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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 9

01/16/2025 Authored by Swedzinski, Demuth, Niska, Igo, Wiener and others
The bill was read for the first time and referred to the Committee on Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; modifying the hydroelectric capacity that qualifies as an eligible
1.3 energy technology under the renewable energy standard; delaying the requirement
1.4 for electric utilities to meet the renewable energy, solar, or carbon-free standard
1.5 under certain conditions; prohibiting the demolition of fossil-fuel-powered electric
1.6 generating plants under certain conditions; declaring as state policy support for
1.7 the deployment of carbon capture and sequestration technologies as a means to
1.8 reduce greenhouse gas emissions; abolishing prohibition on issuing certificate of
1.9 need for new nuclear power plant; expanding the sales tax exemption for residential
1.10 heating fuels and electricity; amending Minnesota Statutes 2024, sections
1.11 216B.1691, subdivisions 1, 2b; 216B.243, subdivision 3b; 297A.67, subdivision
1.12 15; proposing coding for new law in Minnesota Statutes, chapters 216B; 216H.

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

1.14 Section 1. Minnesota Statutes 2024, section 216B.1691, subdivision 1, is amended to read:

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

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

1.19 (c) Unless otherwise specified in law, "eligible energy technology" means an energy
1.20 technology that generates electricity from the following renewable energy sources:

1.21 (1) solar;

1.22 (2) wind;

1.23 (3) hydroelectric with a capacity of: (i) less than 100 megawatts; or (ii) 100 megawatts
1.24 or more, provided that the facility is in operation as of February 8, 2023;

1.25 (4) hydrogen generated from the resources listed in this paragraph; or

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

2.7 (d) "Electric utility" means: (1) a public utility providing electric service; (2) a generation
 2.8 and transmission cooperative electric association; (3) a municipal power agency; (4) a power
 2.9 district; or (5) a cooperative electric association or municipal utility providing electric service
 2.10 that is not a member of an entity in clauses (2) to (4).

2.11 (e) "Environmental justice area" means an area in Minnesota that, based on the most
 2.12 recent data published by the United States Census Bureau, meets one or more of the following
 2.13 criteria:

2.14 (1) 40 percent or more of the area's total population is nonwhite;

2.15 (2) 35 percent or more of households in the area have an income that is at or below 200
 2.16 percent of the federal poverty level;

2.17 (3) 40 percent or more of the area's residents over the age of five have limited English
 2.18 proficiency; or

2.19 (4) the area is located within Indian country, as defined in United State Code, title 18,
 2.20 section 1151.

2.21 (f) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
 2.22 an electric utility to retail customers of the electric utility or to a distribution utility for
 2.23 distribution to the retail customers of the distribution utility.

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

2.25 Sec. 2. Minnesota Statutes 2024, section 216B.1691, subdivision 2b, is amended to read:

2.26 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay
 2.27 the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in
 2.28 part, if the commission determines that modifying or delaying the standard obligation is in
 2.29 the public interest. The commission, when evaluating a request to modify or delay
 2.30 implementation of a standard, must consider:

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

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

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

3.5 (4) technical advances or technical concerns;

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

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

3.10 (7) transmission constraints preventing delivery of service;

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

3.12 (9) impacts on environmental justice areas; and

3.13 (10) additional electric load from beneficial electrification and the greenhouse gas
3.14 emissions savings associated with those loads as compared to serving the load with
3.15 nonelectric energy sources.

3.16 For the purposes of this paragraph, "beneficial electrification" means the substitution of
3.17 electricity for a fossil fuel, provided that the substitution meets at least one of the following
3.18 conditions without adversely affecting either of the other two, as determined by the
3.19 commission:

3.20 (i) saves a consumer money over the long run compared with continued use of the fossil
3.21 fuel;

3.22 (ii) enables an electric utility to better manage the electric utility's electric grid network;
3.23 or

3.24 (iii) reduces negative environmental impacts of fuel use, including but not limited to
3.25 statewide greenhouse gas emissions.

3.26 (b) The commission may modify or delay implementation of a standard obligation under
3.27 paragraph (a), clauses (1) to (4), only if it finds implementation would cause significant rate
3.28 impact, requires significant measures to address reliability, or raises significant technical
3.29 issues. The commission may modify or delay implementation of a standard obligation under
3.30 paragraph (a), clauses (5) to (7), only if it finds that the circumstances described in those
3.31 clauses were due to circumstances beyond an electric utility's control and make compliance
3.32 not feasible.

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

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

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

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

4.14 (e) An electric utility that requests a modification or delay to the implementation of a
 4.15 standard must file a plan to comply with the electric utility's standard obligation as part of
 4.16 the same proceeding in which the electric utility requests the modification or delay.

4.17 (f) The requirement to meet a standard obligation under this section is automatically
 4.18 delayed for three years for any electric utility that does not meet the goal established under
 4.19 section 216C.05, subdivision 2, clause (4), as determined by the commissioner.

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

4.21 Sec. 3. Minnesota Statutes 2024, section 216B.243, subdivision 3b, is amended to read:

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

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

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

5.1 Sec. 4. **[216B.2442] RETIRED FOSSIL FUEL ELECTRIC GENERATING PLANT;**
5.2 **DEMOLITION.**

5.3 A political subdivision is prohibited from issuing a permit to an electric utility to demolish
5.4 a fossil-fuel-powered electric generating plant if the utility fails to meet the goal established
5.5 under section 216C.05, subdivision 2, clause (4), as determined by the commissioner.

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

5.7 Sec. 5. **[216H.022] CARBON CAPTURE AND SEQUESTRATION; STATE POLICY.**

5.8 It is the policy of the state to support the development and deployment of carbon capture
5.9 and sequestration technologies in Minnesota as a method of reducing greenhouse gas
5.10 emissions in order to achieve the state greenhouse gas emission-reduction goals established
5.11 under section 216H.02, subdivision 1.

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

5.13 Sec. 6. Minnesota Statutes 2024, section 297A.67, subdivision 15, is amended to read:

5.14 Subd. 15. **Residential heating fuels.** Residential heating fuels are exempt as follows:

5.15 (1) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential
5.16 customers for residential use;

5.17 (2) ~~for the billing months of November, December, January, February, March, and April,~~
5.18 natural gas sold for residential use to customers who are metered and billed as residential
5.19 users and who use natural gas for their primary source of residential heat; and

5.20 (3) ~~for the billing months of November, December, January, February, March, and April,~~
5.21 electricity sold for residential use to customers who are metered and billed as residential
5.22 users and who use electricity for their primary source of residential heat.

5.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
5.24 30, 2025.