

99.5

**ARTICLE 9**

99.6

**ENERGY, UTILITIES, ENVIRONMENT, AND CLIMATE POLICY**

99.7 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is  
99.8 amended to read:

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

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

99.24 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
99.25 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating  
99.26 plant must transfer to the renewable development account \$500,000 each year for each dry  
99.27 cask containing spent fuel that is located at the Prairie Island power plant for each year the  
99.28 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by  
99.29 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste  
99.30 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any  
99.31 part of a year. The total amount transferred annually under this paragraph must be reduced  
99.32 by \$3,750,000.

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

112.14

**ARTICLE 11**

112.15

**GEOTHERMAL ENERGY**

148.26

**ARTICLE 13**

148.27

**SOLAR ENERGY**

156.11

**ARTICLE 14**

156.12

**MISCELLANEOUS ENERGY POLICY**

156.13 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is  
156.14 amended to read:

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

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

156.30 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
156.31 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating  
156.32 plant must transfer to the renewable development account \$500,000 each year for each dry  
156.33 cask containing spent fuel that is located at the Prairie Island power plant for each year the  
157.1 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by  
157.2 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste  
157.3 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any  
157.4 part of a year. The total amount transferred annually under this paragraph must be reduced  
157.5 by \$3,750,000.

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

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

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

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

100.21 (g) If the commission approves a new or amended power purchase agreement, or the  
 100.22 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
 100.23 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
 100.24 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in  
 100.25 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a  
 100.26 grant contract with such entity to provide \$6,800,000 per year for five years, commencing  
 100.27 30 days after the commission approves the new or amended power purchase agreement, or  
 100.28 the termination of the power purchase agreement, and on each June 1 thereafter through  
 100.29 2021, to assist the transition required by the new, amended, or terminated power purchase  
 100.30 agreement. The grant shall be paid by the public utility from funds withheld from the transfer  
 100.31 to the renewable development account as provided in paragraphs (b) and (e).

100.32 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)  
 100.33 and (g) is limited to the amount deposited into the renewable development account, and its  
 100.34 predecessor, the renewable development account, established under this section, that was  
 101.1 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section  
 101.2 10.

101.3 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello  
 101.4 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued  
 101.5 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued  
 101.6 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year  
 101.7 in which the commission finds, by the preponderance of the evidence, that the public utility  
 101.8 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a

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 157.12 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for  
 157.13 any part of a year.

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

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 157.18 termination of a power purchase agreement, or the purchase and closure of a facility under  
 157.19 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,  
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 157.23 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid  
 157.24 by the public utility from funds withheld from the transfer to the renewable development  
 157.25 account, as provided in paragraphs (b) and (e).

157.26 (g) If the commission approves a new or amended power purchase agreement, or the  
 157.27 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
 157.28 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
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 157.33 the termination of the power purchase agreement, and on each June 1 thereafter through  
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 158.2 to the renewable development account as provided in paragraphs (b) and (e).

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 158.4 and (g) is limited to the amount deposited into the renewable development account, and its  
 158.5 predecessor, the renewable development account, established under this section, that was  
 158.6 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section  
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 158.10 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued  
 158.11 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year  
 158.12 in which the commission finds, by the preponderance of the evidence, that the public utility  
 158.13 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a

101.9 permanent or interim storage site out of the state. This determination shall be made at least  
101.10 every two years.

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

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

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

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

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

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

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

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

101.25 (2) "grid modernization" means:

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

101.27 (ii) improving the security of the electrical grid against cyberthreats and physical threats;  
101.28 and

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

102.1 (l) A renewable development account advisory group that includes, among others,  
102.2 representatives of the public utility and its ratepayers, and includes at least one representative  
102.3 of the Prairie Island Indian community appointed by that community's tribal council, shall  
102.4 develop recommendations on account expenditures. The advisory group must design a  
102.5 request for proposal and evaluate projects submitted in response to a request for proposals.  
102.6 The advisory group must utilize an independent third-party expert to evaluate proposals  
102.7 submitted in response to a request for proposal, including all proposals made by the public  
102.8 utility. A request for proposal for research and development under paragraph (j), clause (1),  
102.9 may be limited to or include a request to higher education institutions located in Minnesota  
102.10 for multiple projects authorized under paragraph (j), clause (1). The request for multiple  
102.11 projects may include a provision that exempts the projects from the third-party expert review  
102.12 and instead provides for project evaluation and selection by a merit peer review grant system.

158.14 permanent or interim storage site out of the state. This determination shall be made at least  
158.15 every two years.

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158.23 from the utility that owns a nuclear-powered electric generating plant in this state or the  
158.24 Prairie Island Indian community or its members.

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158.26 subdivision.

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159.4 the utility and its customers through the use of two-way meters, control technologies, energy  
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159.17 projects may include a provision that exempts the projects from the third-party expert review  
159.18 and instead provides for project evaluation and selection by a merit peer review grant system.

102.13 In the process of determining request for proposal scope and subject and in evaluating  
 102.14 responses to request for proposals, the advisory group must strongly consider, where  
 102.15 reasonable:

102.16 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;  
 102.17 and

102.18 (2) the proposer's commitment to increasing the diversity of the proposer's workforce  
 102.19 and vendors.

102.20 (m) The advisory group shall submit funding recommendations to the public utility,  
 102.21 which has full and sole authority to determine which expenditures shall be submitted by  
 102.22 the advisory group to the legislature. The commission may approve proposed expenditures,  
 102.23 may disapprove proposed expenditures that it finds not to be in compliance with this  
 102.24 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,  
 102.25 modify proposed expenditures. The commission shall, by order, submit its funding  
 102.26 recommendations to the legislature as provided under paragraph (n).

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

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

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

103.1 (o) A request for proposal for renewable energy generation projects must, when feasible  
 103.2 and reasonable, give preference to projects that are most cost-effective for a particular energy  
 103.3 source.

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

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

103.14 ~~(†)(q)~~ (q) A project receiving funds from the account must produce a written final report  
 103.15 that includes sufficient detail for technical readers and a clearly written summary for  
 103.16 nontechnical readers. The report must include an evaluation of the project's financial,

159.19 In the process of determining request for proposal scope and subject and in evaluating  
 159.20 responses to request for proposals, the advisory group must strongly consider, where  
 159.21 reasonable:

159.22 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;  
 159.23 and

159.24 (2) the proposer's commitment to increasing the diversity of the proposer's workforce  
 159.25 and vendors.

159.26 (m) The advisory group shall submit funding recommendations to the public utility,  
 159.27 which has full and sole authority to determine which expenditures shall be submitted by  
 159.28 the advisory group to the legislature. The commission may approve proposed expenditures,  
 159.29 may disapprove proposed expenditures that it finds not to be in compliance with this  
 159.30 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,  
 159.31 modify proposed expenditures. The commission shall, by order, submit its funding  
 159.32 recommendations to the legislature as provided under paragraph (n).

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 159.34 the senate and house of representatives committees with jurisdiction over energy policy and  
 160.1 finance annually by February 15. Expenditures from the account must be appropriated by  
 160.2 law. In enacting appropriations from the account, the legislature:

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

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 160.8 and reasonable, give preference to projects that are most cost-effective for a particular energy  
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 160.11 minority members of the legislative committees with jurisdiction over energy policy on  
 160.12 projects funded by the account for the prior year and all previous years. The report must,  
 160.13 to the extent possible and reasonable, itemize the actual and projected financial benefit to  
 160.14 the public utility's ratepayers of each project.

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

160.20 ~~(†)(q)~~ (q) A project receiving funds from the account must produce a written final report  
 160.21 that includes sufficient detail for technical readers and a clearly written summary for  
 160.22 nontechnical readers. The report must include an evaluation of the project's financial,

103.17 environmental, and other benefits to the state and the public utility's ratepayers. A project  
103.18 receiving funds from the account must submit a report that meets the requirements of section  
103.19 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

103.23 ~~(s)~~ (s) All final reports must acknowledge that the project was made possible in whole  
103.24 or part by the Minnesota renewable development account, noting that the account is financed  
103.25 by the public utility's ratepayers.

103.26 ~~(t)~~ (t) Of the amount in the renewable development account, priority must be given to  
103.27 making the payments required under section 216C.417.

103.28 ~~(u)~~ (u) Construction projects receiving funds from this account are subject to the  
103.29 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements  
103.30 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and  
103.31 177.45.

104.1 Sec. 2. **216B.076] SMART METER GATEWAY DEVICE; CONSENT.**

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

104.4 (b) "Electric utility" has the meaning given in section 216B.38, subdivision 5.

104.5 (c) "Smart meter gateway device" means any electric utility meter, electric utility meter  
104.6 component, electric utility load control device, or device ancillary to the electric utility  
104.7 meter that is located at an end user's residence or business and: (1) serves as a  
104.8 communications gateway or portal to electrical appliances, electrical equipment, or electrical  
104.9 devices within the end user's residence or business; or (2) otherwise communicates with,  
104.10 monitors, or controls electrical appliances, electrical equipment, or electrical devices within  
104.11 the end user's residence or business.

104.12 Subd. 2. **Property owner consent required.** (a) An electric utility that sells or provides  
104.13 electricity in Minnesota is prohibited from installing a smart meter gateway device on or  
104.14 in a person's home or business without the written consent of the person who owns the home  
104.15 or business.

104.16 (b) An electric utility must create a form that the person who owns the home or business  
104.17 must sign to opt in to having a smart meter gateway device installed on or in the person's  
104.18 home or business. The form must be in 12-point, boldface type and state that:

104.19 (1) the opt-in is optional and the person's service is not affected if the person elects to  
104.20 not opt in; and

160.23 environmental, and other benefits to the state and the public utility's ratepayers. A project  
160.24 receiving funds from the account must submit a report that meets the requirements of section  
160.25 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

160.29 ~~(s)~~ (s) All final reports must acknowledge that the project was made possible in whole  
160.30 or part by the Minnesota renewable development account, noting that the account is financed  
160.31 by the public utility's ratepayers.

160.32 ~~(t)~~ (t) Of the amount in the renewable development account, priority must be given to  
160.33 making the payments required under section 216C.417.

161.1 ~~(u)~~ (u) Construction projects receiving funds from this account are subject to the  
161.2 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements  
161.3 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and  
161.4 177.45.

104.21 (2) the device is a smart meter gateway device, and include the definition in subdivision  
104.22 1, paragraph (c).

104.23 Subd. 3. **Smart meter gateway device; disclosure.** When an electric utility enrolls a  
104.24 homeowner or business owner for electrical service at the person's home or business, the  
104.25 electric utility must: (1) disclose in writing whether a smart meter gateway device has been  
104.26 installed; and (2) upon written request of the homeowner or business owner, remove or  
104.27 allow the removal of all smart meter gateway devices.

104.28 Sec. 3. Minnesota Statutes 2022, section 216B.098, is amended by adding a subdivision  
104.29 to read:

104.30 Subd. 7. **Social Security number and individual taxpayer identification number.** If  
104.31 a utility requires a new customer to provide a Social Security number on an application for  
104.32 utility service, the utility must accept an individual taxpayer identification number in lieu  
105.1 of a Social Security number. The utility application must indicate that the utility accepts an  
105.2 individual taxpayer identification number.

105.3 Sec. 4. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

105.4 Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching**  
105.5 **improvement.** (a) The commission may order public utilities to develop and submit for  
105.6 commission approval incentive plans that describe the method of recovery and accounting  
105.7 for utility conservation and efficient fuel-switching expenditures and savings. For public  
105.8 utilities that provide electric service, the commission must develop and implement incentive  
105.9 plans designed to promote energy conservation separately from the plans designed to promote  
105.10 efficient fuel-switching. In developing the incentive plans the commission shall ensure the  
105.11 effective involvement of interested parties.

105.12 (b) In approving incentive plans, the commission shall consider:

105.13 (1) whether the plan is likely to increase utility investment in cost-effective energy  
105.14 conservation or efficient fuel switching;

105.15 (2) whether the plan is compatible with the interest of utility ratepayers and other  
105.16 interested parties;

105.17 (3) whether the plan links the incentive to the utility's performance in achieving  
105.18 cost-effective conservation or efficient fuel switching; ~~and~~

105.19 (4) whether the plan is in conflict with other provisions of this chapter;

105.20 (5) whether the plan conflicts with other provisions of this chapter; and

105.21 (6) the likely financial impacts of the conservation and efficient fuel-switching programs  
105.22 on the utility.

105.23 (c) The commission may set rates to encourage the vigorous and effective implementation  
105.24 of utility conservation and efficient fuel-switching programs. The commission may:

161.5 Sec. 2. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

161.6 Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching**  
161.7 **improvement.** (a) The commission may order public utilities to develop and submit for  
161.8 commission approval incentive plans that describe the method of recovery and accounting  
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161.10 utilities that provide electric service, the commission must develop and implement incentive  
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161.16 conservation or efficient fuel switching;

161.17 (2) whether the plan is compatible with the interest of utility ratepayers and other  
161.18 interested parties;

161.19 (3) whether the plan links the incentive to the utility's performance in achieving  
161.20 cost-effective conservation or efficient fuel switching; ~~and~~

161.21 (4) whether the plan is in conflict with other provisions of this chapter;

161.22 (5) whether the plan conflicts with other provisions of this chapter; and

161.23 (6) the likely financial impacts of the conservation and efficient fuel-switching on the  
161.24 utility.

161.25 (c) The commission may set rates to encourage the vigorous and effective implementation  
161.26 of utility conservation and efficient fuel-switching programs. The commission may:

- 105.25 (1) increase or decrease any otherwise allowed rate of return on net investment based  
 105.26 upon the utility's skill, efforts, and success in conserving improving the efficient use of  
 105.27 energy through energy conservation or efficient fuel switching;
- 105.28 (2) share between ratepayers and utilities the net savings resulting from energy  
 105.29 conservation and efficient fuel-switching programs to the extent justified by the utility's  
 105.30 skill, efforts, and success in conserving improving the efficient use of energy; and
- 106.1 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that  
 106.2 implementation of cost-effective conservation or efficient fuel switching is a preferred  
 106.3 resource choice for the public utility considering the impact of conservation or efficient fuel  
 106.4 switching on earnings of the public utility.
- 106.5 (d) Any incentives offered to electric utilities under this subdivision for efficient-fuel  
 106.6 switching projects expire December 31, 2032.

- 161.27 (1) increase or decrease any otherwise allowed rate of return on net investment based  
 161.28 upon the utility's skill, efforts, and success in conserving improving the efficient use of  
 161.29 energy through energy conservation or efficient fuel switching;
- 161.30 (2) share between ratepayers and utilities the net savings resulting from energy  
 161.31 conservation and efficient fuel-switching programs to the extent justified by the utility's  
 161.32 skill, efforts, and success in conserving improving the efficient use of energy; and
- 162.1 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that  
 162.2 implementation of cost-effective conservation or efficient fuel switching is a preferred  
 162.3 resource choice for the public utility considering the impact of conservation or efficient fuel  
 162.4 switching on earnings of the public utility.
- 162.5 (d) No later than March 1, 2025, and each March 1 thereafter, a public utility providing  
 162.6 fuel-switching incentives under this subdivision must submit a written report annually to  
 162.7 the chairs and ranking minority members of the senate and house of representatives  
 162.8 committees with jurisdiction over energy policy containing information on:
- 162.9 (1) the nature and amount of fuel-switching incentives offered by the utility;  
 162.10 (2) the number of customers receiving fuel-switching incentives; and  
 162.11 (3) the amount of fuel-switching incentives paid to customers, and the specific appliance  
 162.12 or end use whose fuel is being switched.
- 162.13 (e) Any incentives offered to electric utilities under this subdivision for efficient-fuel  
 162.14 switching projects expire December 31, 2032.
- 148.28 Section 1. Minnesota Statutes 2022, section 216B.16, subdivision 7b, is amended to read:
- 148.29 Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of  
 148.30 this chapter, the commission may approve a tariff mechanism for the automatic annual  
 148.31 adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:
- 149.1 (1) new transmission facilities that have been separately filed and reviewed and approved  
 149.2 by the commission under section 216B.243 or new transmission or distribution facilities  
 149.3 that are certified as a priority project or deemed to be a priority transmission project under  
 149.4 section 216B.2425;
- 149.5 (2) new transmission facilities approved by the regulatory commission of the state in  
 149.6 which the new transmission facilities are to be constructed, to the extent approval is required  
 149.7 by the laws of that state, and determined by the Midcontinent Independent System Operator  
 149.8 to benefit the utility or integrated transmission system; and
- 149.9 (3) charges incurred by a utility under a federally approved tariff that accrue from other  
 149.10 transmission owners' regionally planned transmission projects that have been determined  
 149.11 by the Midcontinent Independent System Operator to benefit the utility or integrated  
 149.12 transmission system.

- 149.13 (b) Upon filing by a public utility or utilities providing transmission service, the  
149.14 commission may approve, reject, or modify, after notice and comment, a tariff that:
- 149.15 (1) allows the utility to recover on a timely basis the costs net of revenues of facilities  
149.16 approved under section 216B.243 or certified or deemed to be certified under section  
149.17 216B.2425 or exempt from the requirements of section 216B.243;
- 149.18 (2) allows the utility to recover charges incurred under a federally approved tariff that  
149.19 accrue from other transmission owners' regionally planned transmission projects that have  
149.20 been determined by the Midcontinent Independent System Operator to benefit the utility or  
149.21 integrated transmission system. These charges must be reduced or offset by revenues received  
149.22 by the utility and by amounts the utility charges to other regional transmission owners, to  
149.23 the extent those revenues and charges have not been otherwise offset;
- 149.24 (3) allows the utility to recover on a timely basis the costs net of revenues of facilities  
149.25 approved by the regulatory commission of the state in which the new transmission facilities  
149.26 are to be constructed and determined by the Midcontinent Independent System Operator to  
149.27 benefit the utility or integrated transmission system;
- 149.28 (4) allows the utility to recover costs associated with distribution planning required under  
149.29 section 216B.2425;
- 149.30 (5) allows the utility to recover costs associated with investments in distribution facilities  
149.31 to modernize the utility's grid that have been certified by the commission under section  
149.32 216B.2425;
- 150.1 (6) allows the utility to recover on a timely basis the costs of upgrades to distribution  
150.2 facilities that are not allocated to participating owners of distributed generation facilities  
150.3 under the cost-sharing interconnection process established by the commission order required  
150.4 under section 3 of this article;
- 150.5 (7) allows a return on investment at the level approved in the utility's last general rate  
150.6 case, unless a different return is found to be consistent with the public interest;
- 150.7 ~~(7)~~ (8) provides a current return on construction work in progress, provided that recovery  
150.8 from Minnesota retail customers for the allowance for funds used during construction is  
150.9 not sought through any other mechanism;
- 150.10 ~~(8)~~ (9) allows for recovery of other expenses if shown to promote a least-cost project  
150.11 option or is otherwise in the public interest;
- 150.12 ~~(9)~~ (10) allocates project costs appropriately between wholesale and retail customers;
- 150.13 ~~(10)~~ (11) provides a mechanism for recovery above cost, if necessary to improve the  
150.14 overall economics of the project or projects or is otherwise in the public interest; and
- 150.15 ~~(11)~~ (12) terminates recovery once costs have been fully recovered or have otherwise  
150.16 been reflected in the utility's general rates.



106.7 Sec. 5. Minnesota Statutes 2022, section 216B.16, subdivision 8, is amended to read:

106.8 Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any  
106.9 rate which makes an allowance directly or indirectly for expenses incurred by a public utility  
106.10 to provide a public advertisement which:

106.11 (1) is designed to influence or has the effect of influencing public attitudes toward  
106.12 legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed  
106.13 authorization of the Public Utilities Commission or other agency of government responsible  
106.14 for regulating a public utility;

106.15 (2) is designed to justify or otherwise support or defend a rate, proposed rate, practice  
106.16 or proposed practice of a public utility;

106.17 (3) is designed primarily to promote consumption of the services of the utility;

106.18 (4) is designed primarily to promote good will for the public utility or improve the  
106.19 utility's public image; or

106.20 (5) is designed to promote the use of nuclear power or to promote a nuclear waste storage  
106.21 facility.

106.22 (b) The commission may approve a rate which makes an allowance for expenses incurred  
106.23 by a public utility to disseminate information which:

106.24 (1) is designed to encourage ~~conservation~~ efficient use of energy supplies;

106.25 (2) is designed to promote safety; or

150.17 (c) A public utility may file annual rate adjustments to be applied to customer bills paid  
150.18 under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

150.19 (1) a description of and context for the facilities included for recovery;

150.20 (2) a schedule for implementation of applicable projects;

150.21 (3) the utility's costs for these projects;

150.22 (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the  
150.23 project; and

150.24 (5) calculations to establish that the rate adjustment is consistent with the terms of the  
150.25 tariff established in paragraph (b).

150.26 (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in  
150.27 paragraph (b), the commission shall approve the annual rate adjustments provided that, after  
150.28 notice and comment, the costs included for recovery through the tariff were or are expected  
150.29 to be prudently incurred and achieve transmission system improvements at the lowest  
150.30 feasible and prudent cost to ratepayers.

106.26 (3) is designed to inform and educate customers as to financial services made available  
106.27 to them by the public utility.

106.28 (c) The commission shall not withhold approval of a rate because it makes an allowance  
106.29 for expenses incurred by the utility to disseminate information about corporate affairs to its  
106.30 owners.

107.1 Sec. 6. Minnesota Statutes 2023 Supplement, section 216B.1691, subdivision 1, is amended  
107.2 to read:

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

107.5 (b) "Carbon-free" means a technology that generates electricity without emitting carbon  
107.6 dioxide. Carbon-free includes a technology that, as of the effective date of this act and  
107.7 thereafter, generates at least 50 percent of a utility's annual retail electricity sales in Minnesota  
107.8 by combusting wood chips derived from:

107.9 (1) limbs, branches, and other by-products of timber harvesting operations conducted  
107.10 to obtain wood for nonenergy purposes; or

107.11 (2) discarded wood products.

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

107.14 (1) solar;

107.15 (2) wind;

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

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

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

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

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

107.32 (1) 40 percent or more of the area's total population is nonwhite;

108.1 (2) 35 percent or more of households in the area have an income that is at or below 200  
108.2 percent of the federal poverty level;

108.3 (3) 40 percent or more of the area's residents over the age of five have limited English  
108.4 proficiency; or

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

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

108.10 Sec. 7. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision  
108.11 to read:

108.12 Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures,  
108.13 equipment, and installations at a single site where electricity is used primarily by computers  
108.14 to process transactions involving digital currency not issued by a central authority.

162.15 Sec. 3. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision  
162.16 to read:

162.17 Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures,  
162.18 equipment, and installations at a single site where electricity is used primarily by computers  
162.19 to process transactions involving digital currency that is not issued by a central authority.

162.20 Sec. 4. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:

162.21 Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement"  
162.22 means a project that:

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

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

162.27 (3) otherwise meets the criteria established for consumer-owned utilities in section  
162.28 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11  
162.29 and 12; and

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

163.1 An efficient fuel-switching improvement is not an energy conservation improvement or  
163.2 energy efficiency even if the efficient fuel-switching improvement results in a net reduction  
163.3 in electricity or natural gas use. An efficient fuel-switching improvement does not include,  
163.4 and must not count toward any energy savings goal from, energy conservation improvements

108.15 Sec. 8. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

108.16 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means

108.17 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput

108.18 to all retail customers, including natural gas transportation customers, on a utility's

108.19 distribution system in Minnesota. Gross annual retail energy sales does not include:

108.20 (1) gas sales to:

108.21 (i) a large energy facility;

108.22 (ii) a large customer facility whose natural gas utility has been exempted by the

108.23 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural

108.24 gas sales made to the large customer facility; and

108.25 (iii) a commercial gas customer facility whose natural gas utility has been exempted by

108.26 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to

108.27 natural gas sales made to the commercial gas customer facility;

108.28 (2) electric sales to:

108.29 (i) a large customer facility whose electric utility has been exempted by the commissioner

108.30 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made

108.31 to the large customer facility; ~~or~~ and

109.1 (ii) a data mining facility, if the facility:

109.2 (A) has provided a signed letter to the utility verifying the facility meets the definition

109.3 of a data mining facility; and

109.4 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or

109.5 greater than 40 percent of the peak electrical demand of the system, measured in the same

109.6 manner as the utility that serves the customer facility measures electric demand for billing

109.7 purposes; or

109.8 (3) the amount of electric sales prior to December 31, 2032, that are associated with a

109.9 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

109.10 assumptions developed by the department in consultation with interested stakeholders no

109.11 later than December 31, 2021. After December 31, 2032, incremental sales to electric

109.12 vehicles must be included in calculating a public utility's gross annual retail sales.

109.13 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

109.14 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual

109.15 consumer-owned electric utility subject to this section has an annual energy-savings goal

109.16 equivalent to 1.5 percent of gross annual retail energy sales and each individual

163.5 ~~when fuel switching would result in an increase of greenhouse gas emissions into the~~

163.6 ~~atmosphere on an annual basis.~~

163.7 Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

163.8 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means

163.9 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput

163.10 to all retail customers, including natural gas transportation customers, on a utility's

163.11 distribution system in Minnesota. Gross annual retail energy sales does not include:

163.12 (1) gas sales to:

163.13 (i) a large energy facility;

163.14 (ii) a large customer facility whose natural gas utility has been exempted by the

163.15 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural

163.16 gas sales made to the large customer facility; and

163.17 (iii) a commercial gas customer facility whose natural gas utility has been exempted by

163.18 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to

163.19 natural gas sales made to the commercial gas customer facility;

163.20 (2) electric sales to:

163.21 (i) a large customer facility whose electric utility has been exempted by the commissioner

163.22 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made

163.23 to the large customer facility; ~~or~~ and

163.24 (ii) a data mining facility, if the facility:

163.25 (A) has provided a signed letter to the utility verifying the facility meets the definition

163.26 of a data mining facility; and

163.27 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or

163.28 greater than 40 percent of the peak electrical demand of the system, measured in the same

163.29 manner as the utility that serves the customer facility measures electric demand for billing

163.30 purposes; or

163.31 (3) the amount of electric sales prior to December 31, 2032, that are associated with a

163.32 utility's program, rate, or tariff for electric vehicle charging based on a methodology and

164.1 assumptions developed by the department in consultation with interested stakeholders no

164.2 later than December 31, 2021. After December 31, 2032, incremental sales to electric

164.3 vehicles must be included in calculating a public utility's gross annual retail sales.

164.4 Sec. 6. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

164.5 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual

164.6 consumer-owned electric utility subject to this section has an annual energy-savings goal

164.7 equivalent to 1.5 percent of gross annual retail energy sales and each individual

109.17 consumer-owned natural gas utility subject to this section has an annual energy-savings  
109.18 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum  
109.19 of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90  
109.20 percent of the consumer-owned utility's gross annual retail energy sales. The balance of  
109.21 energy savings toward the annual energy-savings goal may be achieved only by the following  
109.22 consumer-owned utility activities:

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

109.24 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
109.25 1, that result in increased efficiency greater than would have occurred through normal  
109.26 maintenance activity;

109.27 (3) net energy savings from efficient fuel-switching improvements that meet the criteria  
109.28 under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

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

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

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

110.14 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a  
110.15 consumer-owned utility subject to this section on efficient fuel-switching improvements  
110.16 implemented to meet the annual energy savings goal under this section must not exceed  
110.17 ~~0.55~~ 0.6 percent per year, averaged over a three-year period, of the consumer-owned utility's  
110.18 gross annual retail energy sales.

110.19 Sec. 10. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

110.20 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)  
110.21 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must  
110.22 file with the commissioner an energy conservation and optimization plan that describes the  
110.23 programs for energy conservation, efficient fuel-switching, load management, and other

164.8 consumer-owned natural gas utility subject to this section has an annual energy-savings  
164.9 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum  
164.10 of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90  
164.11 percent of the consumer-owned utility's gross annual retail energy sales. The balance of  
164.12 energy savings toward the annual energy-savings goal may be achieved only by the following  
164.13 consumer-owned utility activities:

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

164.15 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
164.16 1, that result in increased efficiency greater than would have occurred through normal  
164.17 maintenance activity;

164.18 (3) net energy savings from efficient fuel-switching improvements that meet the criteria  
164.19 under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

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

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

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

165.3 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a  
165.4 consumer-owned utility subject to this section on efficient fuel-switching improvements  
165.5 implemented to meet the annual energy savings goal under this section must not exceed  
165.6 ~~0.55~~ percent per year, averaged over a three-year period, of the consumer-owned utility's  
165.7 gross annual retail energy sales.

165.8 Sec. 7. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

165.9 Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a)  
165.10 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must  
165.11 file with the commissioner an energy conservation and optimization plan that describes the  
165.12 programs for energy conservation, efficient fuel-switching, load management, and other

110.24 measures the consumer-owned utility intends to offer to achieve the utility's energy savings  
110.25 goal.

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

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

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

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

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

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

111.9 (d) The commissioner must evaluate a plan filed under this subdivision based on the  
111.10 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The  
111.11 commissioner may make recommendations to a consumer-owned utility regarding ways to  
111.12 increase the effectiveness of the consumer-owned utility's energy conservation activities  
111.13 and programs under this subdivision. The commissioner may recommend that a  
111.14 consumer-owned utility implement a cost-effective energy conservation or efficient  
111.15 ~~fuel-switching program, including an energy conservation program~~ suggested by an outside  
111.16 source such as a political subdivision, nonprofit corporation, or community organization.

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

111.23 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy  
111.24 conservation programs, the consumer-owned utility and the commissioner must consider  
111.25 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner  
111.26 must also consider the rate at which the consumer-owned utility is increasing energy savings  
111.27 and expenditures on energy conservation, and lifetime energy savings and cumulative energy  
111.28 savings.

165.13 measures the consumer-owned utility intends to offer to achieve the utility's energy savings  
165.14 goal.

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

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

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

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

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

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

165.30 (d) The commissioner must evaluate a plan filed under this subdivision based on the  
165.31 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The  
165.32 commissioner may make recommendations to a consumer-owned utility regarding ways to  
166.1 increase the effectiveness of the consumer-owned utility's energy conservation activities  
166.2 and programs under this subdivision. The commissioner may recommend that a  
166.3 consumer-owned utility implement a cost-effective energy conservation or efficient  
166.4 ~~fuel-switching program, including an energy conservation program~~ suggested by an outside  
166.5 source such as a political subdivision, nonprofit corporation, or community organization.

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

166.12 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy  
166.13 conservation programs, the consumer-owned utility and the commissioner must consider  
166.14 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner  
166.15 must also consider the rate at which the consumer-owned utility is increasing energy savings  
166.16 and expenditures on energy conservation, and lifetime energy savings and cumulative energy  
166.17 savings.

111.29 (g) A consumer-owned utility may annually spend and invest up to ten percent of the  
111.30 total amount spent and invested on energy conservation, efficient fuel-switching, or load  
111.31 management improvements on research and development projects that meet the applicable  
111.32 definition of energy conservation, efficient fuel-switching, or load management improvement.

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

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

112.10 (j) The energy conservation and optimization plan of a consumer-owned utility may  
112.11 include activities to improve energy efficiency in the public schools served by the utility.  
112.12 These activities may include programs to:

112.13 (1) increase the efficiency of the school's lighting and heating and cooling systems;

112.14 (2) recommission buildings;

112.15 (3) train building operators; and

112.16 (4) provide opportunities to educate students, teachers, and staff regarding energy  
112.17 efficiency measures implemented at the school.

112.18 (k) A consumer-owned utility may request that the commissioner adjust the  
112.19 consumer-owned utility's minimum goal for energy savings from energy conservation  
112.20 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under  
112.21 this subdivision. The request must be made by January 1 of the year when the  
112.22 consumer-owned utility must file a plan under this subdivision. The request must be based  
112.23 on:

112.24 (1) historical energy conservation improvement program achievements;

112.25 (2) customer class makeup;

112.26 (3) projected load growth;

112.27 (4) an energy conservation potential study that estimates the amount of cost-effective  
112.28 energy conservation potential that exists in the consumer-owned utility's service territory;

112.29 (5) the cost-effectiveness and quality of the energy conservation programs offered by  
112.30 the consumer-owned utility; and

166.18 (g) A consumer-owned utility may annually spend and invest up to ten percent of the  
166.19 total amount spent and invested on energy conservation, efficient fuel-switching, or load  
166.20 management improvements on research and development projects that meet the applicable  
166.21 definition of energy conservation, efficient fuel-switching, or load management improvement.

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

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

166.31 (j) The energy conservation and optimization plan of a consumer-owned utility may  
166.32 include activities to improve energy efficiency in the public schools served by the utility.  
166.33 These activities may include programs to:

166.34 (1) increase the efficiency of the school's lighting and heating and cooling systems;

167.1 (2) recommission buildings;

167.2 (3) train building operators; and

167.3 (4) provide opportunities to educate students, teachers, and staff regarding energy  
167.4 efficiency measures implemented at the school.

167.5 (k) A consumer-owned utility may request that the commissioner adjust the  
167.6 consumer-owned utility's minimum goal for energy savings from energy conservation  
167.7 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under  
167.8 this subdivision. The request must be made by January 1 of the year when the  
167.9 consumer-owned utility must file a plan under this subdivision. The request must be based  
167.10 on:

167.11 (1) historical energy conservation improvement program achievements;

167.12 (2) customer class makeup;

167.13 (3) projected load growth;

167.14 (4) an energy conservation potential study that estimates the amount of cost-effective  
167.15 energy conservation potential that exists in the consumer-owned utility's service territory;

167.16 (5) the cost-effectiveness and quality of the energy conservation programs offered by  
167.17 the consumer-owned utility; and

112.31 (6) other factors the commissioner and consumer-owned utility determine warrant an  
112.32 adjustment.

113.1 The commissioner must adjust the energy savings goal to a level the commissioner determines  
113.2 is supported by the record, but must not approve a minimum energy savings goal from  
113.3 energy conservation improvements that is less than an average of 0.95 percent per year over  
113.4 the consecutive years of the plan's duration, including the year the minimum energy savings  
113.5 goal is adjusted.

113.6 (l) A consumer-owned utility filing a conservation and optimization plan that includes  
113.7 an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part  
113.8 of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~  
113.9 that the requirements of subdivision 8 are met, using a full fuel-cycle energy analysis.

113.10 Sec. 11. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

113.11 Subd. 5. **Energy conservation programs for low-income households.** (a) A  
113.12 consumer-owned utility subject to this section must provide energy conservation programs  
113.13 to low-income households. The commissioner must evaluate a consumer-owned utility's  
113.14 plans under this section by considering the consumer-owned utility's historic spending on  
113.15 energy conservation programs directed to low-income households, the rate of customer  
113.16 participation in and the energy savings resulting from those programs, and the number of  
113.17 low-income persons residing in the consumer-owned utility's service territory. A municipal  
113.18 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal  
113.19 utility's most recent three-year average gross operating revenue from residential customers  
113.20 in Minnesota on energy conservation programs for low-income households. A  
113.21 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the  
113.22 consumer-owned utility's gross operating revenue from residential customers in Minnesota  
113.23 on energy conservation programs for low-income households. The requirement under this  
113.24 paragraph applies to each generation and transmission cooperative association's aggregate  
113.25 gross operating revenue from the sale of electricity to residential customers in Minnesota  
113.26 by all of the association's member distribution cooperatives.

113.27 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned  
113.28 utility may contribute money to the energy and conservation account established in section  
113.29 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount  
113.30 of contributions the consumer-owned utility plans to make to the energy and conservation  
113.31 account. Contributions to the account must be used for energy conservation programs serving  
113.32 low-income households, including renters, located in the service area of the consumer-owned  
113.33 utility making the contribution. Contributions must be remitted to the commissioner by  
113.34 February 1 each year.

114.1 (c) The commissioner must establish energy conservation programs for low-income  
114.2 households funded through contributions to the energy and conservation account under  
114.3 paragraph (b). When establishing energy conservation programs for low-income households,

167.18 (6) other factors the commissioner and consumer-owned utility determine warrant an  
167.19 adjustment.

167.20 The commissioner must adjust the energy savings goal to a level the commissioner determines  
167.21 is supported by the record, but must not approve a minimum energy savings goal from  
167.22 energy conservation improvements that is less than an average of 0.95 percent per year over  
167.23 the consecutive years of the plan's duration, including the year the minimum energy savings  
167.24 goal is adjusted.

167.25 (l) A consumer-owned utility filing a conservation and optimization plan that includes  
167.26 an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part  
167.27 of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~  
167.28 that the requirements of subdivision 8 are met, using a full fuel-cycle energy analysis.

167.29 Sec. 8. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

167.30 Subd. 5. **Energy conservation programs for low-income households.** (a) A  
167.31 consumer-owned utility subject to this section must provide energy conservation programs  
168.1 to low-income households. The commissioner must evaluate a consumer-owned utility's  
168.2 plans under this section by considering the consumer-owned utility's historic spending on  
168.3 energy conservation programs directed to low-income households, the rate of customer  
168.4 participation in and the energy savings resulting from those programs, and the number of  
168.5 low-income persons residing in the consumer-owned utility's service territory. A municipal  
168.6 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal  
168.7 utility's most recent three-year average gross operating revenue from residential customers  
168.8 in Minnesota on energy conservation programs for low-income households. Except as  
168.9 provided in paragraph (j), a consumer-owned utility that furnishes electric service must  
168.10 spend at least 0.2 percent of the consumer-owned utility's gross operating revenue from  
168.11 residential customers in Minnesota on energy conservation programs for low-income  
168.12 households. The requirement under this paragraph applies to each generation and transmission  
168.13 cooperative association's aggregate gross operating revenue from the sale of electricity to  
168.14 residential customers in Minnesota by all of the association's member distribution  
168.15 cooperatives.

168.16 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned  
168.17 utility may contribute money to the energy and conservation account established in section  
168.18 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount  
168.19 of contributions the consumer-owned utility plans to make to the energy and conservation  
168.20 account. Contributions to the account must be used for energy conservation programs serving  
168.21 low-income households, including renters, located in the service area of the consumer-owned  
168.22 utility making the contribution. Contributions must be remitted to the commissioner by  
168.23 February 1 each year.

168.24 (c) The commissioner must establish energy conservation programs for low-income  
168.25 households funded through contributions to the energy and conservation account under  
168.26 paragraph (b). When establishing energy conservation programs for low-income households,



114.4 the commissioner must consult political subdivisions, utilities, and nonprofit and community  
 114.5 organizations, including organizations providing energy and weatherization assistance to  
 114.6 low-income households. The commissioner must record and report expenditures and energy  
 114.7 savings achieved as a result of energy conservation programs for low-income households  
 114.8 funded through the energy and conservation account in the report required under section  
 114.9 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political  
 114.10 subdivision, nonprofit or community organization, public utility, municipality, or  
 114.11 consumer-owned utility to implement low-income programs funded through the energy and  
 114.12 conservation account.

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

114.16 (e) The commissioner must develop and establish guidelines for determining the eligibility  
 114.17 of multifamily buildings to participate in energy conservation programs provided to  
 114.18 low-income households. Notwithstanding the definition of low-income household in section  
 114.19 216B.2402, a consumer-owned utility or association may apply the most recent guidelines  
 114.20 published by the department for purposes of determining the eligibility of multifamily  
 114.21 buildings to participate in low-income programs. The commissioner must convene a  
 114.22 stakeholder group to review and update these guidelines by August 1, 2021, and at least  
 114.23 once every five years thereafter. The stakeholder group must include but is not limited to  
 114.24 representatives of public utilities; municipal electric or gas utilities; electric cooperative  
 114.25 associations; multifamily housing owners and developers; and low-income advocates.

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

114.30 (g) The commissioner must, by order, establish a list of preweatherization measures  
 114.31 eligible for inclusion in low-income energy conservation programs no later than March 15,  
 114.32 2022.

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

168.27 the commissioner must consult political subdivisions, utilities, and nonprofit and community  
 168.28 organizations, including organizations providing energy and weatherization assistance to  
 168.29 low-income households. The commissioner must record and report expenditures and energy  
 168.30 savings achieved as a result of energy conservation programs for low-income households  
 168.31 funded through the energy and conservation account in the report required under section  
 168.32 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political  
 168.33 subdivision, nonprofit or community organization, public utility, municipality, or  
 168.34 consumer-owned utility to implement low-income programs funded through the energy and  
 168.35 conservation account.

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

169.4 (e) The commissioner must develop and establish guidelines for determining the eligibility  
 169.5 of multifamily buildings to participate in energy conservation programs provided to  
 169.6 low-income households. Notwithstanding the definition of low-income household in section  
 169.7 216B.2402, a consumer-owned utility or association may apply the most recent guidelines  
 169.8 published by the department for purposes of determining the eligibility of multifamily  
 169.9 buildings to participate in low-income programs. The commissioner must convene a  
 169.10 stakeholder group to review and update these guidelines by August 1, 2021, and at least  
 169.11 once every five years thereafter. The stakeholder group must include but is not limited to  
 169.12 representatives of public utilities; municipal electric or gas utilities; electric cooperative  
 169.13 associations; multifamily housing owners and developers; and low-income advocates.

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

169.18 (g) The commissioner must, by order, establish a list of preweatherization measures  
 169.19 eligible for inclusion in low-income energy conservation programs no later than March 15,  
 169.20 2022.

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

115.9 (i) This paragraph applies to a consumer-owned utility that supplies electricity to a  
 115.10 low-income household whose primary heating fuel is supplied by an entity other than a  
 115.11 public utility. Any spending on space and water heating energy conservation improvements  
 115.12 and efficient fuel-switching by the consumer-owned utility on behalf of the low-income  
 115.13 household may be applied to the consumer owned utility's spending requirement ~~under~~  
 115.14 paragraph (a). To the maximum extent possible, a consumer-owned utility providing services  
 115.15 under this paragraph must offer the services in conjunction with weatherization services  
 115.16 provided under section 216C.264.

115.17 Sec. 12. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

115.18 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
 115.19 improvement is deemed efficient if, applying the technical criteria established under section  
 115.20 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being  
 115.21 displaced:

115.22 (1) results in a net reduction in the amount of source energy consumed for a particular  
 115.23 use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's  
 115.24 electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal,  
 115.25 monthly, or more granular level of analysis for the electric utility system over the measure's  
 115.26 life;

115.27 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
 115.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
 115.29 improvement installed by an electric consumer-owned utility, the reduction in emissions  
 115.30 ~~must be measured based on the hourly emissions profile of the consumer-owned utility or~~  
 115.31 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~  
 115.32 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~  
 115.33 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~  
 115.34 ~~that value using (i) the consumer-owned utility's or the utility's electricity supplier's annual~~  
 116.1 ~~average emissions factor, or (ii) if the utility elects, the seasonal, monthly, or more granular~~  
 116.2 ~~level of analysis for the electric utility system over the measure's life; and~~

116.3 (3) is cost-effective, considering the costs and benefits from the perspective of the  
 116.4 consumer-owned utility, participants, and society; ~~and.~~

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

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

169.31 (i) This paragraph applies to a consumer-owned utility that supplies electricity to a  
 169.32 low-income household whose primary heating fuel is supplied by an entity other than a  
 169.33 public utility. Any spending on space and water heating energy conservation improvements  
 169.34 and efficient fuel-switching by the consumer-owned utility on behalf of the low-income  
 170.1 household may be applied to the consumer owned utility's spending requirement ~~in~~ paragraph  
 170.2 (a). To the maximum extent possible, a consumer-owned utility providing services under  
 170.3 this paragraph must offer the services in conjunction with weatherization services provided  
 170.4 under section 216C.264.

170.5 (j) An electric cooperative's spending on efficient fuel-switching improvements made  
 170.6 in low-income households may be applied to the electric cooperative's low-income  
 170.7 conservation spending requirement in paragraph (a).

170.8 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

170.9 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
 170.10 improvement is deemed efficient if, applying the technical criteria established under section  
 170.11 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being  
 170.12 displaced:

170.13 (1) results in a net reduction in the amount of source energy consumed for a particular  
 170.14 use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's  
 170.15 electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal,  
 170.16 monthly, or more granular level of analysis for the electric utility system over the measure's  
 170.17 life;

170.18 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
 170.19 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
 170.20 improvement installed by an electric consumer-owned utility, the reduction in emissions  
 170.21 ~~must be measured based on the hourly emissions profile of the consumer-owned utility or~~  
 170.22 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~  
 170.23 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~  
 170.24 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~  
 170.25 ~~that value using (i) the consumer-owned utility's or the utility's electricity supplier's annual~~  
 170.26 ~~average emissions factor, or (ii) if the utility elects, a seasonal, monthly, or more granular~~  
 170.27 ~~level of analysis for the electric utility system over the measure's life; and~~

170.28 (3) is cost-effective, considering the costs and benefits from the perspective of the  
 170.29 consumer-owned utility, participants, and society; ~~and.~~

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

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

171.4 Sec. 10. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

171.5 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish  
171.6 energy-saving goals for energy conservation improvements and shall evaluate an energy  
171.7 conservation improvement program on how well it meets the goals set.

171.8 (b) A public utility providing electric service has an annual energy-savings goal equivalent  
171.9 to 1.75 percent of gross annual retail energy sales unless modified by the commissioner  
171.10 under paragraph (c). A public utility providing natural gas service has an annual  
171.11 energy-savings goal equivalent to one percent of gross annual retail energy sales, which  
171.12 cannot be lowered by the commissioner. The savings goals must be calculated based on the  
171.13 most recent three-year weather-normalized average. A public utility providing electric  
171.14 service may elect to carry forward energy savings in excess of 1.75 percent for a year to  
171.15 the succeeding three calendar years, except that savings from electric utility infrastructure  
171.16 projects allowed under paragraph (d) may be carried forward for five years. A public utility  
171.17 providing natural gas service may elect to carry forward energy savings in excess of one  
171.18 percent for a year to the succeeding three calendar years. A particular energy savings can  
171.19 only be used to meet one year's goal.

171.20 (c) In its energy conservation and optimization plan filing, a public utility may request  
171.21 the commissioner to adjust its annual energy-savings percentage goal based on its historical  
171.22 conservation investment experience, customer class makeup, load growth, a conservation  
171.23 potential study, or other factors the commissioner determines warrants an adjustment.

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

171.27 The balance of the 1.75 percent annual energy savings goal may be achieved through  
171.28 energy savings from:

171.29 (1) additional energy conservation improvements;

171.30 (2) electric utility infrastructure projects approved by the commission under section  
171.31 216B.1636 that result in increased efficiency greater than would have occurred through  
171.32 normal maintenance activity; or

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

172.4 (e) A public utility is not required to make energy conservation investments to attain  
172.5 the energy-savings goals of this subdivision that are not cost-effective even if the investment  
172.6 is necessary to attain the energy-savings goals. For the purpose of this paragraph, in  
172.7 determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits  
172.8 to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is

116.10 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

116.11 Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The  
116.12 commissioner may require a public utility to make investments and expenditures in energy  
116.13 conservation improvements, explicitly setting forth the interest rates, prices, and terms under  
116.14 which the improvements must be offered to the customers.

116.15 (b) A public utility shall file an energy conservation and optimization plan by June 1,  
116.16 on a schedule determined by order of the commissioner, but at least every three years. As  
116.17 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching  
116.18 improvements and load management. An individual utility program may combine elements  
116.19 of energy conservation, load management, or efficient fuel-switching. The plan must estimate  
116.20 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved  
116.21 under the plan. A plan filed by a public utility by June 1 must be approved or approved as  
116.22 modified by the commissioner by December 1 of that same year.

116.23 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the  
116.24 reliability of technologies employed. The commissioner's order must provide to the extent  
116.25 practicable for a free choice, by consumers participating in an energy conservation program,  
116.26 of the device, method, material, or project constituting the energy conservation improvement  
116.27 and for a free choice of the seller, installer, or contractor of the energy conservation  
116.28 improvement, provided that the device, method, material, or project seller, installer, or  
116.29 contractor is duly licensed, certified, approved, or qualified, including under the residential  
116.30 conservation services program, where applicable.

116.31 (d) The commissioner may require a utility subject to subdivision 1c to make an energy  
116.32 conservation improvement investment or expenditure whenever the commissioner finds

172.9 increasing both its energy savings and its expenditures on energy conservation; and (3) the  
172.10 public utility's lifetime energy savings and cumulative energy savings.

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

172.20 (g) ~~Notwithstanding any provision to the contrary, until July 1, 2026, spending by a~~  
172.21 ~~public utility subject to this section on efficient fuel-switching improvements to meet energy~~  
172.22 ~~savings goals under this section must not exceed 0.35 percent per year, averaged over three~~  
172.23 ~~years, of the public utility's gross annual retail energy sales.~~

172.24 Sec. 11. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

172.25 Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The  
172.26 commissioner may require a public utility to make investments and expenditures in energy  
172.27 conservation improvements, explicitly setting forth the interest rates, prices, and terms under  
172.28 which the improvements must be offered to the customers.

172.29 (b) A public utility shall file an energy conservation and optimization plan by June 1,  
172.30 on a schedule determined by order of the commissioner, but at least every three years. As  
172.31 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching  
172.32 improvements and load management. An individual utility program may combine elements  
172.33 of energy conservation, load management, or efficient fuel-switching. The plan must estimate  
172.34 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved  
173.1 under the plan. A plan filed by a public utility by June 1 must be approved or approved as  
173.2 modified by the commissioner by December 1 of that same year.

173.3 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the  
173.4 reliability of technologies employed. The commissioner's order must provide to the extent  
173.5 practicable for a free choice, by consumers participating in an energy conservation program,  
173.6 of the device, method, material, or project constituting the energy conservation improvement  
173.7 and for a free choice of the seller, installer, or contractor of the energy conservation  
173.8 improvement, provided that the device, method, material, or project seller, installer, or  
173.9 contractor is duly licensed, certified, approved, or qualified, including under the residential  
173.10 conservation services program, where applicable.

173.11 (d) The commissioner may require a utility subject to subdivision 1c to make an energy  
173.12 conservation improvement investment or expenditure whenever the commissioner finds

117.1 that the improvement will result in energy savings at a total cost to the utility less than the  
117.2 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

117.3 (e) Each public utility subject to this subdivision may spend and invest annually up to  
117.4 ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests  
117.5 on energy conservation, efficient fuel-switching, or load management improvements under  
117.6 this section ~~by the public utility~~ on research and development projects that meet the applicable  
117.7 definition of energy conservation, efficient fuel-switching, or load management improvement.

117.8 (f) The commissioner shall consider and may require a public utility to undertake an  
117.9 energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements  
117.10 of subdivisions 11 and 12, that is suggested by an outside source, including a political  
117.11 subdivision, a nonprofit corporation, or community organization. In approving a proposal  
117.12 under this paragraph, the commissioner must consider the qualifications and experience of  
117.13 the entity proposing the program and any other criteria the commissioner deems relevant.

117.14 (g) A public utility, a political subdivision, or a nonprofit or community organization  
117.15 that has suggested an energy conservation program, the attorney general acting on behalf  
117.16 of consumers and small business interests, or a public utility customer that has suggested  
117.17 an energy conservation program and is not represented by the attorney general under section  
117.18 8.33 may petition the commission to modify or revoke a department decision under this  
117.19 section, and the commission may do so if it determines that the energy conservation program  
117.20 is not cost-effective, does not adequately address the residential conservation improvement  
117.21 needs of low-income persons, has a long-range negative effect on one or more classes of  
117.22 customers, or is otherwise not in the public interest. The commission shall reject a petition  
117.23 that, on its face, fails to make a reasonable argument that an energy conservation program  
117.24 is not in the public interest.

117.25 (h) The commissioner may order a public utility to include, with the filing of the public  
117.26 utility's annual status report, the results of an independent audit of the public utility's  
117.27 conservation improvement programs and expenditures performed by the department or an  
117.28 auditor with experience in the provision of energy conservation and energy efficiency  
117.29 services approved by the commissioner and chosen by the public utility. The audit must  
117.30 specify the energy savings or increased efficiency in the use of energy within the service  
117.31 territory of the public utility that is the result of the public utility's spending and investments.  
117.32 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

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

173.13 that the improvement will result in energy savings at a total cost to the utility less than the  
173.14 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

173.15 (e) Each public utility subject to this subdivision may spend and invest annually up to  
173.16 ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests  
173.17 on energy conservation, efficient fuel-switching, or load management improvements under  
173.18 this section ~~by the public utility~~ on research and development projects that meet the applicable  
173.19 definition of energy conservation, efficient fuel-switching, or load management improvement.

173.20 (f) The commissioner shall consider and may require a public utility to undertake an  
173.21 energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements  
173.22 of subdivisions 11 and 12, that is suggested by an outside source, including a political  
173.23 subdivision, a nonprofit corporation, or community organization. In approving a proposal  
173.24 under this paragraph, the commissioner must consider the qualifications and experience of  
173.25 the entity proposing the program and any other criteria the commissioner deems relevant.

173.26 (g) A public utility, a political subdivision, or a nonprofit or community organization  
173.27 that has suggested an energy conservation program, the attorney general acting on behalf  
173.28 of consumers and small business interests, or a public utility customer that has suggested  
173.29 an energy conservation program and is not represented by the attorney general under section  
173.30 8.33 may petition the commission to modify or revoke a department decision under this  
173.31 section, and the commission may do so if it determines that the energy conservation program  
173.32 is not cost-effective, does not adequately address the residential conservation improvement  
173.33 needs of low-income persons, has a long-range negative effect on one or more classes of  
173.34 customers, or is otherwise not in the public interest. The commission shall reject a petition  
174.1 that, on its face, fails to make a reasonable argument that an energy conservation program  
174.2 is not in the public interest.

174.3 (h) The commissioner may order a public utility to include, with the filing of the public  
174.4 utility's annual status report, the results of an independent audit of the public utility's  
174.5 conservation improvement programs and expenditures performed by the department or an  
174.6 auditor with experience in the provision of energy conservation and energy efficiency  
174.7 services approved by the commissioner and chosen by the public utility. The audit must  
174.8 specify the energy savings or increased efficiency in the use of energy within the service  
174.9 territory of the public utility that is the result of the public utility's spending and investments.  
174.10 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

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

118.6 (j) The commissioner may require investments or spending greater than the amounts  
118.7 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose  
118.8 most recent advanced forecast required under section 216B.2422 projects a peak demand  
118.9 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

118.10 (k) A public utility filing a conservation and optimization plan that includes an efficient  
118.11 fuel-switching program to achieve the utility's energy savings goal must, as part of the filing,  
118.12 demonstrate by a comparison of greenhouse gas emissions between the fuels that the  
118.13 requirements of subdivisions 11 or 12 are met, as applicable, using a full fuel-cycle energy  
118.14 analysis.

118.15 Sec. 14. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

118.16 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)  
118.17 A public utility providing electric service at retail may include in the plan required under  
118.18 subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility  
118.19 expects to achieve under the plan and the programs to implement efficient fuel-switching  
118.20 improvements or combinations of energy conservation improvements, fuel-switching  
118.21 improvements, and load management. For each program, the public utility must provide a  
118.22 proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy  
118.23 and demand savings.

118.24 (b) The department may approve proposed programs for efficient fuel-switching  
118.25 improvements if the department determines the improvements meet the requirements of  
118.26 paragraph (d). ~~For fuel-switching improvements that require the deployment of electric~~  
118.27 ~~technologies, the department must also consider whether the fuel-switching improvement~~  
118.28 ~~can be operated in a manner that facilitates the integration of variable renewable energy~~  
118.29 ~~into the electric system. The net benefits from an efficient fuel-switching improvement that~~  
118.30 ~~is integrated with an energy efficiency program approved under this section may be counted~~  
118.31 ~~toward the net benefits of the energy efficiency program, if the department determines the~~  
118.32 ~~primary purpose and effect of the program is energy efficiency.~~

118.33 (c) A public utility may file a rate schedule with the commission that provides for annual  
118.34 cost recovery of reasonable and prudent costs to implement and promote efficient  
119.1 fuel-switching programs. The utility, department, or other entity may propose, and the  
119.2 commission may not approve, modify, or reject, a proposal for a financial incentive to  
119.3 encourage efficient fuel-switching programs operated by a public utility providing electric  
119.4 service approved under this subdivision. When making a decision on the financial incentive  
119.5 proposal, the commission must apply the considerations established in section 216B.16,  
119.6 subdivision 6c, paragraphs (b) and (c).

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

174.18 (j) The commissioner may require investments or spending greater than the amounts  
174.19 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose  
174.20 most recent advanced forecast required under section 216B.2422 projects a peak demand  
174.21 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

174.22 (k) A public utility filing a conservation and optimization plan that includes an efficient  
174.23 fuel-switching program to achieve the utility's energy savings goal must, as part of the filing,  
174.24 demonstrate by a comparison of greenhouse gas emissions between the fuels that the  
174.25 requirements of subdivisions 11 or 12 are met, as applicable, using a full fuel-cycle energy  
174.26 analysis.

174.27 Sec. 12. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

174.28 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)  
174.29 A public utility providing electric service at retail may include in the plan required under  
174.30 subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility  
174.31 expects to achieve under the plan and the programs to implement efficient fuel-switching  
174.32 improvements or combinations of energy conservation improvements, fuel-switching  
174.33 improvements, and load management. For each program, the public utility must provide a  
175.1 proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy  
175.2 and demand savings.

175.3 (b) The department may approve proposed programs for efficient fuel-switching  
175.4 improvements if the department determines the improvements meet the requirements of  
175.5 paragraph (d). ~~For fuel-switching improvements that require the deployment of electric~~  
175.6 ~~technologies, the department must also consider whether the fuel-switching improvement~~  
175.7 ~~can be operated in a manner that facilitates the integration of variable renewable energy~~  
175.8 ~~into the electric system. The net benefits from an efficient fuel-switching improvement that~~  
175.9 ~~is integrated with an energy efficiency program approved under this section may be counted~~  
175.10 ~~toward the net benefits of the energy efficiency program, if the department determines the~~  
175.11 ~~primary purpose and effect of the program is energy efficiency.~~

175.12 (c) A public utility may file a rate schedule with the commission that provides for annual  
175.13 cost recovery of reasonable and prudent costs to implement and promote efficient  
175.14 fuel-switching programs. The utility, department, or other entity may propose, and the  
175.15 commission may not approve, modify, or reject, a proposal for a financial incentive to  
175.16 encourage efficient fuel-switching programs operated by a public utility providing electric  
175.17 service approved under this subdivision. When making a decision on the financial incentive  
175.18 proposal, the commission must apply the considerations established in section 216B.16,  
175.19 subdivision 6c, paragraphs (b) and (c).

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

119.10 (1) results in a net reduction in the amount of source energy consumed for a particular  
 119.11 use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency,  
 119.12 or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the  
 119.13 electric utility system over the measure's life;

119.14 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section  
 119.15 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
 119.16 improvement installed by an electric utility, the reduction in emissions must be measured  
 119.17 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~  
 119.18 ~~in the most recent resource plan approved by the commission under section 216B.2422,~~  
 119.19 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal,  
 119.20 monthly, or more granular level of analysis for the electric utility system over the measure's  
 119.21 life; and

119.22 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,  
 119.23 participants, and society; ~~and.~~

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

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

119.28 Sec. 15. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

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

120.3 (1) the electric technology to be installed meets the criteria established under section  
 120.4 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

120.7 (b) If a program is approved by the commission under this subdivision, the public utility  
 120.8 may count the program's energy savings toward its energy savings goal under section  
 120.9 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient  
 120.10 fuel-switching achieved through programs approved under this subdivision is energy  
 120.11 conservation.

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

175.23 (1) results in a net reduction in the amount of source energy consumed for a particular  
 175.24 use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency,  
 175.25 or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the  
 175.26 electric utility system over the measure's life;

175.27 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section  
 175.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
 175.29 improvement installed by an electric utility, the reduction in emissions must be measured  
 175.30 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~  
 175.31 ~~in the most recent resource plan approved by the commission under section 216B.2422,~~  
 175.32 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal,  
 175.33 monthly or more granular level of analysis, for the electric utility system over the measure's  
 175.34 life; and

176.1 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,  
 176.2 participants, and society; ~~and.~~

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

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

176.7 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

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

176.15 (1) the electric technology to be installed meets the criteria established under section  
 176.16 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

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

176.19 (b) If a program is approved by the commission under this subdivision, the public utility  
 176.20 may count the program's energy savings toward its energy savings goal under section  
 176.21 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient  
 176.22 fuel-switching achieved through programs approved under this subdivision is energy  
 176.23 conservation.

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

120.15 (d) The commission may approve, modify, or reject a proposal made by the department  
120.16 or a utility for an incentive plan to encourage efficient fuel-switching programs approved  
120.17 under this subdivision, applying the considerations established under section 216B.16,  
120.18 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive  
120.19 mechanism that is calculated based on the combined energy savings and net benefits that  
120.20 the commission has determined have been achieved by a program approved under this  
120.21 subdivision, provided the commission determines that the financial incentive mechanism  
120.22 is in the ratepayers' interest.

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

176.27 (d) The commission may approve, modify, or reject a proposal made by the department  
176.28 or a utility for an incentive plan to encourage efficient fuel-switching programs approved  
176.29 under this subdivision, applying the considerations established under section 216B.16,  
176.30 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive  
176.31 mechanism that is calculated based on the combined energy savings and net benefits that  
176.32 the commission has determined have been achieved by a program approved under this  
177.1 subdivision, provided the commission determines that the financial incentive mechanism  
177.2 is in the ratepayers' interest.

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

112.16 Section 1. Minnesota Statutes 2022, section 216B.2427, subdivision 1, is amended to read:

112.17 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428,  
112.18 the following terms have the meanings given.

112.19 (b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of  
112.20 biomass, or other effective conversion processes.

112.21 (c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise  
112.22 be released into the atmosphere.

112.23 (d) "Carbon-free resource" means an electricity generation facility whose operation does  
112.24 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,  
112.25 subdivision 2.

112.26 (e) "Disadvantaged community" means a community in Minnesota that is:

112.27 (1) defined as disadvantaged by the federal agency disbursing federal funds, when the  
112.28 federal agency is providing funds for an innovative resource; or

112.29 (2) an environmental justice area, as defined under section 216B.1691, subdivision 1.

112.30 ~~(f)~~ (f) "District energy" means a heating or cooling system that is solar thermal powered  
112.31 or that uses the constant temperature of the earth or underground aquifers as a thermal  
112.32 exchange medium to heat or cool multiple buildings connected through a piping network.

113.1 ~~(g)~~ (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,  
113.2 paragraph (f), but does not include energy conservation investments that the commissioner  
113.3 determines could reasonably be included in a utility's conservation improvement program.

113.4 ~~(h)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous  
113.5 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by  
113.6 anthropogenic sources within Minnesota and from the generation of electricity imported  
113.7 from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected



- 113.8 into geological formations to prevent its release to the atmosphere in compliance with  
113.9 applicable laws.
- 113.10 ~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,  
113.11 power-to-ammonia, carbon capture, strategic electrification, district energy, and energy  
113.12 efficiency.
- 113.13 ~~(i)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas  
113.14 emissions resulting from the production, processing, transmission, and consumption of an  
113.15 energy resource.
- 113.16 ~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas  
113.17 emissions per unit of energy delivered to an end user.
- 113.18 ~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a  
113.19 utility's innovation plan under subdivision 3, paragraph (f).
- 113.20 ~~(l)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced  
113.21 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity  
113.22 than does natural gas produced from conventional geologic sources.
- 113.23 ~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free  
113.24 resource to produce hydrogen.
- 113.25 ~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision  
113.26 1.
- 113.27 ~~(o)~~ (p) "Renewable natural gas" means biogas that has been processed to be  
113.28 interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural  
113.29 gas produced from conventional geologic sources.
- 113.30 ~~(p)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in  
113.31 section 216B.2411, subdivision 2, paragraph (d).
- 114.1 ~~(q)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in  
114.2 an existing building in which natural gas is a primary or back-up fuel source, or in a newly  
114.3 constructed building in which a customer receives natural gas service for one or more  
114.4 end-uses, provided that the electric end-use equipment:
- 114.5 (1) results in a net reduction in statewide greenhouse gas emissions, as defined in section  
114.6 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient  
114.7 commercially available natural gas alternative; and
- 114.8 (2) is installed and operated in a manner that improves the load factor of the customer's  
114.9 electric utility.
- 114.10 Strategic electrification does not include investments that the commissioner determines  
114.11 could reasonably be included in the natural gas utility's conservation improvement program  
114.12 under section 216B.241.

- 114.13 (s) "Thermal energy network" means a project that provides heating and cooling to  
114.14 multiple buildings connected via underground piping containing fluids that, in concert with  
114.15 heat pumps, exchange thermal energy from the earth, underground or surface waters,  
114.16 wastewater, or other heat sources.
- 114.17 ~~(s)~~ (t) "Total incremental cost" means the calculation of the following components of a  
114.18 utility's innovation plan approved by the commission under subdivision 2:
- 114.19 (1) the sum of:
- 114.20 (i) return of and on capital investments for the production, processing, pipeline  
114.21 interconnection, storage, and distribution of innovative resources;
- 114.22 (ii) incremental operating costs associated with capital investments in infrastructure for  
114.23 the production, processing, pipeline interconnection, storage, and distribution of innovative  
114.24 resources;
- 114.25 (iii) incremental costs to procure innovative resources from third parties;
- 114.26 (iv) incremental costs to develop and administer programs; and
- 114.27 (v) incremental costs for research and development related to innovative resources;
- 114.28 (2) less the sum of:
- 114.29 (i) value received by the utility upon the resale of innovative resources or innovative  
114.30 resource by-products, including any environmental credits included with the resale of  
114.31 renewable gaseous fuels or value received by the utility when innovative resources are used  
114.32 as vehicle fuel;
- 115.1 (ii) cost savings achieved through avoidance of purchases of natural gas produced from  
115.2 conventional geologic sources, including but not limited to avoided commodity purchases  
115.3 and avoided pipeline costs; and
- 115.4 (iii) other revenues received by the utility that are directly attributable to the utility's  
115.5 implementation of an innovation plan.
- 115.6 ~~(s)~~ (u) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that  
115.7 provides natural gas sales or natural gas transportation services to customers in Minnesota.
- 115.8 Sec. 2. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision  
115.9 to read:
- 115.10 Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under  
115.11 this section by a utility with more than 800,000 customers must include spending of at least  
115.12 15 percent of the utility's proposed total incremental costs over the five-year term of the  
115.13 proposed innovation plan for thermal energy networks projects. If the utility has developed  
115.14 or is developing thermal energy network projects outside of an approved innovation plan,  
115.15 the utility may apply the budget for the projects toward the 15 percent minimum requirement

115.16 without counting the costs against the limitations on utility customer costs under subdivision  
115.17 3.

120.9 Sec. 2. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

120.10 Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage  
120.11 transmission line and grid enhancing technology projects.

120.12 **EFFECTIVE DATE.** This section is effective June 1, 2025.

120.13 Sec. 3. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision  
120.14 to read:

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

120.17 (b) "Capacity" means the maximum amount of electricity that can flow through a  
120.18 transmission line while observing industry safety standards.

120.19 (c) "Congestion" means a condition in which a lack of transmission line capacity prevents  
120.20 the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

120.21 (d) "Dynamic line rating" means hardware or software used to calculate the thermal  
120.22 limit of existing transmission lines at a specific point in time by incorporating information  
120.23 on real-time and forecasted weather conditions.

120.24 (e) "Grid enhancing technology" means hardware or software that reduces congestion  
120.25 or enhances the flexibility of the transmission system by increasing the capacity of a  
120.26 high-voltage transmission line or rerouting electricity from overloaded to uncongested lines,  
120.27 while maintaining industry safety standards. Grid enhancing technologies include but are  
120.28 not limited to dynamic line rating, advanced power flow controllers, and topology  
120.29 optimization.

120.30 (f) "Power flow controller" means hardware and software used to reroute electricity  
120.31 from overloaded transmission lines to underutilized transmission lines.

121.1 (g) "Thermal limit" means the temperature a transmission line reaches when heat from  
121.2 the electric current flow within the transmission line causes excessive sagging of the  
121.3 transmission line.

121.4 (h) "Topology optimization" means a software technology that uses mathematical models  
121.5 to identify reconfigurations in the transmission grid in order to reroute electricity from  
121.6 overloaded transmission lines to underutilized transmission lines.

121.7 (i) "Transmission line" has the meaning given to "high-voltage transmission line" in  
121.8 section 216E.01, subdivision 4.

- 121.9 (j) "Transmission system" means a network of high-voltage transmission lines owned  
121.10 or operated by an entity subject to this section that transports electricity to Minnesota  
121.11 customers.
- 121.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 121.13 Sec. 4. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:
- 121.14 Subd. 2. **List development; transmission and grid enhancing technology projects**  
121.15 **report.** (a) By November 1 of each odd-numbered year, a transmission projects report must  
121.16 be submitted to the commission by each utility, organization, or company that:
- 121.17 (1) is a public utility, a municipal utility, a cooperative electric association, the generation  
121.18 and transmission organization that serves each utility or association, or a transmission  
121.19 company; and
- 121.20 (2) owns or operates electric transmission lines in Minnesota, except a company or  
121.21 organization that owns a transmission line that serves a single customer or interconnects a  
121.22 single generating facility.
- 121.23 (b) The report may be submitted jointly or individually to the commission.
- 121.24 (c) The report must:
- 121.25 (1) list specific present and reasonably foreseeable future inadequacies in the transmission  
121.26 system in Minnesota;
- 121.27 (2) identify alternative means of addressing each inadequacy listed, including grid  
121.28 enhancing technologies such as dynamic line rating, power flow controllers, topology  
121.29 optimization, and other hardware or software that reduce congestion or enhance the flexibility  
121.30 of the transmission system;
- 122.1 (3) identify general economic, environmental, and social issues associated with each  
122.2 alternative; and
- 122.3 (4) provide a summary of public input related to the list of inadequacies and the role of  
122.4 local government officials and other interested persons in assisting to develop the list and  
122.5 analyze alternatives.
- 122.6 (d) To meet the requirements of this subdivision, reporting parties may rely on available  
122.7 information and analysis developed by a regional transmission organization or any subgroup  
122.8 of a regional transmission organization and may develop and include additional information  
122.9 as necessary.
- 122.10 (e) In addition to providing the information required under this subdivision, a utility  
122.11 operating under a multiyear rate plan approved by the commission under section 216B.16,  
122.12 subdivision 19, shall identify in its report investments that it considers necessary to modernize  
122.13 the transmission and distribution system by enhancing reliability, improving security against  
122.14 cyber and physical threats, and by increasing energy conservation opportunities by facilitating

120.27 Sec. 16. Minnesota Statutes 2022, section 216B.243, subdivision 3b, is amended to read:

120.28 Subd. 3b. **Nuclear power plant; certain new construction prohibited; relicensing.** (a)  
120.29 Except as provided in paragraph (c), the commission may not issue a certificate of need for  
120.30 the construction of a new nuclear-powered electric generating plant.

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

121.1 (c) The commission may issue a certificate of need to construct a new nuclear-powered  
121.2 generating plant with a maximum generation capacity of 300 megawatts.

121.3 Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

121.4 **216C.08 JURISDICTION.**

121.5 (a) The commissioner has sole authority and responsibility ~~for the administration of~~  
121.6 ~~sections 216C.05 to 216C.30 and 216C.375 to administer this chapter.~~ Other laws  
121.7 notwithstanding, the authority granted to the commissioner shall supersede under this section  
121.8 supersedes the authority given any other agency whenever overlapping, duplication, or  
121.9 additional administrative or legal procedures might occur in ~~the administration of sections~~  
121.10 ~~216C.05 to 216C.30 and 216C.375 administering this chapter.~~ The commissioner shall  
121.11 consult with other state departments or agencies in matters related to energy and shall  
121.12 contract with ~~them~~ the other state departments or agencies to provide appropriate services  
121.13 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any  
121.14 other department, agency, or official of this state or political subdivision thereof which  
121.15 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~  
121.16 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner  
121.17 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~  
121.18 ~~216C.30 and 216C.375~~ this chapter.

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

121.22 Sec. 18. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

121.23 **216C.09 COMMISSIONER DUTIES.**

121.24 (a) The commissioner shall:

122.15 communication between the utility and its customers through the use of two-way meters,  
122.16 control technologies, energy storage and microgrids, technologies to enable demand response,  
122.17 and other innovative technologies.

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

177.7 Sec. 14. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

177.8 **216C.08 JURISDICTION.**

177.9 (a) The commissioner has sole authority and responsibility ~~for the administration of~~  
177.10 ~~sections 216C.05 to 216C.30 and 216C.375 to administer this chapter.~~ Other laws  
177.11 notwithstanding, the authority granted to the commissioner shall supersede under this section  
177.12 supersedes the authority given any other agency whenever overlapping, duplication, or  
177.13 additional administrative or legal procedures might occur in ~~the administration of sections~~  
177.14 ~~216C.05 to 216C.30 and 216C.375 administering this chapter.~~ The commissioner shall  
177.15 consult with other state departments or agencies in matters related to energy and shall  
177.16 contract with ~~them~~ the other state departments or agencies to provide appropriate services  
177.17 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any  
177.18 other department, agency, or official of this state or political subdivision thereof which  
177.19 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~  
177.20 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner  
177.21 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~  
177.22 ~~216C.30 and 216C.375~~ this chapter.

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

177.26 Sec. 15. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

177.27 **216C.09 COMMISSIONER DUTIES.**

177.28 (a) The commissioner shall:

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

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

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

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

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

122.6 (6) evaluate policies governing the establishment of rates and prices for energy as related  
 122.7 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~  
 122.8 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies  
 122.9 and rate schedules;

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

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

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

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

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

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

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

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

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

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

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

178.11 (6) evaluate policies governing the establishment of rates and prices for energy as related  
 178.12 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~  
 178.13 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies  
 178.14 and rate schedules;

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

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

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

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

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

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

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

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

123.7 Sec. 19. Minnesota Statutes 2022, section 216C.10, is amended to read:

123.8 **216C.10 COMMISSIONER POWERS.**

123.9 (a) The commissioner may:

123.10 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~  
123.11 ~~216C.05 to 216C.30~~ this chapter;

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

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

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

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

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

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

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

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

124.1 (10) collect fees from recipients of loans, grants, or other financial aid from money  
124.2 received from litigation or settlement of alleged violations of federal petroleum-pricing

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

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

179.12 Sec. 16. Minnesota Statutes 2022, section 216C.10, is amended to read:

179.13 **216C.10 COMMISSIONER POWERS.**

179.14 (a) The commissioner may:

179.15 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~  
179.16 ~~216C.05 to 216C.30~~ this chapter;

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

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

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

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

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

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

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

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

180.5 (10) collect fees from recipients of loans, grants, or other financial aid from money  
180.6 received from litigation or settlement of alleged violations of federal petroleum-pricing

124.3 regulations, which fees must be used to pay the department's costs in administering those  
 124.4 financial aids; and

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

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

180.7 regulations, which fees must be used to pay the department's costs in administering those  
 180.8 financial aids; and

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

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

180.17 Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended  
 180.18 to read:

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

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

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

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

180.32 (1) address;

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

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

181.4 (4) energy use intensity;

181.5 (5) greenhouse gas emissions; and

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

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



- 181.10 (f) "Covered property" means any property that is served by an investor-owned utility  
181.11 in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city  
181.12 outside the metropolitan area with a population of over 50,000 residents, as determined by  
181.13 the Minnesota State Demographic Center, served by a municipal energy utility or  
181.14 investor-owned utility, and that has one or more buildings containing in sum 50,000 gross  
181.15 square feet or greater. Covered property does not include:
- 181.16 (1) a residential property containing fewer than five dwelling units;
- 181.17 (2) a property that is: (i) classified as manufacturing under the North American Industrial  
181.18 Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section  
181.19 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an  
181.20 industrial building otherwise incompatible with benchmarking in the benchmarking tool,  
181.21 as determined by the commissioner;
- 181.22 (3) an agricultural building;
- 181.23 (4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying  
181.24 aggregated customer usage data under subdivision 8 or is not using a customer usage data  
181.25 aggregation program to supply aggregated customer usage data to the benchmarking tool;  
181.26 or
- 181.27 (5) other property types that do not meet the purposes of this section, as determined by  
181.28 the commissioner.
- 181.29 (g) "Customer energy use data" means data collected from utility customer meters that  
181.30 reflect the quantity, quality, or timing of customers' energy use.
- 181.31 (h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide  
181.32 heating, cooling, lighting, or water heating; or (2) power other end uses in a building.
- 182.1 (i) "Energy performance score" means a numerical value from one to 100 that the Energy  
182.2 Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of  
182.3 comparable buildings nationwide.
- 182.4 (j) "Energy Star Portfolio Manager" means an interactive resource management tool  
182.5 developed by the United States Environmental Protection Agency that (1) enables the  
182.6 periodic entry of a building's energy use data and other descriptive information about a  
182.7 building, and (2) rates a building's energy efficiency against that of comparable buildings  
182.8 nationwide.
- 182.9 (k) "Energy use intensity" means the total annual energy consumed in a building divided  
182.10 by the building's total floor area.
- 182.11 (l) "Financial distress" means a covered property that, at the time benchmarking is  
182.12 conducted:

- 182.13 (1) is the subject of a qualified tax lien sale or public auction due to property tax  
182.14 arrearages;
- 182.15 (2) is controlled by a court-appointed receiver based on financial distress;
- 182.16 (3) is owned by a financial institution through default by the borrower;
- 182.17 (4) has been acquired by deed in lieu of foreclosure; or
- 182.18 (5) has a senior mortgage that is subject to a notice of default.
- 182.19 (m) "Local government" means a statutory or home rule municipality or county.
- 182.20 (n) "Owner" means:
- 182.21 (1) an individual or entity that possesses title to a covered property; or
- 182.22 (2) an agent authorized to act on behalf of the covered property owner.
- 182.23 (o) "Qualifying utility" means a utility serving the covered property, including:
- 182.24 (1) an electric or gas utility, including:
- 182.25 (i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota,  
182.26 Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan  
182.27 area with a population of over 50,000 residents, as determined by the Minnesota State  
182.28 Demographic Center, and serving properties with one or more buildings containing in sum  
182.29 50,000 gross square feet or greater; or
- 182.30 (ii) a municipally owned electric or gas utility serving customers in any city with a  
182.31 population of over 50,000 residents, as determined by the Minnesota State Demographic  
183.1 Center, and serving properties with one or more buildings containing in sum 50,000 gross  
183.2 square feet or greater;
- 183.3 (2) a natural gas supplier with five or more active commercial connections, accounts,  
183.4 or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin,  
183.5 Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a  
183.6 population of over 50,000 residents, as determined by the Minnesota State Demographic  
183.7 Center, and serving properties with one or more buildings containing in sum 50,000 gross  
183.8 square feet or greater; or
- 183.9 (3) a district steam, hot water, or chilled water provider serving customers in Anoka,  
183.10 Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside  
183.11 the metropolitan area with a population of over 50,000 residents, as determined by the  
183.12 Minnesota State Demographic Center, and serving properties with one or more buildings  
183.13 containing in sum 50,000 gross square feet or greater.
- 183.14 (p) "Tenant" means a person that occupies or holds possession of a building or part of  
183.15 a building or premises pursuant to a lease agreement.

124.13 Sec. 20. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

124.14 Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements"  
124.15 means:

124.16 (1) any new construction, renovation, or retrofitting of qualifying commercial real  
124.17 property to improve energy efficiency that: (i) is permanently affixed to the property; and  
124.18 (ii) results in a net reduction in energy consumption without altering the principal source  
124.19 of energy, and has been identified or greenhouse gas emissions, as documented in an energy  
124.20 audit as repaying the purchase and installation costs in 20 years or less, based on the amount  
124.21 of future energy saved and estimated future energy prices or emissions avoided;

124.22 (2) any renovation or retrofitting of qualifying residential real property that is permanently  
124.23 affixed to the property and is eligible to receive an incentive through a program offered by  
124.24 the electric or natural gas utility that provides service under section 216B.241 to the property  
124.25 or is otherwise determined to be a cost-effective an eligible energy improvement by the  
124.26 commissioner under section 216B.241, subdivision 1d, paragraph (a);

124.27 (3) permanent installation of new or upgraded electrical circuits and related equipment  
124.28 to enable electrical vehicle charging; or

124.29 (4) a solar voltaic or solar thermal energy system attached to, installed within, or  
124.30 proximate to a building that generates electrical or thermal energy from a renewable energy  
124.31 source that has been identified documented in an energy audit or renewable energy system  
124.32 feasibility study as repaying their purchase and installation costs in 20 years or less, based  
125.1 on the amount of future energy saved and estimated future energy prices, along with the  
125.2 estimated amount of related renewable energy production.

125.3 Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

125.4 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"  
125.5 means a person or entity that installs cost-effective energy eligible improvements financed  
125.6 under a commercial PACE loan program.

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

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

183.22 (s) "Whole building energy use data" means all energy consumed in a building, whether  
183.23 purchased from a third party or generated at the building site or from any other source.

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

183.25 Sec. 18. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

183.26 Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements"  
183.27 means:

183.28 (1) any new construction, renovation, or retrofitting of qualifying commercial real  
183.29 property to improve energy efficiency that: (i) is permanently affixed to the property; and  
183.30 (ii) results in a net reduction in energy consumption without altering the principal source  
183.31 of energy, and has been identified or greenhouse gas emissions, as documented in an energy  
184.1 audit as repaying the purchase and installation costs in 20 years or less, based on the amount  
184.2 of future energy saved and estimated future energy prices or emissions avoided;

184.3 (2) any renovation or retrofitting of qualifying residential real property that is permanently  
184.4 affixed to the property and is eligible to receive an incentive through a program offered by  
184.5 the electric or natural gas utility that provides service under section 216B.241 to the property  
184.6 or is otherwise determined to be a cost-effective an eligible energy improvement by the  
184.7 commissioner under section 216B.241, subdivision 1d, paragraph (a);

184.8 (3) permanent installation of new or upgraded electrical circuits and related equipment  
184.9 to enable electrical vehicle charging; or

184.10 (4) a solar voltaic or solar thermal energy system attached to, installed within, or  
184.11 proximate to a building that generates electrical or thermal energy from a renewable energy  
184.12 source that has been identified documented in an energy audit or renewable energy system  
184.13 feasibility study as repaying their purchase and installation costs in 20 years or less, based  
184.14 on the amount of future energy saved and estimated future energy prices, along with the  
184.15 estimated amount of related renewable energy production.

184.16 Sec. 19. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

184.17 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"  
184.18 means a person or entity that installs cost-effective energy eligible improvements financed  
184.19 under a commercial PACE loan program.

125.7 Sec. 22. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
125.8 to read:

125.9 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy  
125.10 improvements, resiliency improvements, or water improvements made to qualifying real  
125.11 property.

125.12 Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

125.13 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy  
125.14 consumption of a building by a certified energy auditor, whose certification is approved by  
125.15 the commissioner, for the purpose of identifying appropriate energy improvements that  
125.16 could be made to the building and including an estimate of the ~~length of time a specific~~  
125.17 energy improvement will take to repay its purchase and installation costs, based on the  
125.18 amount of energy saved and estimated future energy prices effective useful life, the reduction  
125.19 of energy consumption, and the related avoided greenhouse gas emissions resulting from  
125.20 the proposed eligible improvements.

125.21 Sec. 24. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended  
125.22 to read:

125.23 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"  
125.24 means a multifamily residential dwelling, a commercial or industrial building, or farmland,  
125.25 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,  
125.26 after review of an energy audit, renewable energy system feasibility study, water  
125.27 improvement study, resiliency improvement study, or agronomic assessment, as defined in  
125.28 section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy  
125.29 installing eligible improvements or land and water improvements, as defined in section  
125.30 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

126.1 Sec. 25. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

126.2 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system  
126.3 feasibility study" means a written study, conducted by a contractor trained to perform that  
126.4 analysis, for the purpose of determining the feasibility of installing a renewable energy  
126.5 system in a building, including an estimate of the ~~length of time a specific~~ effective useful  
126.6 life, the production of renewable energy, and any related avoided greenhouse gas emissions  
126.7 of the proposed renewable energy system will take to repay its purchase and installation  
126.8 costs, based on the amount of energy saved and estimated future energy prices. For a  
126.9 geothermal energy improvement, the feasibility study must calculate net savings in terms  
126.10 of nongeothermal energy and costs.

184.20 Sec. 20. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
184.21 to read:

184.22 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy  
184.23 improvements, resiliency improvements, or water improvements made to qualifying real  
184.24 property.

184.25 Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

184.26 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy  
184.27 consumption of a building by a certified energy auditor, whose certification is approved by  
184.28 the commissioner, for the purpose of identifying appropriate energy improvements that  
184.29 could be made to the building and including an estimate of the ~~length of time a specific~~  
184.30 energy improvement will take to repay its purchase and installation costs, based on the  
184.31 amount of energy saved and estimated future energy prices effective useful life, the reduction  
185.1 of energy consumption, and the related avoided greenhouse gas emissions resulting from  
185.2 the proposed eligible improvements.

185.3 Sec. 22. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended  
185.4 to read:

185.5 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"  
185.6 means a multifamily residential dwelling, a commercial or industrial building, or farmland,  
185.7 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,  
185.8 after review of an energy audit, renewable energy system feasibility study, water  
185.9 improvement study, resiliency improvement study, or agronomic assessment, as defined in  
185.10 section 216C.436, subdivision 1b, can benefit from the installation of cost-effective energy  
185.11 installing eligible improvements or land and water improvements, as defined in section  
185.12 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

185.13 Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

185.14 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system  
185.15 feasibility study" means a written study, conducted by a contractor trained to perform that  
185.16 analysis, for the purpose of determining the feasibility of installing a renewable energy  
185.17 system in a building, including an estimate of the ~~length of time a specific~~ effective useful  
185.18 life, the production of renewable energy, and any related avoided greenhouse gas emissions  
185.19 of the proposed renewable energy system will take to repay its purchase and installation  
185.20 costs, based on the amount of energy saved and estimated future energy prices. For a  
185.21 geothermal energy improvement, the feasibility study must calculate net savings in terms  
185.22 of nongeothermal energy and costs.

126.11 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
126.12 to read:

126.13 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more  
126.14 installations or modifications to eligible commercial real property that are designed to  
126.15 improve a property's resiliency by improving the eligible real property's:  
126.16 (1) structural integrity for seismic events;  
126.17 (2) indoor air quality;  
126.18 (3) durability to resist wind, fire, and flooding;  
126.19 (4) ability to withstand an electric power outage;  
126.20 (5) stormwater control measures, including structural and nonstructural measures to  
126.21 mitigate stormwater runoff;  
126.22 (6) ability to mitigate the impacts of extreme temperatures; or  
126.23 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

126.24 Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
126.25 to read:

126.26 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement  
126.27 feasibility study" means a written study that is conducted by a contractor trained to perform  
126.28 the analysis to: (1) determine the feasibility of installing a resiliency improvement; (2)  
126.29 document the improved resiliency capabilities of the property; and (3) estimate the effective  
126.30 useful life of the proposed resiliency improvements.

127.1 Sec. 28. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
127.2 to read:

127.3 Subd. 14. **Water improvement.** "Water improvement" means one or more installations  
127.4 or modifications to qualifying commercial real property that are designed to improve water  
127.5 efficiency or water quality by:  
127.6 (1) reducing water consumption;  
127.7 (2) improving the quality, potability, or safety of water for the qualifying property; or  
127.8 (3) conserving or remediating water, in whole or in part, on qualifying real property.

185.23 Sec. 24. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
185.24 to read:

185.25 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more  
185.26 installations or modifications to eligible commercial real property that are designed to  
185.27 improve a property's resiliency by improving the eligible real property's:  
185.28 (1) structural integrity for seismic events;  
185.29 (2) indoor air quality;  
185.30 (3) durability to resist wind, fire, and flooding;  
185.31 (4) ability to withstand an electric power outage;  
186.1 (5) stormwater control measures, including structural and nonstructural measures to  
186.2 mitigate stormwater runoff;  
186.3 (6) ability to mitigate the impacts of extreme temperatures; or  
186.4 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

186.5 Sec. 25. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
186.6 to read:

186.7 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement  
186.8 feasibility study" means a written study that is conducted by a contractor trained to perform  
186.9 the analysis to:

186.10 (1) determine the feasibility of installing a resiliency improvement;  
186.11 (2) document the improved resiliency capabilities of the property; and  
186.12 (3) estimate the effective useful life of the proposed resiliency improvements.

186.13 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
186.14 to read:

186.15 Subd. 14. **Water improvement.** "Water improvement" means one or more installations  
186.16 or modifications to qualifying commercial real property that are designed to improve water  
186.17 efficiency or water quality by:  
186.18 (1) reducing water consumption;  
186.19 (2) improving the quality, potability, or safety of water for the qualifying property; or  
186.20 (3) conserving or remediating water, in whole or in part, on qualifying real property.

127.9 Sec. 29. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
127.10 to read:

127.11 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"  
127.12 means a written study that is conducted by a contractor trained to perform the analysis to:  
127.13 (1) determine the appropriate water improvements that could be made to the building; and  
127.14 (2) estimate the effective useful life, the reduction of water consumption, and any  
127.15 improvement in water quality resulting from the proposed water improvements.

127.16 Sec. 30. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

127.17 Subdivision 1. **Program purpose and authority.** An implementing entity may establish  
127.18 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency  
127.19 improvements to enable owners of qualifying commercial real property to pay for ~~the~~  
127.20 ~~cost-effective energy eligible~~ improvements to the qualifying real property with the net  
127.21 proceeds and interest earnings of revenue bonds authorized in this section. An implementing  
127.22 entity may limit the number of qualifying commercial real properties for which a property  
127.23 owner may receive program financing.

127.24 Sec. 31. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is  
127.25 amended to read:

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

127.28 (b) "Agronomic assessment" means a study by an independent third party that assesses  
127.29 the environmental impacts of proposed land and water improvements on farmland.

127.30 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under  
127.31 section 273.13, subdivision 23.

128.1 (d) "Land and water improvement" means:

128.2 (1) an improvement to farmland that:

128.3 (i) is permanent;

128.4 (ii) results in improved agricultural profitability or resiliency;

128.5 (iii) reduces the environmental impact of agricultural production; and

128.6 (iv) if the improvement affects drainage, complies with the most recent versions of the  
128.7 applicable following conservation practice standards issued by the United States Department  
128.8 of Agriculture's Natural Resources Conservation Service: Drainage Water Management  
128.9 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and  
128.10 Constructed Wetland (Code 656); or

186.21 Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision  
186.22 to read:

186.23 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"  
186.24 means a written study that is conducted by a contractor trained to perform the analysis to:

186.25 (1) determine the appropriate water improvements that could be made to the building;  
186.26 and

186.27 (2) estimate the effective useful life, the reduction of water consumption, and any  
186.28 improvement in water quality resulting from the proposed water improvements.

187.1 Sec. 28. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

187.2 Subdivision 1. **Program purpose and authority.** An implementing entity may establish  
187.3 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency  
187.4 improvements to enable owners of qualifying commercial real property to pay for ~~the~~  
187.5 ~~cost-effective energy eligible~~ improvements to the qualifying real property with the net  
187.6 proceeds and interest earnings of revenue bonds authorized in this section. An implementing  
187.7 entity may limit the number of qualifying commercial real properties for which a property  
187.8 owner may receive program financing.

187.9 Sec. 29. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is  
187.10 amended to read:

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

187.13 (b) "Agronomic assessment" means a study by an independent third party that assesses  
187.14 the environmental impacts of proposed land and water improvements on farmland.

187.15 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under  
187.16 section 273.13, subdivision 23.

187.17 (d) "Land and water improvement" means:

187.18 (1) an improvement to farmland that:

187.19 (i) is permanent;

187.20 (ii) results in improved agricultural profitability or resiliency;

187.21 (iii) reduces the environmental impact of agricultural production; and

187.22 (iv) if the improvement affects drainage, complies with the most recent versions of the  
187.23 applicable following conservation practice standards issued by the United States Department  
187.24 of Agriculture's Natural Resources Conservation Service: Drainage Water Management  
187.25 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and  
187.26 Constructed Wetland (Code 656); or

128.11 (2) water conservation and quality measures, which include permanently affixed  
128.12 equipment, appliances, or improvements that reduce a property's water consumption or that  
128.13 enable water to be managed more efficiently.

128.14 (e) "Resiliency" means:

128.15 (1) the ability of farmland to maintain and enhance profitability, soil health, and water  
128.16 quality;

128.17 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real  
128.18 property; or

128.19 (3) an increase in building resilience through flood mitigation, stormwater management,  
128.20 wildfire and wind resistance, energy storage use, or microgrid use.

128.21 Sec. 32. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended  
128.22 to read:

128.23 Subd. 2. **Program requirements.** A commercial PACE loan program must:

128.24 (1) impose requirements and conditions on financing arrangements to ensure timely  
128.25 repayment;

128.26 (2) require an energy audit, renewable energy system feasibility study, resiliency  
128.27 improvement study, water improvement study, or agronomic or soil health assessment to  
128.28 be conducted on the qualifying commercial real property and reviewed by the implementing  
128.29 entity prior to approval of the financing;

129.1 (3) require the inspection ~~or verification~~ of all ~~installations and a performance verification~~  
129.2 ~~of at least ten percent of the cost-effective energy eligible~~ improvements or land and water  
129.3 improvements financed by the program;

129.4 (4) not prohibit the financing of all ~~cost-effective energy eligible~~ improvements or land  
129.5 and water improvements not otherwise prohibited by this section;

129.6 (5) require that all ~~cost-effective energy eligible~~ improvements or land and water  
129.7 improvements be made to a qualifying commercial real property prior to, or in conjunction  
129.8 with, an applicant's repayment of financing for ~~cost-effective energy eligible~~ improvements  
129.9 or land and water improvements for ~~that~~ the qualifying commercial real property;

129.10 (6) have ~~cost-effective energy eligible~~ improvements or land and water improvements  
129.11 financed by the program performed by a licensed contractor as required by chapter 326B  
129.12 or other law or ordinance;

129.13 (7) require disclosures in the loan document to borrowers by the implementing entity  
129.14 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency  
129.15 results from a default; and (ii) all the terms and conditions of the commercial PACE loan  
129.16 and the installation of ~~cost-effective energy eligible~~ improvements or land and water  
129.17 improvements, including the interest rate being charged on the loan;

187.27 (2) water conservation and quality measures, which include permanently affixed  
187.28 equipment, appliances, or improvements that reduce a property's water consumption or that  
187.29 enable water to be managed more efficiently.

187.30 (e) "Resiliency" means:

188.1 (1) the ability of farmland to maintain and enhance profitability, soil health, and water  
188.2 quality;

188.3 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real  
188.4 property; or

188.5 (3) an increase in building resilience through flood mitigation, stormwater management,  
188.6 wildfire and wind resistance, energy storage use, or microgrid use.

188.7 Sec. 30. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended  
188.8 to read:

188.9 Subd. 2. **Program requirements.** A commercial PACE loan program must:

188.10 (1) impose requirements and conditions on financing arrangements to ensure timely  
188.11 repayment;

188.12 (2) require an energy audit, renewable energy system feasibility study, resiliency  
188.13 improvement study, water improvement study, or agronomic or soil health assessment to  
188.14 be conducted on the qualifying commercial real property and reviewed by the implementing  
188.15 entity prior to approval of the financing;

188.16 (3) require the inspection ~~or verification~~ of all ~~installations and a performance verification~~  
188.17 ~~of at least ten percent of the cost-effective energy eligible~~ improvements or land and water  
188.18 improvements financed by the program;

188.19 (4) not prohibit the financing of all ~~cost-effective energy eligible~~ improvements or land  
188.20 and water improvements not otherwise prohibited by this section;

188.21 (5) require that all ~~cost-effective energy eligible~~ improvements or land and water  
188.22 improvements be made to a qualifying commercial real property prior to, or in conjunction  
188.23 with, an applicant's repayment of financing for ~~cost-effective energy eligible~~ improvements  
188.24 or land and water improvements for ~~that~~ the qualifying commercial real property;

188.25 (6) have ~~cost-effective energy eligible~~ improvements or land and water improvements  
188.26 financed by the program performed by a licensed contractor as required by chapter 326B  
188.27 or other law or ordinance;

188.28 (7) require disclosures in the loan document to borrowers by the implementing entity  
188.29 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency  
188.30 results from a default; and (ii) all the terms and conditions of the commercial PACE loan  
188.31 and the installation of ~~cost-effective energy eligible~~ improvements or land and water  
188.32 improvements, including the interest rate being charged on the loan;

129.18 (8) provide financing only to those who demonstrate an ability to repay;

129.19 (9) not provide financing for a qualifying commercial real property in which the owner  
129.20 is not current on mortgage or real property tax payments;

129.21 (10) require a petition to the implementing entity by all owners of the qualifying  
129.22 commercial real property requesting collections of repayments as a special assessment under  
129.23 section 429.101;

129.24 (11) provide that payments and assessments are not accelerated due to a default and that  
129.25 a tax delinquency exists only for assessments not paid when due;

129.26 (12) require that liability for special assessments related to the financing runs with the  
129.27 qualifying commercial real property; and

129.28 (13) prior to financing any improvements to or imposing any assessment upon qualifying  
129.29 commercial real property, require notice to and written consent from the mortgage lender  
129.30 of any mortgage encumbering or otherwise secured by the qualifying commercial real  
129.31 property.

130.1 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

130.2 Subd. 4. **Financing terms.** Financing provided under this section must have:

130.3 (1) a cost-weighted average maturity not exceeding the useful life of the energy eligible  
130.4 improvements installed, as determined by the implementing entity, but in no event may a  
130.5 term exceed ~~20~~ 30 years;

130.6 (2) a principal amount not to exceed the lesser of:

130.7 (i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the  
130.8 improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value,  
130.9 accepted or approved by the mortgage lender; or

130.10 (ii) the actual cost of installing the energy eligible improvements, including the costs of  
130.11 necessary equipment, materials, and labor; ~~the costs of each related energy audit or,~~  
130.12 renewable energy system feasibility study, water improvement study, or resiliency  
130.13 improvement study; and the cost of verification of installation; and

130.14 (3) an interest rate sufficient to pay the financing costs of the program, including the  
130.15 issuance of bonds and any financing delinquencies.

130.16 Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

130.17 Subd. 7. **Repayment.** An implementing entity that finances an energy eligible  
130.18 improvement under this section must:

130.19 (1) secure payment with a lien against the qualifying commercial real property; and

189.1 (8) provide financing only to those who demonstrate an ability to repay;

189.2 (9) not provide financing for a qualifying commercial real property in which the owner  
189.3 is not current on mortgage or real property tax payments;

189.4 (10) require a petition to the implementing entity by all owners of the qualifying  
189.5 commercial real property requesting collections of repayments as a special assessment under  
189.6 section 429.101;

189.7 (11) provide that payments and assessments are not accelerated due to a default and that  
189.8 a tax delinquency exists only for assessments not paid when due;

189.9 (12) require that liability for special assessments related to the financing runs with the  
189.10 qualifying commercial real property; and

189.11 (13) prior to financing any improvements to or imposing any assessment upon qualifying  
189.12 commercial real property, require notice to and written consent from the mortgage lender  
189.13 of any mortgage encumbering or otherwise secured by the qualifying commercial real  
189.14 property.

189.15 Sec. 31. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

189.16 Subd. 4. **Financing terms.** Financing provided under this section must have:

189.17 (1) a cost-weighted average maturity not exceeding the useful life of the energy eligible  
189.18 improvements installed, as determined by the implementing entity, but in no event may a  
189.19 term exceed ~~20~~ 30 years;

189.20 (2) a principal amount not to exceed the lesser of:

189.21 (i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the  
189.22 improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value,  
189.23 accepted or approved by the mortgage lender; or

189.24 (ii) the actual cost of installing the energy eligible improvements, including the costs of  
189.25 necessary equipment, materials, and labor; ~~the costs of each related energy audit or,~~  
189.26 renewable energy system feasibility study, water improvement study, or resiliency  
189.27 improvement study; and the cost of verification of installation; and

189.28 (3) an interest rate sufficient to pay the financing costs of the program, including the  
189.29 issuance of bonds and any financing delinquencies.

190.1 Sec. 32. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

190.2 Subd. 7. **Repayment.** An implementing entity that finances an energy eligible  
190.3 improvement under this section must:

190.4 (1) secure payment with a lien against the qualifying commercial real property; and



130.20 (2) collect repayments as a special assessment as provided for in section 429.101 or by  
130.21 charter, provided that special assessments may be made payable in up to 20 30 equal annual  
130.22 installments.

130.23 If the implementing entity is an authority, the local government that authorized the  
130.24 authority to act as implementing entity shall impose and collect special assessments necessary  
130.25 to pay debt service on bonds issued by the implementing entity under subdivision 8, and  
130.26 shall transfer all collections of the assessments upon receipt to the authority.

130.27 Sec. 35. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

130.28 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue  
130.29 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,  
130.30 provided the revenue bond must not be payable more than 20 30 years from the date of  
130.31 issuance.

131.1 (b) The bonds must be payable as to both principal and interest solely from the revenues  
131.2 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

131.3 (c) No holder of bonds issued under this subdivision may compel any exercise of the  
131.4 taxing power of the implementing entity that issued the bonds to pay principal or interest  
131.5 on the bonds, and if the implementing entity is an authority, no holder of the bonds may  
131.6 compel any exercise of the taxing power of the local government. Bonds issued under this  
131.7 subdivision are not a debt or obligation of the issuer or any local government that issued  
131.8 them, nor is the payment of the bonds enforceable out of any money other than the revenue  
131.9 pledged to the payment of the bonds.

131.10 Sec. 36. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

131.11 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible  
131.12 improvement financed under a PACE loan program, including all equipment purchased in  
131.13 whole or in part with loan proceeds under a loan program, is deemed real property or a  
131.14 fixture attached to the real property.

95.28 Sec. 3. [216C.47] GEOTHERMAL HEAT EXCHANGE SYSTEM REBATE  
95.29 PROGRAM.

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

95.32 (b) "Eligible applicant" means a person, business, nonprofit, government entity, federally  
95.33 recognized Tribe in Minnesota, or religious institution who provides evidence to the  
96.1 commissioner's satisfaction demonstrating that the person has received or has applied for  
96.2 a geothermal heat exchange system rebate available from the federal Department of Treasury  
96.3 under the Inflation Reduction Act of 2022, Public Law 117-189, for a commercial or  
96.4 multifamily building located in Minnesota.

190.5 (2) collect repayments as a special assessment as provided for in section 429.101 or by  
190.6 charter, provided that special assessments may be made payable in up to 20 30 equal annual  
190.7 installments.

190.8 If the implementing entity is an authority, the local government that authorized the  
190.9 authority to act as implementing entity shall impose and collect special assessments necessary  
190.10 to pay debt service on bonds issued by the implementing entity under subdivision 8, and  
190.11 shall transfer all collections of the assessments upon receipt to the authority.

190.12 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

190.13 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue  
190.14 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,  
190.15 provided the revenue bond must not be payable more than 20 30 years from the date of  
190.16 issuance.

190.17 (b) The bonds must be payable as to both principal and interest solely from the revenues  
190.18 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

190.19 (c) No holder of bonds issued under this subdivision may compel any exercise of the  
190.20 taxing power of the implementing entity that issued the bonds to pay principal or interest  
190.21 on the bonds, and if the implementing entity is an authority, no holder of the bonds may  
190.22 compel any exercise of the taxing power of the local government. Bonds issued under this  
190.23 subdivision are not a debt or obligation of the issuer or any local government that issued  
190.24 them, nor is the payment of the bonds enforceable out of any money other than the revenue  
190.25 pledged to the payment of the bonds.

190.26 Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

190.27 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible  
190.28 improvement financed under a PACE loan program, including all equipment purchased in  
190.29 whole or in part with loan proceeds under a loan program, is deemed real property or a  
190.30 fixture attached to the real property.

- 96.5 (c) "Geothermal heat exchange system" means a heating or cooling exchange mechanism  
96.6 composed of a mechanism to collect or reject heat from or to the underground.
- 96.7 (d) "Commissioner" means the commissioner of the Department of Commerce.
- 96.8 Subd. 2. **Establishment.** A geothermal heat exchange system rebate program is  
96.9 established in the department to provide financial assistance to eligible applicants that install  
96.10 geothermal heat exchange technology in the applicant's building.
- 96.11 Subd. 3. **Application.** (a) An application for a rebate under this section must be made  
96.12 to the commissioner on a form developed by the commissioner. The application must be  
96.13 accompanied by documentation, as required by the commissioner, demonstrating:
- 96.14 (1) that the applicant is an eligible applicant;
- 96.15 (2) that the applicant owns the Minnesota building in which the geothermal exchange  
96.16 system is to be installed;
- 96.17 (3) that an energy audit of the building in which the geothermal exchange system is to  
96.18 be installed has been conducted within the 18 months preceding the application date by a  
96.19 person with a building analyst technician certification issued by the Building Performance  
96.20 Institute, Inc., or an equivalent certification as determined by the commissioner;
- 96.21 (4) that the applicant has installed a geothermal heat exchange system of the capacity  
96.22 recommended by the auditor or contractor, and has had the heat pump installed by a  
96.23 contractor with sufficient training and experience in installing heat pumps, as determined  
96.24 by the commissioner; and
- 96.25 (5) the total cost to install the geothermal heat exchange system in the applicant's building  
96.26 and the associated geothermal loop installed and located outside of the building.
- 96.27 (b) The commissioner must develop administrative procedures governing the application  
96.28 and rebate award processes.
- 96.29 (c) The commissioner may modify program requirements under this section when  
96.30 necessary to align with comparable federal programs administered by the department under  
96.31 the federal Inflation Reduction Act of 2022, Public Law 117-189.
- 97.1 Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lower  
97.2 of:
- 97.3 (1) ten percent of geothermal heat exchange system costs, not to exceed \$100,000 for a  
97.4 single project; or
- 97.5 (2) the total cost to purchase and install the heat exchange system in an eligible applicant's  
97.6 building net of any financial support received for the system from other federal, state, or  
97.7 utility programs.

97.8 Subd. 5. **Prioritization.** In evaluating applications under this program, the commissioner  
97.9 must give priority to applications that:

97.10 (1) are located in environmental justice communities, as defined by section 115A.03,  
97.11 subdivision 10b;

97.12 (2) have submitted a workforce plan demonstrating the intention to use registered  
97.13 apprenticeships; or

97.14 (3) are multifamily housing or commercial buildings that:

97.15 (i) are owned by a non-profit or government entity; and

97.16 (ii) meet the definition of low-income rental property under section 273.128.

97.17 Subd. 6. **Account established.** (a) The geothermal heat exchange system rebate account  
97.18 is established as a separate account in the special revenue fund in the state treasury. The  
97.19 commissioner must credit appropriations and transfers to the account. Earnings, including  
97.20 interest, dividends, and any other earnings arising from assets of the account, must be  
97.21 credited to the account. Money remaining in the account at the end of a fiscal year does not  
97.22 cancel to the general fund, but remains in the account until expended. The commissioner  
97.23 must manage the account.

97.24 (b) Money in the account is appropriated to the commissioner for the purposes of this  
97.25 section and to reimburse the reasonable costs incurred by the department to administer this  
97.26 section. Any money remaining in the account on January 1, 2033, cancels to the renewable  
97.27 development account.

115.18 Sec. 3. **[216C.47] GEOTHERMAL PLANNING GRANTS.**

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

115.21 (b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

115.22 (c) "Geothermal energy system" means a system that heats and cools one or more  
115.23 buildings by using the constant temperature of the earth as both a heat source and heat sink,  
115.24 and a heat exchanger consisting of an underground closed loop system of piping containing  
115.25 a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

115.26 (1) a bored geothermal heat exchanger, as defined in section 1031.005;

115.27 (2) a groundwater thermal exchange device, as defined in section 1031.005; and

115.28 (3) a submerged closed loop heat exchanger, as defined in section 1031.005.

115.29 Subd. 2. **Establishment.** A geothermal planning grant program is established in the  
115.30 department to provide financial assistance to eligible applicants to examine the technical  
115.31 and economic feasibility of installing geothermal energy systems.

116.1 Subd. 3. **Account established.** (a) The geothermal planning grant account is established  
116.2 as a separate account in the special revenue fund in the state treasury. The commissioner  
116.3 must credit to the account appropriations and transfers to the account. Earnings, including  
116.4 interest, dividends, and any other earnings arising from assets of the account, must be  
116.5 credited to the account. Money remaining in the account at the end of a fiscal year does not  
116.6 cancel to the general fund, but remains in the account until June 30, 2029. The commissioner  
116.7 must manage the account.

116.8 (b) Money in the account is appropriated to the commissioner to (1) award geothermal  
116.9 planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by  
116.10 the department to administer this section.

116.11 Subd. 4. **Application process.** An applicant seeking a grant under this section must  
116.12 submit an application to the commissioner on a form developed by the commissioner. The  
116.13 commissioner must develop administrative procedures to govern the application and grant  
116.14 award process. The commissioner may contract with a third party to conduct some or all of  
116.15 the program's operations.

116.16 Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the  
116.17 total cost of the activities eligible for funding under subdivision 6, up to a limit of \$150,000.

116.18 (b) The commissioner must endeavor to award grants to eligible applicants in all regions  
116.19 of Minnesota.

116.20 (c) Grants may be awarded under this section only to projects whose work is completed  
116.21 after July 1, 2024.

116.22 Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded  
116.23 under this section include:

116.24 (1) analysis of the heating and cooling demand of the building or buildings that consume  
116.25 energy from the geothermal energy system;

116.26 (2) evaluation of equipment that could be combined with a geothermal energy system  
116.27 to meet the building's heating and cooling requirement;

116.28 (3) analysis of the geologic conditions of the earth in which a geothermal energy system  
116.29 operates, including the drilling of one or more test wells to characterize geologic materials  
116.30 and to measure properties of the earth and aquifers that impact the feasibility of installing  
116.31 and operating a geothermal energy system; and

116.32 (4) preparation of a financial analysis of the project.

- 117.1 Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors  
117.2 performing work funded with a grant awarded under this section must have experience  
117.3 installing geothermal energy systems.
- 117.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 151.1 Sec. 2. **[216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE;**  
151.2 **TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.**
- 151.3 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
151.4 the meanings given.
- 151.5 (b) "Energy storage system" has the meaning given in section 216B.2422, subdivision  
151.6 1.
- 151.7 (c) "Permitting authority" means a unit of local government in Minnesota that has  
151.8 authority to review and issue permits to install residential solar projects and solar plus energy  
151.9 storage system projects within the unit of local government's jurisdiction.
- 151.10 (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.
- 151.11 (e) "Residential solar project" means the installation of a photovoltaic device at a  
151.12 residence located in Minnesota.
- 151.13 (f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing  
151.14 Plus software, developed by the National Renewable Energy Laboratory and available free  
151.15 to permitting authorities from the United States Department of Energy, that uses a web-based  
151.16 portal to automate the solar project plan review and permit issuance processes for residential  
151.17 solar projects that are compliant with applicable building and electrical codes.
- 151.18 (g) "Solar plus energy storage system project" means a residential solar project installed  
151.19 in conjunction with an energy storage system at the same residence.
- 151.20 Subd. 2. **Program establishment.** A program is established in the department to provide  
151.21 technical assistance and financial incentives to local units of government that issue permits  
151.22 for residential solar projects and solar plus energy storage system projects in order to  
151.23 incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate,  
151.24 and streamline the review and permitting process.
- 151.25 Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting  
151.26 authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting  
151.27 authority's website.
- 151.28 Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial  
151.29 incentive under this section to the commissioner on a form developed by the commissioner.
- 151.30 (b) An application may be submitted for a financial incentive under this section after  
151.31 SolarAPP+ has become operational in the permitting authority's jurisdiction.

- 152.1 Subd. 5. **Review and grant award process.** The commissioner must develop  
152.2 administrative procedures to govern the application review and incentive award process  
152.3 under this section.
- 152.4 Subd. 6. **Incentive awards.** Beginning no later than March 1, 2025, the commissioner  
152.5 may award a financial incentive to a permitting authority under this section only if the  
152.6 commissioner has determined that the permitting authority meets verification requirements  
152.7 established by the commissioner that ensure a permitting authority has made SolarAPP+  
152.8 operational within the permitting authority's jurisdiction and that SolarAPP+ is available  
152.9 on the permitting authority's website.
- 152.10 Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less  
152.11 than \$5,000 and no greater than \$20,000.
- 152.12 (b) The commissioner may vary the amount of an incentive awarded under this section  
152.13 by considering the following factors:
- 152.14 (1) the population of the permitting authority;
- 152.15 (2) the number of permits for solar projects issued by the permitting authority using  
152.16 conventional review processes;
- 152.17 (3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been  
152.18 integrated with other permit management software utilized by the permitting authority; and
- 152.19 (4) whether the permitting jurisdiction has participated in other sustainability programs,  
152.20 including but not limited to GreenStep Cities and the United States Department of Energy's  
152.21 SolSmart and Charging Smart programs.
- 152.22 Subd. 8. **Technical assistance.** The department must provide technical assistance to  
152.23 eligible permitting authorities seeking to apply for an incentive under this section.
- 152.24 Subd. 9. **Program promotion.** The department must develop an education and outreach  
152.25 program to make permitting authorities aware of the incentive offered under this section,  
152.26 including by convening workshops, producing educational materials, and using other  
152.27 mechanisms to promote the program, including but not limited to utilizing the efforts of the  
152.28 League of Minnesota Cities, the Association of Minnesota Counties, the Community Energy  
152.29 Resource Teams established under section 216C.385, and similar organizations to reach  
152.30 permitting authorities.
- 152.31 Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in  
152.32 the special revenue account in the state treasury. The commissioner must credit to the account  
152.33 appropriations and transfers to the account. Earnings, including interest, dividends, and any  
153.1 other earnings arising from assets of the account, must be credited to the account. Money  
153.2 remaining in the account at the end of a fiscal year does not cancel to the general fund but  
153.3 remains in the account until June 30, 2028. The commissioner must manage the account.

153.4 (b) Money in the account is appropriated to the commissioner for the purposes of this  
153.5 section and to reimburse the reasonable costs incurred by the department to administer this  
153.6 section.

97.28 Sec. 4. **ULTRAEFFICIENT VEHICLE DEVELOPMENT GRANTS.**

97.29 Subdivision 1. **Program establishment.** (a) A grant program is established in the  
97.30 Department of Commerce to provide financial assistance to developers and producers of  
97.31 ultraefficient vehicles that use proprietary technology.

98.1 (b) For purposes of this section, "ultraefficient vehicle" means a fully closed compartment  
98.2 vehicle designed to carry at least one adult passenger that achieves:

98.3 (1) at least 75 miles per gallon while operating on gasoline;

98.4 (2) at least 75 miles per gallon equivalent while operating as a hybrid electric-gasoline;

98.5 or

98.6 (3) at least 75 miles per gallon equivalent while operating as a fully electric vehicle.

98.7 Subd. 2. **Application process.** Applicants seeking a grant under this section must submit  
98.8 an application to the commissioner of commerce on a form developed by the commissioner.  
98.9 The commissioner is responsible for receiving and reviewing grant applications and awarding  
98.10 grants under this subdivision. The commissioner must develop administrative procedures  
98.11 to govern the application, evaluation, and grant-award process.

98.12 Subd. 3. **Grant awards.** (a) The maximum grant award for each eligible applicant  
98.13 awarded a grant under this section is \$250,000. In awarding grants under this section, the  
98.14 department must:

98.15 (1) give priority to ultraefficient vehicle projects that are deemed to be near production  
98.16 ready; and

98.17 (2) give priority to ultraefficient vehicle projects that maximize the use of electricity to  
98.18 charge and run the vehicle.

98.19 (b) Grant recipients must demonstrate that the grant will be matched by an equal amount  
98.20 of nonstate money before receiving any grant money.

98.21 Subd. 4. **Account established.** An ultraefficient vehicle development grant account is  
98.22 established in the special revenue fund in the state treasury. The commissioner of commerce  
98.23 must credit to the account appropriations made for ultraefficient vehicle development grants.  
98.24 Earnings, including interest, arising from assets in the account, must be credited to the  
98.25 account. Money in the account is available until June 30, 2028. Any amount in the account  
98.26 after June 30, 2028, cancels to the renewable development account. The commissioner of  
98.27 commerce must manage the account.

98.28 Subd. 5. **Appropriation; expenditures.** Money in the account established in subdivision  
98.29 4 is appropriated to the commissioner of commerce and must be used only:

98.30 (1) to make grant awards under this section; and

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

99.1 Subd. 6. **Report.** On January 15, 2026, and on January 15, 2029, the commissioner of  
99.2 commerce must submit a report to the chairs and ranking minority members of the legislative  
99.3 committees with jurisdiction over energy policy and finance on the grant awards under this  
99.4 section.

131.15 Sec. 37. **ADVANCED NUCLEAR TECHNOLOGIES STUDY.**

131.16 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have  
131.17 the meanings given:

131.18 (1) "advanced nuclear reactor" means a small modular reactor or a molten sodium reactor;

131.19 (2) "molten sodium reactor" means a nuclear fission reactor that uses a fluid fuel in the  
131.20 form of very hot fluoride or chloride salt; and

131.21 (3) "small modular reactor" means a nuclear fission reactor that (i) has a capacity of 300  
131.22 megawatts or less, and (ii) can be factory assembled and transported as a unit.

131.23 Subd. 2. **Study required.** (a) The commissioner of commerce must conduct a study  
131.24 evaluating the potential costs, benefits, and impacts of advanced nuclear reactors operating  
131.25 in Minnesota.

131.26 (b) At a minimum, the study must analyze the impacts the operation of advanced nuclear  
131.27 reactors have on:

131.28 (1) air emissions from electric generating facilities in Minnesota;

131.29 (2) retail electricity prices;

131.30 (3) reliability of Minnesota's electric grid;

132.1 (4) the state's air resources, water resources, land resources, and public health, including  
132.2 the impact of any waste material generated by the reactors;

132.3 (5) new employment opportunities for Minnesota workers;

132.4 (6) local economic development;

132.5 (7) Minnesota's eligible energy technology standard under Minnesota Statutes, section  
132.6 216B.1691, subdivision 2a; and

132.7 (8) Minnesota's carbon-free standard under Minnesota Statutes, section 216B.1691,  
132.8 subdivision 2g.



132.9 (c) The study must also identify Minnesota statutes and administrative rules that would  
132.10 require modifications in order to enable the construction and operation of advanced nuclear  
132.11 reactors.

132.12 (d) The study must evaluate the technologies and methods most likely to minimize the  
132.13 environmental impacts of nuclear waste and the costs of managing nuclear waste.

132.14 Subd. 3. **Report.** The commissioner of commerce must submit the results of the study  
132.15 under subdivision 2 to the chairs and ranking minority members of the legislative committees  
132.16 having jurisdiction over energy finance and policy no later than January 31, 2025.

132.17 Sec. 38. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

132.18 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint  
132.19 a thermal energy network deployment work group to examine the potential regulatory  
132.20 opportunities for regulated natural gas utilities to deploy thermal energy networks and  
132.21 potential barriers to development. The work group must examine the public benefits, costs,  
132.22 and impacts of deployment of thermal energy networks, as well as examine rate design  
132.23 options.

132.24 Subd. 2. **Membership.** (a) The work group consists of at least the following:

132.25 (1) representatives of the Department of Commerce;

132.26 (2) representatives of the Department of Health;

132.27 (3) representatives of the Pollution Control Agency;

132.28 (4) representatives of the Department of Natural Resources;

132.29 (5) representatives of the Office of the Attorney General;

132.30 (6) representatives from utilities;

133.1 (7) representatives from clean energy advocacy organizations;

191.1 Sec. 35. **DECOMMISSIONING AND REPURPOSING PLAN.**

191.2 A public utility that owns an electric generation facility powered by coal that the public  
191.3 utility has scheduled for retirement must include, in the public utility's next integrated  
191.4 resource plan filed under Minnesota Statutes, section 216B.2422, subdivision 2, a schedule  
191.5 for the retirement and a plan for the repurposing of each coal-powered facility. The public  
191.6 utility must provide a copy of the plan and schedule to the governing body of the municipality  
191.7 where the electric generation facility is located on the same date the plan is submitted to  
191.8 the Public Utilities Commission. If a resource plan is not filed or required before February  
191.9 1, 2026, the plan and schedule must be submitted to the Public Utilities Commission as a  
191.10 separate filing and to the municipality by February 1, 2026.

117.5 Sec. 4. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

117.6 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint  
117.7 a thermal energy network deployment work group to examine (1) the potential regulatory  
117.8 opportunities for regulated natural gas utilities to deploy thermal energy networks, and (2)  
117.9 potential barriers to development. The work group must examine the public benefits, costs,  
117.10 and impacts of deployment of thermal energy networks, as well as examine rate design  
117.11 options.

117.12 Subd. 2. **Membership.** (a) The work group consists of at least the following:

117.13 (1) representatives of the Department of Commerce;

117.14 (2) representatives of the Department of Health;

117.15 (3) representatives of the Pollution Control Agency;

117.16 (4) representatives of the Department of Natural Resources;

117.17 (5) representatives of the Office of the Attorney General;

117.18 (6) representatives from utilities;

117.19 (7) representatives from clean energy advocacy organizations;

133.2 (8) representatives from labor organizations;  
133.3 (9) geothermal technology providers;  
133.4 (10) representatives from consumer protection organizations;  
133.5 (11) representatives from cities; and  
133.6 (12) representatives from low-income communities.  
133.7 (b) The executive director may invite others to participate in one or more meetings of  
133.8 the work group.  
  
133.9 Subd. 3. **Duties.** The work group must prepare a report containing findings and  
133.10 recommendations regarding how to deploy thermal energy networks within a regulated  
133.11 context in a manner that protects the public interest and considers reliability, affordability,  
133.12 environmental impacts, and socioeconomic impacts.  
  
133.13 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work  
133.14 group's findings and recommendations to the chairs and ranking minority members of the  
133.15 legislative committees and divisions with jurisdiction over energy policy and finance by  
133.16 December 31, 2025. The work group terminates the day after the report under this subdivision  
133.17 is submitted.  
  
133.18 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities  
133.19 Commission must file the completed report in Public Utilities Commission Docket No.  
133.20 G-999/CI-21-565 and provide notice to all docket participants and other interested persons  
133.21 that comments on the findings and recommendations may be filed in the docket.  
  
133.22 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means  
133.23 a project that provides heating and cooling to multiple buildings connected via underground  
133.24 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from  
133.25 the earth and underground or surface waters.  
  
133.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
133.27 Sec. 39. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**  
133.28 (a) The Department of Commerce must conduct or contract for a study to determine the  
133.29 suitability of sites to deploy thermal energy networks statewide.  
133.30 (b) The study must:  
134.1 (1) identify areas more and less suitable for deployment of thermal energy networks  
134.2 statewide; and

117.20 (8) representatives from labor organizations;  
117.21 (9) geothermal technology providers;  
117.22 (10) representatives from consumer protection organizations;  
117.23 (11) representatives from cities; and  
117.24 (12) representatives from low-income communities.  
117.25 (b) The executive secretary of the Public Utilities Commission may invite others to  
117.26 participate in one or more meetings of the work group.  
  
117.27 (c) In appointing members to the work group, the Public Utilities Commission shall  
117.28 endeavor to ensure that all geographic regions of Minnesota are represented.  
  
118.1 Subd. 3. **Duties.** The work group must prepare a report containing findings and  
118.2 recommendations regarding how to deploy thermal energy networks within a regulated  
118.3 context in a manner that protects the public interest and considers reliability, affordability,  
118.4 environmental impacts, and socioeconomic impacts.  
  
118.5 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work  
118.6 group's findings and recommendations to the chairs and ranking minority members of the  
118.7 legislative committees and divisions with jurisdiction over energy policy and finance by  
118.8 December 31, 2025. The work group terminates the day after the report under this subdivision  
118.9 is submitted.  
  
118.10 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities  
118.11 Commission must file the completed report in Public Utilities Commission Docket No.  
118.12 G-999/CI-21-565 and provide notice to all docket participants and other interested persons  
118.13 that comments on the findings and recommendations may be filed in the docket.  
  
118.14 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means  
118.15 a project that provides heating and cooling to multiple buildings connected via underground  
118.16 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from  
118.17 the earth, underground or surface waters, wastewater, or other heat sources.  
  
118.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
118.19 Sec. 5. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**  
118.20 (a) The Department of Commerce shall conduct or contract for a study to determine the  
118.21 suitability of sites to deploy thermal energy networks statewide.  
118.22 (b) The study must:  
118.23 (1) identify areas more and less suitable for deployment of thermal energy networks  
118.24 statewide; and

134.3 (2) identify potential barriers to thermal energy networks and potential ways to address  
134.4 the barriers.

134.5 (c) In determining site suitability, the study must consider:

134.6 (1) geologic or hydrologic access to thermal storage;

134.7 (2) existing built environment, including but not limited to age, density, building uses,  
134.8 existing heating and cooling systems, and existing electrical services;

134.9 (3) the condition of existing natural gas infrastructure;

134.10 (4) road and street conditions, including planned replacement or maintenance;

134.11 (5) local land use regulation;

134.12 (6) area permitting requirements; and

134.13 (7) whether the area is an environmental justice area, as defined in Minnesota Statutes,  
134.14 section 116.065, subdivision 1, paragraph (e).

134.15 (c) No later than January 15, 2026, the Department of Commerce must submit a written  
134.16 report documenting the study's findings to the chairs and ranking minority members of the  
134.17 senate and house of representatives committees with jurisdiction over energy policy and  
134.18 finance.

118.25 (2) identify potential barriers to the deployment of thermal energy networks and potential  
118.26 ways to address the barriers.

118.27 (c) In determining site suitability, the study must consider:

118.28 (1) geologic or hydrologic access to thermal storage;

118.29 (2) the existing built environment, including but not limited to age, density, building  
118.30 uses, existing heating and cooling systems, and existing electrical services;

118.31 (3) the condition of existing natural gas infrastructure;

119.1 (4) road and street conditions, including planned replacement or maintenance;

119.2 (5) local land use regulations;

119.3 (6) area permitting requirements; and

119.4 (7) whether the area is an environmental justice area, as defined in section 116.065,  
119.5 subdivision 1, paragraph (e).

119.6 (d) No later than January 15, 2026, the Department of Commerce must submit a written  
119.7 report documenting the study's findings to the chairs and ranking minority members of the  
119.8 senate and house of representatives committees with jurisdiction over energy policy and  
119.9 finance.

119.10 (e) For the purposes of this section, "thermal energy network" means a project that  
119.11 provides heating and cooling to multiple buildings connected via underground piping  
119.12 containing fluids that, in concert with heat pumps, exchange thermal energy from the earth,  
119.13 underground or surface waters, wastewater, or other heat sources.

145.29 **Sec. 19. GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES**  
145.30 **COMMISSION ORDER.**

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

146.1 (b) "Capacity" means the maximum amount of electricity that can flow through a  
146.2 transmission line while observing industry safety standards.

146.3 (c) "Congestion" means a condition in which a lack of transmission line capacity prevents  
146.4 the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

146.5 (d) "Dynamic line rating" means hardware or software used to calculate the thermal  
146.6 limit of existing transmission lines at a specific point in time by incorporating information  
146.7 on real-time and forecasted weather conditions.

146.8 (e) "Grid enhancing technology" means hardware or software that reduces congestion  
146.9 or enhances the flexibility of the transmission system by increasing the capacity of a  
146.10 high-voltage transmission line or rerouting electricity from overloaded to uncongested lines.

- 146.11 while maintaining industry safety standards. Grid enhancing technologies include but are  
146.12 not limited to dynamic line rating, advanced power flow controllers, and topology  
146.13 optimization.
- 146.14 (f) "Line rating methodology" means a methodology used to calculate the maximum  
146.15 amount of electricity that can be carried by a transmission line without exceeding thermal  
146.16 limits designed to ensure safety.
- 146.17 (g) "Power flow controller" means hardware and software used to reroute electricity  
146.18 from overloaded transmission lines to underutilized transmission lines.
- 146.19 (h) "Thermal limit" means the temperature a transmission line reaches when heat from  
146.20 the electric current flow within the transmission line causes excessive sagging of the  
146.21 transmission line.
- 146.22 (i) "Topology optimization" means a software technology that uses mathematical models  
146.23 to identify reconfigurations in the transmission grid in order to reroute electricity from  
146.24 overloaded transmission lines to underutilized transmission lines.
- 146.25 (j) "Transmission line" has the meaning given to "high-voltage transmission line" in  
146.26 section 216E.01, subdivision 4.
- 146.27 (k) "Transmission system" means a network of high-voltage transmission lines owned  
146.28 or operated by an entity subject to this section that transports electricity to Minnesota  
146.29 customers.
- 146.30 Subd. 2. **Report; content.** An entity that owns more than 750 miles of transmission  
146.31 lines in Minnesota, as reported in the state transmission report submitted to the Public  
146.32 Utilities Commission under Minnesota Statutes, section 216B.2425, by November 1, 2025,  
146.33 must include in that report information that:
- 147.1 (1) identifies, during each of the last three years, locations that experienced 168 hours  
147.2 or more of congestion, or the ten locations at which the most costly congestion occurred,  
147.3 whichever measure produces the greater number of locations;
- 147.4 (2) estimates the frequency of congestion at each location and the increased cost to  
147.5 ratepayers resulting from the substitution of higher-priced electricity;
- 147.6 (3) identifies locations on each transmission system that are likely to experience high  
147.7 levels of congestion during the next five years;
- 147.8 (4) evaluates the technical feasibility and estimates the cost of installing one or more  
147.9 grid enhancing technologies to address each instance of grid congestion identified in clause  
147.10 (1), and projects the grid enhancing technology's efficacy in reducing congestion;
- 147.11 (5) analyzes the cost-effectiveness of installing grid enhancing technologies to address  
147.12 each instance of congestion identified in clause (1) by using the information developed in

- 147.13 clause (2) to calculate the payback period of each installation, using a methodology developed  
147.14 by the commission;
- 147.15 (6) proposes an implementation plan, including a schedule and cost estimate, to install  
147.16 grid enhancing technologies at each congestion point identified in clause (1) at which the  
147.17 payback period is less than or equal to a value determined by the commission, in order to  
147.18 maximize transmission system capacity; and
- 147.19 (7) explains the transmission owner's current line rating methodology.
- 147.20 Subd. 3. **Commission review; order.** (a) The commission shall review the  
147.21 implementation plans proposed by each reporting entity as required in subdivision 2, clause  
147.22 (6), and must:
- 147.23 (1) review, and may approve, reject, or modify, the plan; and
- 147.24 (2) issue an order requiring implementation of an approved plan.
- 147.25 (b) Within 90 days of the commission's issuance of an order under this subdivision each  
147.26 public utility shall file with the commission a plan containing a workplan, cost estimate,  
147.27 and schedule for implementing the elements of the plan approved by the commission that  
147.28 are located within the public utility's electric service area. For each entity required to report  
147.29 under this section that is not a public utility, the commission's order is advisory.
- 147.30 Subd. 4. **Cost recovery.** Notwithstanding any other provision of this chapter, the  
147.31 commission may approve cost recovery under Minnesota Statutes, section 216B.16, including  
147.32 an appropriate rate of return, of any prudent and reasonable investments made or expenses  
148.1 incurred by a public utility to administer and implement a grid enhancing technologies plan  
148.2 approved by the commission under this section.
- 148.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 153.7 Sec. 3. **INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.**
- 153.8 (a) No later than September 1, 2024, the commission must initiate a proceeding to  
153.9 establish by order generic standards for the sharing of utility costs necessary to upgrade a  
153.10 utility's distribution system by increasing hosting capacity or applying other necessary  
153.11 distribution system upgrades at a congested or constrained location in order to allow for the  
153.12 interconnection of distributed generation facilities at the congested or constrained location  
153.13 and to advance the achievement of the state's renewable and carbon-free energy goals in  
153.14 Minnesota Statutes, section 216B.1691 and greenhouse gas emissions reduction goals in  
153.15 Minnesota Statutes, section 216H.02. The tariff standards must reflect an interconnection  
153.16 process designed to, at a minimum:
- 153.17 (1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution  
153.18 system by ensuring that the cost of upgrades is shared fairly among owners of distributed

- 153.19 generation projects seeking interconnection on a pro rata basis according to the amount of  
153.20 the expanded capacity utilized by each interconnected distributed generation facility;
- 153.21 (2) reduce the capital burden on owners of trigger projects seeking interconnection;
- 153.22 (3) establish a minimum level of upgrade costs an expansion of hosting capacity must  
153.23 reach in order to be eligible to participate in the cost-share process and below which a trigger  
153.24 project must bear the full cost of the upgrade;
- 153.25 (4) establish a distributed generation facility's pro rata cost-share amount as the utility's  
153.26 total cost of the upgrade divided by the incremental capacity resulting from the upgrade,  
153.27 and multiplying the result by the capacity of the distributed generation facility seeking  
153.28 interconnection;
- 153.29 (5) establish a minimum proportion of the total upgrade cost that a utility must receive  
153.30 from one or more distributed generation facilities before initiating constructing an upgrade;
- 153.31 (6) allow trigger projects and any other distributed generation facilities to pay a utility  
153.32 more than the trigger project's or distributed generation facility's pro rata cost-share amount  
153.33 only if needed to meet the minimum threshold established in clause (6) and to receive refunds  
154.1 for amounts paid beyond the trigger project's or distributed generation facility's pro rata  
154.2 share of expansion costs from distributed generation projects that subsequently interconnect  
154.3 at the applicable location, after which pro rata payments are paid to the utility for distribution  
154.4 to ratepayers;
- 154.5 (7) prohibit owners of distributed generation facilities from using any unsubscribed  
154.6 capacity at an interconnection that has undergone an upgrade without the distributed  
154.7 generation owners paying the distributed generation owner's pro rata cost of the upgrade;  
154.8 and
- 154.9 (8) establish an annual limit or a formula for determining an annual limit for the total  
154.10 cost of upgrades that are not allocated to owners of participating generation facilities and  
154.11 may be recovered from ratepayers under section 216B.16, subdivision 7b, clause (6).
- 154.12 (b) For the purposes of this section, the following terms have the meanings given:
- 154.13 (1) "distributed generation project" means an energy generating system with a capacity  
154.14 no greater than ten megawatts;
- 154.15 (2) "hosting capacity" means the maximum capacity of a utility distribution system to  
154.16 transport electricity at a specific location without compromising the safety or reliability of  
154.17 the distribution system;
- 154.18 (3) "trigger project" means the initial distributed generation project whose application  
154.19 for interconnection of a distributed generation project alerts a utility that an upgrade is  
154.20 needed in order to accommodate the trigger project and any future interconnections at the  
154.21 applicable location;

154.22 (4) "upgrade" means a modification of a utility's distribution system at a specific location  
154.23 that is necessary to allow the interconnection of distributed generation projects by increasing  
154.24 hosting capacity at the applicable location, including but not limited to installing or modifying  
154.25 equipment at a substation or along a distribution line. Upgrade does not mean an expansion  
154.26 of hosting capacity dedicated solely to the interconnection of a single distributed generation  
154.27 project; and

154.28 (5) "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02,  
154.29 subdivision 4, that provides electric service.

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

155.1 Sec. 4. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

155.2 Subdivision 1. **Position; duties.** (a) The Public Utilities Commission's Consumer Affairs  
155.3 Office must establish a new full-time equivalent interconnection ombudsperson position to  
155.4 assist applicants seeking to interconnect distributed generation projects to utility distribution  
155.5 systems under the generic statewide standards developed by the commission under section  
155.6 2. The Public Utilities Commission must (1) appoint a person to the position who possesses  
155.7 mediation skills and technical expertise related to interconnection and interconnection  
155.8 procedures, and (2) authorize the person to request and review all interconnection data from  
155.9 utilities and applicants that are necessary to fulfill the duties of the position described in  
155.10 this subdivision.

155.11 (b) The duties of the interconnection ombudsperson include but are not limited to:

155.12 (1) tracking interconnection disputes between applicants and utilities;

155.13 (2) facilitating the efficient and fair resolution of disputes between customers seeking  
155.14 to interconnect and utilities;

155.15 (3) reviewing utility interconnection policies to assess opportunities to reduce  
155.16 interconnection disputes, while considering the equitable distribution of distributed generation  
155.17 facilities;

155.18 (4) convening stakeholder groups as necessary to facilitate effective communication  
155.19 among interconnection stakeholders; and

155.20 (5) preparing reports that detail the number, type, resolution timelines, and outcome of  
155.21 interconnection disputes.

155.22 (c) A utility must provide information requested under this section that the interconnection  
155.23 ombudsperson determines is necessary to effectively carry out the duties of the position.

155.24 Subd. 2. **Definition.** For the purposes of this section, "utility" means a public utility, as  
155.25 defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

155.26 Subd. 3. **Position; funding.** (a) A utility must assess and collect a surcharge of \$50 on  
155.27 each application interconnection filed by an owner of a distributed generation facility located

- 155.28 in Minnesota. A utility must remit the full surcharge to the Public Utilities Commission  
155.29 monthly, in a manner determined by the Public Utilities Commission, for each interconnection  
155.30 application filed with the utility during the previous month.
- 155.31 (b) The interconnection ombudsperson account is established in the special revenue  
155.32 account in the state treasury. The Public Utilities Commission must manage the account.  
156.1 The Public Utilities Commission must deposit in the account all revenues received from  
156.2 utilities from the surcharge on interconnection applications established under this section.  
156.3 Money is appropriated from the account to the Public Utilities Commission for the sole  
156.4 purpose of funding the ombudsperson position established in subdivision 1.
- 156.5 (c) The Public Utilities Commission must review the amount of revenues collected from  
156.6 the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1)  
156.7 sufficient money is available to support the position, and (2) the reserve in the account does  
156.8 not reach more than ten percent of the amount necessary to fully fund the position.
- 156.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
156.10 applies to applications for interconnections filed with a utility on or after that date.