and other information;

(2) periodically issue an electronic newsletter to stakeholders and the public containing information on the authority's products, programs, and services and key authority events and decisions; and

(3) hold quarterly meetings accessible online to update the general public on the authority's activities, report progress being made in regard to the authority's strategic plan and long-term investment strategy, and invite audience questions regarding authority programs.

Subd. 10. **Board of directors.** (a) The Minnesota Climate Innovation Finance Authority Board of Directors shall consist of the following 13 members:

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

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

(3) the commissioner of the Minnesota Pollution Control Agency, or the commissioner's designee;

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

(5) the commissioner of the Minnesota Housing Finance Agency, or the commissioner's designee;

(6) the chair of the Minnesota Indian Affairs Council, or the chair's designee; and

(7) seven additional members appointed by the governor, as follows:

(i) one member representing either a municipal electric utility or a cooperative electric association;

(ii) one member, appointed after the governor consults with labor organizations in the state, must be a representative of a labor union with experience working on clean energy projects;

(iii) one member with expertise in the impact of climate change on Minnesota communities, particularly low-income communities;

(iv) one member with expertise in financing projects at a community bank, credit union, community development institution, or local government;

(v) one member with expertise in sustainable development and energy conservation;

(vi) one member with expertise in environmental justice; and

(vii) one member with expertise in investment fund management or financing and deploying clean energy technologies.

(b) At least two members appointed to the board must permanently reside outside the metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively reflect the geographic and ethnic diversity of the state.

(c) Board members appointed under paragraph (a), clause (7), shall serve a term of four years, except that the initial appointments made under clause (7), items (i) to (iii), shall be for two-year terms, and the initial appointments made under clause (7), items (iv) to (vi), shall be for three-year terms.

(d) Members appointed to the board must:

(1) provide evidence of a commitment to the authority's purposes and goals; and

(2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or the financial investments and employment of the member's immediate family members.

(e) The governor must make the appointments required under this section no later than October 1, 2023.

(f) The initial meeting of the board of directors must be held no later than November 17, 2023. At the initial meeting, the board shall elect a chair and vice-chair by majority vote of the members present.

(g) The authority shall contract with the department to provide administrative and technical services to the board and to prospective borrowers, especially those serving or located in environmental justice communities.

(h) Compensation of board members, removal of members, and filling of vacancies are governed by section 15.0575.

(i) Board members may be reappointed for up to two full terms.

(j) A majority of board members, excluding vacancies, constitutes a quorum for the purpose of conducting business and exercising powers, and for all other purposes. Action may be taken by the authority upon a vote of a majority of the quorum present.

(k) Board members and officers are not personally liable, either jointly or severally, for any debt or obligation created or incurred by the authority.

Subd. 11. **Account established.** (a) The Minnesota climate innovation authority account is established as a separate account in the special revenue fund in the state treasury. The authority's board of directors shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The authority's board of directors shall manage the account.

(b) Money in the account is appropriated to the board of directors of the Minnesota Climate Innovation Finance Authority for the purposes of this section and to reimburse the reasonable costs of the authority to administer this section.

Subd. 12. **Report; audit.** Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities during the previous year to the governor and the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, by project type;

(2) the amount of private and public capital leveraged by authority investments, by project type;

(3) the number of qualified projects supported, by project type and location within Minnesota, including in environmental justice communities;

(4) the estimated number of jobs created for local workers and nonlocal workers, the ratio of projects subject to and exempt from prevailing wage requirements under subdivision 6, paragraph (b), and tax revenue generated as a result of the authority's activities;

(5) estimated reductions in greenhouse gas emissions resulting from the authority's activities;

(6) the number of clean energy projects financed in low- and moderate-income households;

(7) a narrative describing the progress made toward the authority's equity, social, and labor standards goals; and

(8) a financial audit conducted by an independent party.

History: *2023 c 53 art 21 s 2*

216C.45 RESIDENTIAL ELECTRIC PANEL UPGRADE GRANT PROGRAM.

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

(b) "Area median income" means the median income of the geographic area in which a single-family or multifamily building whose owner is applying for a grant under this section is located, as reported by the United States Department of Housing and Urban Development.

(c) "Automatic overcurrent protection device" means a device that protects against excess current by interrupting the flow of current.

(d) "Bus" means a metallic strip or bar that carries current.

(e) "Electric panel" means an enclosed box or cabinet containing a building's electric panels, including subpanels, that consists of buses, automatic overcurrent protection devices, and equipment, with or without switches to control light, heat, and power circuits. Electric panel includes a smart panel.

(f) "Electrical work" has the meaning given in section 326B.31, subdivision 17.

(g) "Eligible applicant" means:

(1) an owner of a single-family building whose occupants have an annual household income no greater than 150 percent of the area median income; or

(2) an owner of a multifamily building in which at least 50 percent of the units are occupied by households whose annual income is no greater than 150 percent of the area median income.

(h) "Multifamily building" means a building containing two or more units.

(i) "Smart panel" means an electrical panel that may be electronically programmed to manage electricity use in a building automatically.

(j) "Unit" means a residential living space in a multifamily building occupied by an individual or a household.

(k) "Upgrade" means:

(1) for a single-family residence:

(i) the installation of equipment, devices, and wiring necessary to increase an electrical panel's capacity to a total rating:

(A) of not less than 200 amperes; or

(B) that allows all the building's energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota; or

(ii) the installation of a smart panel with or without additional equipment, devices, or wiring; and

(2) for a multifamily building, the installation of equipment, devices, and wiring necessary to increase the capacity of an electric panel, including feeder panels, to a total rating that allows all the building's energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota.

Subd. 2. **Program establishment.** A residential electric panel upgrade grant program is established in the department to provide financial assistance to owners of single-family residences and multifamily buildings to upgrade residential electric panels.

Subd. 3. **Account established.** (a) The residential electric panel upgrade grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award electric panel upgrade grants and to reimburse the reasonable costs of the department to administer this section.

Subd. 4. **Application process.** An applicant seeking a grant under this section must submit an application to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures to govern the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.

Subd. 5. **Grant awards.** A grant may be awarded under this section to:

(1) an eligible applicant; or

(2) with the written permission of an eligible applicant submitted to the commissioner, a contractor performing an upgrade or a third party on behalf of the eligible applicant.

Subd. 6. **Grant amount.** (a) Subject to the limits of paragraphs (b) to (e), a grant awarded under this section may be used to pay 100 percent of the equipment and installation costs of an upgrade.

(b) The commissioner may not award a grant to an eligible applicant under this section which, in combination with a federal grant awarded to the eligible applicant under the federal Inflation Reduction Act of 2022, Public Law 117-189, for the same electric panel upgrade, exceeds 100 percent of the equipment and installation costs of the upgrade.

(c) The maximum grant amount under this section that may be awarded to an eligible applicant who owns a single-family residence is:

(1) $3,000 for an owner whose annual household income is less than 80 percent of area median income; and

(2) $2,000 for an owner whose annual household income exceeds 80 percent but is not greater than 150 percent of area median income.

(d) The maximum grant amount that may be awarded under this section to an eligible applicant who owns a multifamily building is the sum of $5,000, plus $500 multiplied by the number of units containing a separate electric panel receiving an upgrade in the multifamily building, not to exceed $50,000 per multifamily building.

(e) The commissioner may approve a grant amount that exceeds the maximum grant amount in paragraph (c) or (d), up to 100 percent of the equipment and installation costs of the upgrade, if the commissioner determines that a larger grant amount is necessary in order to complete the upgrade.

Subd. 7. **Limitation.** No more than one grant may be awarded to an owner under this section for work conducted at the same single-family residence or multifamily building.

Subd. 8. **Outreach.** The department must publicize the availability of grants under this section to, at a minimum:

(1) income-eligible households;

(2) community action agencies and other public and private nonprofit organizations that provide weatherization and other energy services to income-eligible households; and

(3) multifamily property owners and property managers.

Subd. 9. **Contractor or subcontractor requirements.** Contractors and subcontractors performing electrical work under a grant awarded under this section:

(1) must comply with the provisions of sections 326B.31 to 326B.399;

(2) must certify that the electrical work is performed by a licensed journeyworker electrician or a registered unlicensed individual under the direct supervision of a licensed journeyworker electrician or master electrician employed by the same licensed electrical contractor; and

(3) must pay workers the prevailing wage rate, as defined in section 177.42, and are subject to the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 10. **Report.** Beginning January 1, 2025, and each January 1 through 2033, the department must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over climate and energy policy describing the activities and expenditures under the program established in this section. The report must include, at a minimum:

(1) the number of units in multifamily buildings and the number of single-family residences whose owners received grants;

(2) the geographic distribution of grant recipients; and

(3) the average amount of grants awarded per building in multifamily buildings and in single-family residences.

History: *2023 c 60 art 12 s 45*

216C.46 RESIDENTIAL HEAT PUMP REBATE PROGRAM.

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

(b) "Eligible applicant" means a person who provides evidence to the commissioner's satisfaction demonstrating that the person has received or has applied for a heat pump rebate available from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

(c) "Heat pump" means a cold climate rated air-source heat pump composed of (1) a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, (2) a refrigerant-filled heat exchanger, and (3) an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

Subd. 2. **Establishment.** A residential heat pump rebate program is established in the department to provide financial assistance to eligible applicants that purchase and install a heat pump in the applicant's Minnesota residence.

Subd. 3. **Application.** (a) An application for a rebate under this section must be made to the commissioner on a form developed by the commissioner. The application must be accompanied by documentation, as required by the commissioner, demonstrating that:

(1) the applicant is an eligible applicant;

(2) the applicant owns the Minnesota residence in which the heat pump is to be installed;

(3) the applicant has had an energy audit conducted of the residence in which the heat pump is to be installed within the last 18 months by a person with a Building Analyst Technician certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner;

(4) either:

(i) the applicant has installed in the applicant's residence, by a contractor with an Air Leakage Control Installer certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner, the amount of insulation and the air sealing measures recommended by the auditor; or

(ii) the auditor has otherwise determined that the amount of insulation and air sealing measures in the residence are sufficient to enable effective heat pump performance;

(5) the applicant has purchased a heat pump of the capacity recommended by the auditor or contractor, and has had the heat pump installed by a contractor with sufficient training and experience in installing heat pumps, as determined by the commissioner; and

(6) the total cost to purchase and install the heat pump in the applicant's residence.

(b) The commissioner must develop administrative procedures governing the application and rebate award processes.

(c) The commissioner may modify program requirements under this section when necessary to align with comparable federal programs administered by the department under the federal Inflation Reduction Act of 2022, Public Law 117-189.

Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lesser of:

(1) $4,000; or

(2) the total cost to purchase and install the heat pump in an eligible applicant's residence net of the rebate amount received for the heat pump from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

Subd. 5. **Assisting applicants.** The commissioner may issue a request for proposal seeking an entity to serve as an energy coordinator to interact directly with applicants and potential applicants to:

(1) explain the technical aspects of heat pumps, energy audits, and energy conservation measures, and the energy and financial savings that can result from implementing each;

(2) identify federal, state, and utility programs available to homeowners to reduce the costs of energy audits, energy conservation, and heat pumps;

(3) explain the requirements and scheduling of the application process;

(4) provide access to certified contractors who can perform energy audits, install insulation and air sealing measures, and install heat pumps; and

(5) conduct outreach to make potential applicants aware of the program.

Subd. 6. **Contractor training and support.** The commissioner may issue a request for proposals seeking an entity to develop and organize programs to train contractors with respect to the technical aspects and installation of heat pumps in residences. The training curriculum must be at a level sufficient to provide contractors who complete training with the knowledge and skills necessary to install heat pumps to industry best practice standards, as determined by the commissioner. Training programs must: (1) be accessible in all regions of the state; and (2) provide mentoring and ongoing support, including continuing education and financial assistance, to trainees.

Subd. 7. **Account established.** (a) The residential heat pump rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs of the department to administer this section.

History: *2023 c 60 art 12 s 46*

MISCELLANEOUS

216C.50 PROPANE EDUCATION AND RESEARCH COUNCIL.

Subdivision 1. **Council.** Propane producers and propane retail marketers, as defined by United States Code, title 15, section 6402, may form a propane education and research council for the purpose of establishing, supporting, or conducting research, training, and education programs concerning the safe and efficient use of propane.

Subd. 2. **Organization.** Organization and membership of the council shall be in compliance with United States Code, title 15, sections 6403, subsections (a) and (b), and 6404, subsection (c), and must abide by the

requirements of United States Code, title 15, section 6409. The council is established upon certification by the commissioner of public safety that the council has been organized in compliance with United States Code, title 15, sections 6403, subsections (a) and (b), and 6404, subsection (c).

Subd. 3. **Assessment.** A propane education and research council, established and certified pursuant to subdivision 2, may assess propane producers and retail marketers an amount not to exceed the maximum assessment authorized in United States Code, title 15, section 6405(a), per gallon of odorized propane in a manner established by the council in compliance with United States Code, title 15, section 6405, subsections (a) to (c). Propane producers and retail marketers shall be responsible for the amounts assessed.

Subd. 4. **Annual report.** A propane education and research council collecting assessments pursuant to subdivision 3 shall annually report to the commissioner of public safety, detailing collections and expenditures made pursuant to this section.

History: *2001 c 130; 2004 c 222 s 1; 2016 c 189 art 6 s 14*

216C.51 UTILITY DIVERSITY REPORTING.

Subdivision 1. **Public policy.** It is the public policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. **Definition.** As used in this section, "utility" has the meaning given to the term "public utility" in section 216B.02, subdivision 4.

Subd. 3. **Annual report.** (a) Beginning March 15, 2024, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner in the public eDockets system that describes:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. **Report elements.** Each utility required to report under this section must include the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and among the utility's suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, to encourage other companies to emulate best practices.

Subd. 5. **State data.** Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit state-specific data, and detail how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. **Publication; retention.** The department must publish an annual report on the department's website and must maintain each annual report for at least five years.

History: *2023 c 60 art 12 s 47*