

1.1 A bill for an act

1.2 relating to energy; amending Minnesota Statutes 2014, sections 3.8851,
1.3 subdivisions 3, 7; 12A.15, subdivision 1; 16B.323; 116C.779, subdivision
1.4 1; 116C.7791, subdivision 5; 116C.7792; 116J.437, subdivision 1; 216B.02,
1.5 by adding subdivisions; 216B.03; 216B.16, subdivisions 6b, 6c, 8, 12, 19, by
1.6 adding a subdivision; 216B.164, subdivisions 3, 3a; 216B.1641; 216B.1645,
1.7 subdivision 1; 216B.1691; 216B.241, subdivisions 5c, 9, by adding a
1.8 subdivision; 216B.2411, subdivision 3; 216B.2421, subdivision 2; 216B.2422,
1.9 subdivisions 2c, 4; 216B.2425, subdivision 7; 216B.243, subdivisions 3b, 8, 9;
1.10 216C.41, subdivisions 2, 5a; 216C.435, subdivision 5; 216E.03, subdivisions
1.11 5, 7; 216E.04, subdivision 5; 216H.01, by adding a subdivision; 216H.02,
1.12 subdivision 1; 216H.021, subdivision 1; 216H.03, subdivisions 1, 3, 4, 7;
1.13 216H.07; 275.70, subdivision 6; 275.71, subdivision 5; 297A.67, by adding a
1.14 subdivision; 297A.992, by adding a subdivision; 373.48, subdivision 3; 453A.02,
1.15 subdivision 5; 500.30, by adding a subdivision; proposing coding for new law
1.16 in Minnesota Statutes, chapters 216B; 216C; 216E; 216H; repealing Minnesota
1.17 Statutes 2014, sections 3.8852; 116C.779, subdivision 3; 174.187; 216B.1612;
1.18 216B.164, subdivision 10; 216B.1691, subdivisions 2, 2d; 216B.241, subdivision
1.19 5b; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.39; 216C.411;
1.20 216C.413; 216C.414; 216C.415; 216C.416; 216H.02, subdivisions 2, 3, 4, 5, 6;
1.21 Laws 2013, chapter 85, article 6, section 11.

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

1.23 ARTICLE 1

1.24 DELIVERED FUELS

1.25 Section 1. Minnesota Statutes 2014, section 216B.02, is amended by adding a
1.26 subdivision to read:

1.27 Subd. 3a. **Propane.** "Propane" means a gas made of primarily propane and butane,
1.28 and stored in liquid form in pressurized tanks.

2.1 Sec. 2. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision
2.2 to read:

2.3 Subd. 3b. **Propane storage facility.** "Propane storage facility" means a facility
2.4 designed to store or capable of storing propane in liquid form in pressurized tanks.

2.5 Sec. 3. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision
2.6 to read:

2.7 Subd. 6b. **Synthetic gas.** "Synthetic gas" means flammable gas created from:

2.8 (1) gaseous, liquid, or solid hydrocarbons; or

2.9 (2) other organic or inorganic matter.

2.10 Synthetic gas includes hydrogen or methane produced through processing, but does not
2.11 include propane.

2.12 Sec. 4. Minnesota Statutes 2014, section 216B.2421, subdivision 2, is amended to read:

2.13 Subd. 2. **Large energy facility.** "Large energy facility" means:

2.14 (1) any electric power generating plant or combination of plants at a single site with
2.15 a combined capacity of 50,000 kilowatts or more and transmission lines directly associated
2.16 with the plant that are necessary to interconnect the plant to the transmission system;

2.17 (2) any high-voltage transmission line with a capacity of 200 kilovolts or more and
2.18 greater than 1,500 feet in length;

2.19 (3) any high-voltage transmission line with a capacity of 100 kilovolts or more with
2.20 more than ten miles of its length in Minnesota or that crosses a state line;

2.21 (4) any pipeline greater than six inches in diameter and having more than 50 miles of
2.22 its length in Minnesota used for the transportation of coal, crude petroleum or petroleum
2.23 fuels or oil, or their derivatives;

2.24 (5) any pipeline for transporting natural or synthetic gas at pressures in excess of
2.25 200 pounds per square inch with more than 50 miles of its length in Minnesota;

2.26 (6) any facility designed for or capable of storing on a single site more than 100,000
2.27 gallons of liquefied natural gas or synthetic gas, excluding propane storage facilities;

2.28 (7) any underground gas storage facility requiring a permit pursuant to section
2.29 103I.681;

2.30 (8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

2.31 (9) any facility intended to convert any material into any other combustible fuel and
2.32 having the capacity to process in excess of 75 tons of the material per hour.

3.1 Sec. 5. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision
3.2 to read:

3.3 Subd. 34. **Propane tanks.** (a) Propane tanks with a propane capacity of at least 100
3.4 gallons, and any valves and regulators necessary for use of the propane tank, are exempt
3.5 when purchased by the user of the tank. This exemption does not apply to the lease of a
3.6 propane tank from a propane supplier or dealer.

3.7 (b) This subdivision expires December 31, 2017.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
3.9 and applies to sales and purchases made on or after that date.

3.10 Sec. 6. Minnesota Statutes 2014, section 453A.02, subdivision 5, is amended to read:

3.11 Subd. 5. **Gas.** "Gas" means either natural or synthetic gas, ~~including~~ propane,
3.12 manufactured gas, methane from coal beds, geothermal gas, or any mixture thereof,
3.13 whether in gaseous or liquid form, or any by-product resulting therefrom.

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

3.15 Sec. 7. **PREPURCHASING PROPANE; REPORT.**

3.16 (a) The commissioner of commerce shall conduct a study of the operation of the
3.17 propane prepurchase program under Minnesota Statutes, section 216B.0951. The study
3.18 must address:

3.19 (1) the amount and price of propane prepurchased;

3.20 (2) the locations where prepurchased propane was stored and any costs of storage;

3.21 (3) a description of how the propane was distributed to customers, focusing on the
3.22 activities of the local agencies that deliver energy assistance and propane distributors;

3.23 (4) a description of any obstacles that interfered with the efficient operation of the
3.24 program, and suggestions for overcoming those obstacles; and

3.25 (5) an estimate of the savings that accrued to propane customers as a result of the
3.26 prepurchase program.

3.27 (b) By January 1 of 2016 and 2017, the commissioner of commerce shall submit a
3.28 report containing the information required under this section for the previous calendar year
3.29 to the chairs and ranking minority members of the senate and house of representatives
3.30 committees with primary responsibility for energy policy.

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

3.32 Sec. 8. **APPROPRIATION.**

4.1 (a) \$5,000,000 in fiscal year 2015 and \$5,000,000 in fiscal year 2016 are
4.2 appropriated from the general fund to the commissioner of commerce for the purpose of
4.3 prepurchasing propane under Minnesota Statutes, section 216B.0951. Notwithstanding
4.4 Minnesota Statutes, section 216B.0951, subdivision 1, the commissioner must expend all
4.5 of the funds before September 1 each year. Propane may not be distributed to customers
4.6 before October 1 each year.

4.7 (b) The commissioner shall reserve \$5,000,000 each year from the federal funds
4.8 transferred to the state for use in the 2015-2016 and 2016-2017 heating seasons under
4.9 the Low-Income Home Energy Assistance Program and transfer those amounts to the
4.10 general fund.

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

4.12 **ARTICLE 2**

4.13 **ENERGY CONSERVATION**

4.14 Section 1. Minnesota Statutes 2014, section 216B.16, subdivision 6b, is amended to
4.15 read:

4.16 Subd. 6b. **Energy conservation improvement.** (a) Except as otherwise provided
4.17 in this subdivision, all investments and expenses of a public utility as defined in section
4.18 216B.241, subdivision 1, paragraph (h), incurred in connection with energy conservation
4.19 improvements shall be recognized and included by the commission in the determination of
4.20 just and reasonable rates as if the investments and expenses were directly made or incurred
4.21 by the utility in furnishing utility service.

4.22 (b) The commission shall not include investments and expenses for energy
4.23 conservation improvements in determining (i) just and reasonable electric rates for retail
4.24 electric service provided to large customer facilities whose electric utilities have been
4.25 exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b),
4.26 with respect to those large customer facilities; or (ii) just and reasonable gas rates for
4.27 large energy facilities, large customer facilities whose natural gas utilities have been
4.28 exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), or
4.29 commercial gas customer facilities whose natural gas utilities have been exempted by the
4.30 commissioner under section 216B.241, subdivision 1a, paragraph (c).

4.31 (c) The commission may permit a public utility to file rate schedules providing for
4.32 annual recovery of the costs of energy conservation improvements. These rate schedules
4.33 may be applicable to less than all the customers in a class of retail customers if necessary
4.34 to reflect the requirements of section 216B.241. The commission shall allow a public

5.1 utility, without requiring a general rate filing under this section, to reduce the electric rates
5.2 applicable to large customer facilities that have been exempted by the commissioner under
5.3 section 216B.241, subdivision 1a, paragraph (b), and to reduce the gas rate applicable to a
5.4 large energy facility, a large customer facility or commercial customer facility that has
5.5 been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph
5.6 (b) or (c), or by the commission under section 216B.241, subdivision 2, by an amount that
5.7 reflects the elimination of energy conservation improvement investments or expenditures
5.8 for those facilities. In the event that the commission has set electric or gas rates based on
5.9 the use of an accounting methodology that results in the cost of conservation improvements
5.10 being recovered from utility customers over a period of years, the rate reduction may
5.11 occur in a series of steps to coincide with the recovery of balances due to the utility for
5.12 conservation improvements made by the utility on or before December 31, 2007.

5.13 (d) Investments and expenses of a public utility shall not include electric utility
5.14 infrastructure costs as defined in section 216B.1636, subdivision 1, paragraph (b).

5.15 (e) This subdivision expires December 31, 2016.

5.16 Sec. 2. Minnesota Statutes 2014, section 216B.16, subdivision 6c, is amended to read:

5.17 Subd. 6c. **Incentive plan for energy conservation improvement.** (a) The
5.18 commission may order public utilities to develop and submit for commission approval
5.19 incentive plans that describe the method of recovery and accounting for utility
5.20 conservation expenditures and savings. In developing the incentive plans the commission
5.21 shall ensure the effective involvement of interested parties.

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

5.23 (1) whether the plan is likely to increase utility investment in cost-effective energy
5.24 conservation;

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

5.27 (3) whether the plan links the incentive to the utility's performance in achieving
5.28 cost-effective conservation; and

5.29 (4) whether the plan is in conflict with other provisions of this chapter.

5.30 (c) The commission may set rates to encourage the vigorous and effective
5.31 implementation of utility conservation programs. The commission may:

5.32 (1) increase or decrease any otherwise allowed rate of return on net investment based
5.33 upon the utility's skill, efforts, and success in conserving energy;

6.1 (2) share between ratepayers and utilities the net savings resulting from energy
6.2 conservation programs to the extent justified by the utility's skill, efforts, and success in
6.3 conserving energy; and

6.4 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that
6.5 implementation of cost-effective conservation is a preferred resource choice for the public
6.6 utility considering the impact of conservation on earnings of the public utility.

6.7 (d) This subdivision expires December 31, 2016.

6.8 Sec. 3. Minnesota Statutes 2014, section 216B.241, is amended by adding a
6.9 subdivision to read:

6.10 Subd. 12. **Expiration.** This section expires December 31, 2016.

6.11 Sec. 4. **[216C.418] ENERGY STORAGE, SOLAR THERMAL, AND**
6.12 **GEOHERMAL HEAT PUMP REBATE PROGRAM.**

6.13 Subdivision 1. **Definitions.** For the purposes of this section, the following terms
6.14 have the meanings given them:

6.15 (1) "energy storage system" means a technology that stores electricity that has been
6.16 previously generated and that releases the electricity for use at a later time;

6.17 (2) "geothermal heat pump" means a technology consisting of:

6.18 (i) a ground heat exchanger that consists of a system of underground pipes containing
6.19 a circulating liquid that absorbs and relinquishes heat from the earth;

6.20 (ii) a heat pump that transfers heat between the ground and a building interior; and

6.21 (iii) an air delivery system that delivers heat throughout a building's interior rooms;

6.22 and

6.23 (3) "solar thermal system" means a flat plate or evacuated tube that meets the
6.24 requirements of section 216C.25 with a fixed orientation that collects the sun's radiant
6.25 energy and transfers it to a storage medium for distribution as energy to heat or cool air
6.26 or water.

6.27 Subd. 2. **Program.** (a) The commissioner of commerce shall establish a program
6.28 to provide rebates to residential, commercial, and industrial property owners who install
6.29 energy storage systems, geothermal heat pumps, or solar thermal systems in their
6.30 Minnesota business or residence after the effective date of this act. Applications for
6.31 a rebate under this section must be made to the commissioner on a form developed by
6.32 the commissioner. The commissioner shall develop administrative procedures governing
6.33 the application and rebate award process. Applications will be reviewed and rebates
6.34 awarded on a first-come first-served basis.

7.1 (b) An applicant is ineligible to receive a rebate under this section for installing a
 7.2 technology if the utility served by the applicant offers a rebate for installing that technology.

7.3 Subd. 3. **Geothermal heat pump; application.** An application for a rebate for a
 7.4 geothermal heat pump under this section must, at a minimum, contain evidence that
 7.5 the geothermal heat pump:

7.6 (1) is a closed-loop system;

7.7 (2) includes both air cooling and heating applications; and

7.8 (3) has a Coefficient of Performance and an Energy Efficiency Ratio that meet the
 7.9 minimum standards set by the commissioner.

7.10 Subd. 4. **Rebate amounts.** (a) For a geothermal heat pump, the rebate amount is
 7.11 \$..... per ton. The commissioner may award a higher amount for geothermal heat pumps
 7.12 with higher efficiencies.

7.13 (b) For an energy storage system, the rebate shall be \$ per kilowatt-hour capacity.

7.14 (c) For a solar thermal system, the maximum rebate for a single family residential
 7.15 dwelling installation is the lesser of 25 percent of the installed cost of a complete system
 7.16 or \$2,500. The maximum rebate for a multiple family residential dwelling installation
 7.17 is the lesser of 25 percent of the installed cost of a complete system or \$5,000. The
 7.18 maximum rebate for a commercial or industrial installation is the lesser of 25 percent of
 7.19 the installation cost of the complete system or \$25,000. The system must be installed
 7.20 by a factory authorized installer.

7.21 Subd. 5. **Appropriation.** There is annually appropriated to the commissioner of
 7.22 commerce from the Minnesota energy investment account established in section 116C.779
 7.23 sums sufficient to make the rebate payments required under this section and to pay the
 7.24 reasonable costs incurred by the department to administer this section.

7.25 Sec. 5. Minnesota Statutes 2014, section 216C.435, subdivision 5, is amended to read:

7.26 Subd. 5. **Energy improvement.** "Energy improvement" means:

7.27 (1) any renovation or retrofitting of a building to improve energy efficiency that
 7.28 is permanently affixed to the property and that results in a net reduction in energy
 7.29 consumption without altering the principal source of energy;

7.30 (2) permanent installation of new or upgraded electrical circuits and related
 7.31 equipment to enable electrical vehicle charging; or

7.32 (3) a renewable energy system attached to, installed within, or proximate to a
 7.33 building that generates electrical or thermal energy from a renewable energy source; or

7.34 (4) the installation of infrastructure, machinery, and appliances that will allow:

8.1 (1) natural gas to be used as a heating fuel on the premises of an existing building
8.2 that was previously not connected to a source of natural gas; or

8.3 (2) propane to be used as a heating fuel on the premises of an existing building that
8.4 previously did not use propane.

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

8.6 Sec. 6. **ENERGY CONSERVATION SERVICE DELIVERY; ADVISORY TASK**
8.7 **FORCE.**

8.8 (a) By July 1, 2015, the commissioner of commerce shall convene an energy
8.9 conservation advisory task force to examine the feasibility of reorganizing the delivery
8.10 of energy conservation services under Minnesota Statutes, section 216B.241, in order to
8.11 increase energy savings, make energy more affordable to ratepayers, and reduce pollution
8.12 from energy generation. As part of its inquiry, the task force shall examine new and
8.13 emerging energy technologies and the experience of states that deliver energy conservation
8.14 services to ratepayers through a third-party provider.

8.15 (b) The commissioner of commerce or the commissioner's designee shall serve as
8.16 chair of the advisory task force. The commissioner of commerce shall appoint to the task
8.17 force one member to represent the interests of each of the following:

8.18 (1) public utilities;

8.19 (2) generation and transmission cooperatives that implement energy conservation
8.20 programs for member utilities;

8.21 (3) municipal utilities;

8.22 (4) an organization representing utility business customers; and

8.23 (5) a nonprofit organization experienced in developing and implementing energy
8.24 conservation programs.

8.25 The speaker of the house of representatives and the president of the senate shall each
8.26 appoint one at-large member to the advisory task force.

8.27 (c) The advisory task force shall submit a report containing its findings and
8.28 recommendations by February 1, 2016, to the chairs and ranking minority members of
8.29 the senate and house of representatives committees with primary jurisdiction over energy
8.30 policy.

8.31 Sec. 7. **TRANSFER OF FUNDS.**

8.32 Notwithstanding Minnesota Statutes, section 216C.416, of the amounts transferred
8.33 to the solar thermal system rebate account in the special revenue fund in the state treasury

9.1 in calendar years 2014 and 2015, \$300,000 shall be transferred to the commissioner of
9.2 commerce for the purpose of providing energy conservation and weatherization programs
9.3 to low-income persons who use propane as a heating fuel. The commissioner shall
9.4 disburse the funds transferred in this section in a manner consistent with the requirements
9.5 of the federal low-income home energy assistance program under United States Code,
9.6 title 42, sections 8621 to 8630. This is a onetime transfer.

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

9.8 Sec. 8. **APPROPRIATION; ENERGY TECHNOLOGY BUSINESS**
9.9 **ACCELERATOR.**

9.10 (a) \$..... in fiscal year 2016 and \$..... in fiscal year 2017 are appropriated from the
9.11 general fund to the commissioner of commerce for a grant to a Minnesota-based nonprofit
9.12 with demonstrated expertise and capability in energy efficiency, energy technology
9.13 research, and conservation improvement program delivery to establish and operate an
9.14 energy technology business accelerator. The grant recipient must match at least \$100,000
9.15 of the grant amount each year with cash or in-kind contributions. Any balance remaining
9.16 in fiscal year 2016 does not cancel, but is available in fiscal year 2017.

9.17 (b) The accelerator established using grant funds in paragraph (a) shall identify,
9.18 research, test, evaluate, and incubate innovative energy technologies, systems, and
9.19 platforms that may be the basis for new cost-effective programs or to improve existing
9.20 programs offered by public, municipal, and cooperative utilities subject to Minnesota
9.21 Statutes, section 216B.241. The grant recipient shall consult with experts from Minnesota
9.22 utilities, the Department of Commerce, and national energy institutions in the selection
9.23 of technologies to be evaluated, and, in order to ensure independent evaluation, may not
9.24 accept funds or other consideration from technology vendors. The technologies to be
9.25 evaluated may include, but are not limited to, customer engagement platforms, building
9.26 and equipment design, data feedback systems, and advanced metering and billing. The
9.27 focus of the accelerator must be on energy technologies, systems, and platforms developed
9.28 by Minnesota and regionally-based companies, to the extent feasible, that improve the
9.29 efficiency of customer energy use or utility infrastructure.

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

9.31 Sec. 9. **REPEALER.**

9.32 Minnesota Statutes 2014, section 216B.241, subdivision 5b, is repealed.

10.1 **ARTICLE 3**

10.2 **RENEWABLE FUELS**

10.3 Section 1. Minnesota Statutes 2014, section 16B.323, is amended to read:

10.4 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

10.7 (b) "~~Made in Minnesota~~" means the ~~manufacture in this state of:~~

10.8 ~~(i) components of a solar thermal system certified by the Solar Rating and
10.9 Certification Corporation; or~~

10.10 ~~(ii) solar photovoltaic modules that:~~

10.11 ~~(1) are manufactured at a manufacturing facility in Minnesota that is registered and
10.12 authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,
10.13 CSA International, Intertek, or an equivalent independent testing agency;~~

10.14 ~~(2) bear certification marks from Underwriters Laboratory, CSA International,
10.15 Intertek, or an equivalent independent testing agency; and~~

10.16 ~~(3) meet the requirements of section 116C.7791, subdivision 3, paragraph (a),
10.17 clauses (1), (5), and (6).~~

10.18 ~~For the purposes of clause (ii), "manufactured" has the meaning given in section
10.19 116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

10.20 (e) "Major renovation" means a substantial addition to an existing building, or a
10.21 substantial change to the interior configuration or the energy system of an existing building.

10.22 ~~(d) (c)~~ "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or
10.23 installed in conjunction with a solar thermal system.

10.24 ~~(e) (d)~~ "Solar photovoltaic ~~module~~ device" has the meaning given in section
10.25 ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 17.

10.26 ~~(f) (e)~~ "Solar thermal system" has the meaning given "qualifying solar thermal
10.27 project" in section 216B.2411, subdivision 2, paragraph (e).

10.28 ~~(g) (f)~~ "State building" means a building whose construction or renovation is paid
10.29 wholly or in part by the state from the bond proceeds fund.

10.30 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project
10.31 for the construction or major renovation of a state building, after the completion of a
10.32 cost-benefit analysis, may include installation of "~~Made in Minnesota~~" solar energy
10.33 systems of 40 kilowatts capacity on, adjacent, or in proximity to the state building.

11.1 (b) The capacity of a solar energy system must be less than 40 kilowatts to the extent
11.2 necessary to match the electrical load of the building or to the extent necessary to keep the
11.3 costs for the installation below the five percent maximum set by paragraph (c).

11.4 (c) The cost of the solar energy system must not exceed five percent of the
11.5 appropriations from the bond proceeds fund for the construction or renovation of the state
11.6 building. Purchase and installation of a solar thermal system may account for no more
11.7 than 25 percent of the cost of a solar energy system installation.

11.8 (d) A project subject to this section is ineligible to receive a rebate for the installation
11.9 of a solar energy system under section 116C.7791 or from any utility.

11.10 Sec. 2. Minnesota Statutes 2014, section 116C.779, subdivision 1, is amended to read:

11.11 Subdivision 1. ~~Renewable development~~ Minnesota energy investment account.

11.12 (a) The Minnesota energy investment account is established as a separate account in the
11.13 special revenue fund in the state treasury. Appropriations and transfers to the account shall
11.14 be credited to the account. Earnings, such as interest, dividends, and any other earnings
11.15 arising from assets of the account shall be credited to the account. Funds remaining in the
11.16 account at the end of a fiscal year are not canceled to the general fund, but remain in the
11.17 account until expended.

11.18 (b) On July 1, 2015, the public utility that owns the Prairie Island nuclear generating
11.19 plant shall transfer all funds in the renewable development account previously established
11.20 under this subdivision and managed by the public utility, except funds awarded to grantees
11.21 in the most recent grant cycle that have not yet been expended, to the Minnesota energy
11.22 investment account established in paragraph (a).

11.23 ~~(a)~~ (c) The public utility that owns the Prairie Island nuclear generating plant must
11.24 transfer to ~~a renewable development~~ the Minnesota energy investment account \$500,000
11.25 each year for each dry cask containing spent fuel that is located at the Prairie Island power
11.26 plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in
11.27 operation if ordered by the commission pursuant to paragraph (c). The fund transfer must
11.28 be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage
11.29 facility at Prairie Island for any part of a year.

11.30 ~~(b)~~ (d) The public utility that owns the Monticello nuclear generating plant must
11.31 transfer to the ~~renewable development~~ Minnesota energy investment account account
11.32 \$350,000 each year for each dry cask containing spent fuel that is located at the Monticello
11.33 nuclear power plant for each year the plant is in operation, and \$5,250,000 each year the
11.34 plant is not in operation if ordered by the commission pursuant to paragraph (c). The fund

12.1 transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel
12.2 storage facility at Monticello for any part of a year.

12.3 ~~(e)~~ (e) After discontinuation of operation of the Prairie Island nuclear plant or the
12.4 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
12.5 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
12.6 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
12.7 facility for any year in which the commission finds, by the preponderance of the evidence,
12.8 that the public utility did not make a good faith effort to remove the spent nuclear
12.9 fuel stored at the facility to a permanent or interim storage site out of the state. This
12.10 determination shall be made at least every two years.

12.11 ~~(d)~~ (f) Funds in the account are appropriated to the commissioner of commerce and
12.12 may be expended only for any of the following purposes:

12.13 ~~(1) to increase the market penetration within the state of renewable electric energy~~
12.14 ~~resources at reasonable costs;~~

12.15 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy~~
12.16 ~~projects and companies within the state;~~

12.17 ~~(3) to stimulate research and development within the state into renewable electric~~
12.18 ~~energy technologies; and~~

12.19 ~~(4) to develop near-commercial and demonstration scale renewable electric projects~~
12.20 ~~or near-commercial and demonstration scale electric infrastructure delivery projects~~
12.21 ~~if those delivery projects enhance the delivery of renewable electric energy. to pay~~
12.22 incentives and rebates under the following programs, and to reimburse the reasonable
12.23 costs of the Department of Commerce to administer these programs:

12.24 (1) renewable energy production incentives, as authorized in subdivision 2;

12.25 (2) "Made in Minnesota" solar energy production incentives to generators who are
12.26 eligible under article 3, section 15, subdivision 3, paragraph (a);

12.27 (3) Minnesota energy investment incentive payments under section 216C.417;

12.28 (4) compressed natural gas vehicle rebates under section 216C.391; or

12.29 (5) energy storage, solar thermal, and geothermal heat pump rebates under section
12.30 216C.418.

12.31 ~~The utility that owns a nuclear generating plant is eligible to apply for renewable~~
12.32 ~~development account grants.~~

12.33 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~
12.34 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~
12.35 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~
12.36 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise~~

13.1 ~~not in the public interest, and may, if agreed to by the public utility, modify proposed~~
13.2 ~~expenditures. The commission may approve reasonable and necessary expenditures~~
13.3 ~~for administering the account in an amount not to exceed five percent of expenditures.~~
13.4 ~~Commission approval is not required for expenditures required under subdivisions 2~~
13.5 ~~and 3, section 116C.7791, or other law.~~

13.6 ~~(f) The account shall be managed by the public utility but the public utility must~~
13.7 ~~consult about account expenditures with an advisory group that includes, among others,~~
13.8 ~~representatives of its ratepayers. The commission may require that other interests be~~
13.9 ~~represented on the advisory group. The advisory group must be consulted with respect to~~
13.10 ~~the general scope of expenditures in designing a request for proposal and in evaluating~~
13.11 ~~projects submitted in response to a request for proposals. In addition to consulting with the~~
13.12 ~~advisory group, the public utility must utilize an independent third-party expert to evaluate~~
13.13 ~~proposals submitted in response to a request for proposal, including all proposals made by~~
13.14 ~~the public utility. A request for proposal for research and development under paragraph (d),~~
13.15 ~~clause (3), may be limited to or include a request to higher education institutions located in~~
13.16 ~~Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for~~
13.17 ~~multiple projects may include a provision that exempts the projects from the third-party~~
13.18 ~~expert review and instead provides for project evaluation and selection by a merit peer~~
13.19 ~~review grant system. The utility should attempt to reach agreement with the advisory~~
13.20 ~~group after consulting with it but the utility has full and sole authority to determine which~~
13.21 ~~expenditures shall be submitted to the commission for commission approval. In the~~
13.22 ~~process of determining request for proposal scope and subject and in evaluating responses~~
13.23 ~~to request for proposals, the public utility must strongly consider, where reasonable,~~
13.24 ~~potential benefit to Minnesota citizens and businesses and the utility's ratepayers.~~

13.25 ~~(g) Funds in the account may not be directly appropriated by the legislature by a law~~
13.26 ~~enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date~~
13.27 ~~may be expended only pursuant to an order of the commission according to this subdivision.~~

13.28 ~~(h) A request for proposal for renewable energy generation projects must, when~~
13.29 ~~feasible and reasonable, give preference to projects that are most cost-effective for a~~
13.30 ~~particular energy source.~~

13.31 ~~(i) The public utility must annually, by February 15, report to the chairs and ranking~~
13.32 ~~minority members of the legislative committees with jurisdiction over energy policy on~~
13.33 ~~projects funded by the account for the prior year and all previous years. The report must,~~
13.34 ~~to the extent possible and reasonable, itemize the actual and projected financial benefit to~~
13.35 ~~the public utility's ratepayers of each project.~~

14.1 ~~(j) A project receiving funds from the account must produce a written final report~~
14.2 ~~that includes sufficient detail for technical readers and a clearly written summary for~~
14.3 ~~nontechnical readers. The report must include an evaluation of the project's financial,~~
14.4 ~~environmental, and other benefits to the state and the public utility's ratepayers.~~

14.5 ~~(k) Final reports, any mid-project status reports, and renewable development account~~
14.6 ~~financial reports must be posted online on a public Web site designated by the commission.~~

14.7 ~~(l) All final reports must acknowledge that the project was made possible in whole~~
14.8 ~~or part by the Minnesota renewable development fund, noting that the fund is financed~~
14.9 ~~by the public utility's ratepayers.~~

14.10 Sec. 3. Minnesota Statutes 2014, section 116C.7792, is amended to read:

14.11 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

14.12 (a) The utility subject to section 116C.779 shall operate a program to provide solar
14.13 energy production incentives for solar energy systems of no more than a total nameplate
14.14 capacity of 20 kilowatts direct current. The program shall be operated for five consecutive
14.15 calendar years commencing commence in 2014. Up to \$5,000,000 shall be allocated for
14.16 each of the five years year during which applications are accepted from the renewable
14.17 development Minnesota energy investment account established in section 116C.779 to a
14.18 separate account for the purpose of the solar production incentive program. The solar
14.19 system must be sized to less than 120 percent of the customer's on-site annual energy
14.20 consumption. The production incentive must be paid for ten years commencing with
14.21 the commissioning of the system. The utility must file a plan to operate the program
14.22 with the commissioner of commerce. The utility may not operate the program until it is
14.23 approved by the commissioner.

14.24 (b) The utility shall not pay or make a commitment to pay the incentive required
14.25 under this section to owners of solar energy systems whose application is received after
14.26 the effective date of this act.

14.27 Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 3, is amended to read:

14.28 **Subd. 3. Purchases; small facilities.** (a) This paragraph applies to cooperative
14.29 electric associations and municipal utilities. For a qualifying facility having less than
14.30 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility
14.31 according to the applicable rate schedule for sales to that class of customer. A cooperative
14.32 electric association or municipal utility may charge an additional fee to recover the
14.33 remaining fixed costs required to serve the customer. In the case of net input into the utility

15.1 system by a qualifying facility having less than 40-kilowatt capacity, compensation to the
15.2 customer shall be at a per kilowatt-hour rate determined under paragraph (c) or ~~(d)~~ (f).

15.3 (b) This paragraph applies to public utilities. For a qualifying facility having less
15.4 than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by
15.5 the utility according to the applicable rate schedule for sales to that class of customer. In
15.6 the case of net input into the utility system by a qualifying facility having: ~~(1) more than~~
15.7 ~~40-kilowatt but~~ less than 1,000-kilowatt capacity, compensation to the customer shall be
15.8 at a per kilowatt-hour rate determined under paragraph (c); ~~or (2) less than 40-kilowatt~~
15.9 ~~capacity, compensation to the customer shall be at a per-kilowatt rate determined under~~
15.10 ~~paragraph (d)~~.

15.11 (c) In setting rates, the commission shall consider the fixed distribution costs to the
15.12 utility not otherwise accounted for in the basic monthly charge and shall ensure that the
15.13 costs charged to the qualifying facility are not discriminatory in relation to the costs
15.14 charged to other customers of the utility. The commission shall set the rates for net
15.15 input into the utility system based on avoided costs as defined in the Code of Federal
15.16 Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of
15.17 Federal Regulations, title 18, section 292.304, and all other relevant factors.

15.18 (d) This paragraph applies to qualifying facilities having less than 40-kilowatt
15.19 capacity that have elected a rate of compensation for net input into the utility system before
15.20 the effective date of this act. Notwithstanding any provision in this chapter to the contrary,
15.21 a qualifying facility having less than 40-kilowatt capacity may elect that the compensation
15.22 for net input by the qualifying facility into the utility system shall be at the average retail
15.23 utility energy rate. "Average retail utility energy rate" is defined as the average of the retail
15.24 energy rates, exclusive of special rates based on income, age, or energy conservation,
15.25 according to the applicable rate schedule of the utility for sales to that class of customer.

15.26 (e) If the qualifying facility or net metered facility is interconnected with a
15.27 nongenerating utility which has a sole source contract with a municipal power agency or a
15.28 generation and transmission utility, the nongenerating utility may elect to treat its purchase
15.29 of any net input under this subdivision as being made on behalf of its supplier and shall
15.30 be reimbursed by its supplier for any additional costs incurred in making the purchase.
15.31 Qualifying facilities or net metered facilities having less than 1,000-kilowatt capacity if
15.32 interconnected to a public utility, or less than 40-kilowatt capacity if interconnected to a
15.33 cooperative electric association or municipal utility may, at the customer's option, elect to
15.34 be governed by the provisions of subdivision 4.

15.35 (f) A customer with a qualifying facility or net metered facility having a capacity
15.36 below 40 kilowatts that is interconnected to a cooperative electric association or a

16.1 municipal utility may elect to be compensated for the customer's net input into the utility
16.2 system in the form of a kilowatt-hour credit on the customer's energy bill carried forward
16.3 and applied to subsequent energy bills. Any kilowatt-hour credits carried forward by the
16.4 customer cancel at the end of the calendar year with no additional compensation.

16.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
16.6 and applies to net metered facilities that are first interconnected to utilities after August
16.7 15, 2015.

16.8 Sec. 5. Minnesota Statutes 2014, section 216B.1641, is amended to read:

16.9 **216B.1641 COMMUNITY SOLAR GARDEN.**

16.10 (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a
16.11 plan with the commission to operate a community solar garden program which shall begin
16.12 operations within 90 days after commission approval of the plan. Other public utilities
16.13 may file an application at their election. The community solar garden program must be
16.14 designed to offset the energy use of not less than five subscribers in each community
16.15 solar garden facility of which no single subscriber has more than a 40 percent interest.
16.16 The owner of the community solar garden may be a public utility or any other entity or
16.17 organization that contracts to sell the output from the community solar garden to the
16.18 utility under section 216B.164. There shall be no limitation on the number or cumulative
16.19 generating capacity of community solar garden facilities other than the limitations imposed
16.20 under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

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

16.29 (c) The solar generation facility must be located in the service territory of the public
16.30 utility filing the plan. Subscribers must be retail customers of the public utility located in
16.31 the same county or a county contiguous to where the facility is located.

16.32 (d) The public utility must purchase from the community solar garden all energy
16.33 generated by the solar garden. The purchase shall be at ~~the rate calculated under section~~
16.34 ~~216B.164, subdivision 10, or, until that rate for the public utility has been approved by~~

17.1 ~~the commission~~, the applicable retail rate. A solar garden is eligible for any incentive
 17.2 programs offered under either section 116C.7792 or section 216C.415. A subscriber's
 17.3 portion of the purchase shall be provided by a credit on the subscriber's bill.

17.4 (e) The commission may approve, disapprove, or modify a community solar garden
 17.5 program. Any plan approved by the commission must:

17.6 (1) reasonably allow for the creation, financing, and accessibility of community
 17.7 solar gardens;

17.8 (2) establish uniform standards, fees, and processes for the interconnection
 17.9 of community solar garden facilities that allow the utility to recover reasonable
 17.10 interconnection costs for each community solar garden;

17.11 (3) not apply different requirements to utility and nonutility community solar garden
 17.12 facilities;

17.13 (4) be consistent with the public interest;

17.14 (5) identify the information that must be provided to potential subscribers to ensure
 17.15 fair disclosure of future costs and benefits of subscriptions;

17.16 (6) include a program implementation schedule;

17.17 (7) identify all proposed rules, fees, and charges; and

17.18 (8) identify the means by which the program will be promoted.

17.19 (f) Notwithstanding any other law, neither the manager of nor the subscribers to a
 17.20 community solar garden facility shall be considered a utility solely as a result of their
 17.21 participation in the community solar garden facility.

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

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

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

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

17.31 Sec. 6. Minnesota Statutes 2014, section 216B.1691, is amended to read:

17.32 **216B.1691 RENEWABLE ADVANCED ENERGY OBJECTIVES**
 17.33 **STANDARDS.**

17.34 Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy
 17.35 technology" means an energy technology that:

18.1 (1) generates electricity from the following renewable energy sources:

18.2 ~~(1) (i) solar;~~

18.3 ~~(2) (ii) wind;~~

18.4 ~~(3) (iii) hydroelectric with a capacity of less than 100 megawatts;~~

18.5 ~~(4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated~~
 18.6 ~~from the resources listed in this paragraph; or~~

18.7 ~~(5) (iv) biomass, which includes, without limitation, landfill gas; an anaerobic~~
 18.8 ~~digester system; the predominantly organic components of wastewater effluent, sludge, or~~
 18.9 ~~related by-products from publicly owned treatment works, but not including incineration~~
 18.10 ~~of wastewater sludge to produce electricity; and an energy recovery facility used to~~
 18.11 ~~capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed~~
 18.12 ~~municipal solid waste as a primary fuel; or~~

18.13 (2) stores electricity previously generated from a renewable resource listed in clause
 18.14 (1) that can be released for use at a later time.

18.15 (b) "Electric utility" means a public utility providing electric service, a generation
 18.16 and transmission cooperative electric association, a municipal power agency, or a power
 18.17 district.

18.18 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year
 18.19 by an electric utility to retail customers of the electric utility or to a distribution utility
 18.20 for distribution to the retail customers of the distribution utility. ~~"Total retail electric~~
 18.21 ~~sales" does not include the sale of hydroelectricity supplied by a federal power marketing~~
 18.22 ~~administration or other federal agency, regardless of whether the sales are directly to a~~
 18.23 ~~distribution utility or are made to a generation and transmission utility and pooled for~~
 18.24 ~~further allocation to a distribution utility.~~

18.25 ~~Subd. 2. **Eligible energy objectives.** Each electric utility shall make a good~~
 18.26 ~~faith effort to generate or procure sufficient electricity generated by an eligible energy~~
 18.27 ~~technology to provide its retail consumers, or the retail customers of a distribution utility~~
 18.28 ~~to which the electric utility provides wholesale electric service, so that commencing~~
 18.29 ~~in 2005, at least one percent of the electric utility's total retail electric sales to retail~~
 18.30 ~~customers in Minnesota is generated by eligible energy technologies and seven percent of~~
 18.31 ~~the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is~~
 18.32 ~~generated by eligible energy technologies.~~

18.33 Subd. 2a. **Eligible Advanced energy technology standard; schedule.** (a) Except
 18.34 as provided in ~~paragraph~~ paragraphs (b) and (c), each electric utility shall generate or
 18.35 procure sufficient electricity generated by an eligible energy technology to provide its
 18.36 retail customers in Minnesota, or the retail customers of a distribution utility to which the

19.1 electric utility provides wholesale electric service, so that at least the following standard
 19.2 percentages of the electric utility's total retail electric sales to retail customers in Minnesota
 19.3 are is generated by eligible energy technologies by the end of the year indicated:

- | | | | |
|------|-----|-------------|--------------------|
| 19.4 | (1) | 2012 | 12 percent |
| 19.5 | (2) | 2016 | 17 percent |
| 19.6 | (3) | 2020 | 20 percent |
| 19.7 | (4) | 2025 | 25 percent: |
| 19.8 | (5) | <u>2030</u> | <u>27 percent.</u> |

19.9 (b) Only a public utility subject to paragraph (a) must meet the requirements of
 19.10 paragraph (a), clause (5).

19.11 (c) An electric utility that owned a nuclear generating facility as of January 1, 2007,
 19.12 must meet the requirements of this paragraph rather than paragraph (a). An electric utility
 19.13 subject to this paragraph must generate or procure sufficient electricity generated by
 19.14 an eligible energy technology to provide its retail customers in Minnesota or the retail
 19.15 customer of a distribution utility to which the electric utility provides wholesale electric
 19.16 service so that at least the following percentages of the electric utility's total retail electric
 19.17 sales to retail customers in Minnesota are generated by eligible energy technologies by the
 19.18 end of the year indicated:

- | | | | |
|-------|-----|-------------|--------------------|
| 19.19 | (1) | 2010 | 15 percent |
| 19.20 | (2) | 2012 | 18 percent |
| 19.21 | (3) | 2016 | 25 percent |
| 19.22 | (4) | 2020 | 30 percent: |
| 19.23 | (5) | <u>2025</u> | <u>32 percent.</u> |

19.24 ~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy~~
 19.25 ~~or wind energy conversion systems and the remaining five percent by other eligible~~
 19.26 ~~energy technology. Of the 25 percent that must be generated by wind or solar, no more~~
 19.27 ~~than one percent may be solar generated and the remaining 24 percent or greater must~~
 19.28 ~~be wind generated.~~

19.29 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or
 19.30 delay the implementation of a standard obligation, in whole or in part, if the commission
 19.31 determines it is in the public interest to do so. The commission, when requested to modify
 19.32 or delay implementation of a standard, must consider:

- 19.33 (1) the impact of implementing the standard on its customers' utility costs, including
 19.34 the economic and competitive pressure on the utility's customers;
 19.35 (2) the effects of implementing the standard on the reliability of the electric system;
 19.36 (3) technical advances or technical concerns;

20.1 (4) delays in acquiring sites or routes due to rejection or delays of necessary siting or
20.2 other permitting approvals;

20.3 (5) delays, cancellations, or nondelivery of necessary equipment for construction or
20.4 commercial operation of an eligible energy technology facility;

20.5 (6) transmission constraints preventing delivery of service; and

20.6 (7) other statutory obligations imposed on the commission or a utility.

20.7 The commission may modify or delay implementation of a standard obligation
20.8 under clauses (1) to (3) only if it finds implementation would cause significant rate impact,
20.9 requires significant measures to address reliability, or raises significant technical issues.

20.10 The commission may modify or delay implementation of a standard obligation under
20.11 clauses (4) to (6) only if it finds that the circumstances described in those clauses were due
20.12 to circumstances beyond an electric utility's control and make compliance not feasible.

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

20.17 (c) An electric utility requesting a modification or delay in the implementation of a
20.18 standard must file a plan to comply with its standard obligation in the same proceeding
20.19 that it is requesting the delay.

20.20 (d) If a utility reports under subdivision 2e that its retail rates have increased by two
20.21 percent or more over the previous year as a result of activities necessary to comply with
20.22 this section, the commission shall delay by three years the required achievement of the
20.23 utility's next scheduled standard under subdivision 2a.

20.24 Subd. 2c. **Use of integrated resource planning process.** The commission may
20.25 exercise its authority under subdivision 2b to modify or delay implementation of a standard
20.26 obligation as part of an integrated resource planning proceeding under section 216B.2422.
20.27 The commission's authority must be exercised according to subdivision 2b. The order to
20.28 delay or modify shall not be considered advisory with respect to any electric utility. This
20.29 subdivision is in addition to and does not limit the commission's authority to modify or
20.30 delay implementation of a standard obligation in other proceedings before the commission.

20.31 ~~Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing~~
20.32 ~~the criteria and standards by which it will measure an electric utility's efforts to meet the~~
20.33 ~~renewable energy objectives of subdivision 2 to determine whether the utility is making~~
20.34 ~~the required good faith effort. In this order, the commission shall include criteria and~~
20.35 ~~standards that protect against undesirable impacts on the reliability of the utility's system~~
20.36 ~~and economic impacts on the utility's ratepayers and that consider technical feasibility.~~

21.1 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must
 21.2 submit to the commission and the legislative committees with primary jurisdiction over
 21.3 energy policy a report containing an estimation of the rate impact of activities of the
 21.4 electric utility necessary to comply with this section. In consultation with the Department
 21.5 of Commerce, the commission shall determine a uniform reporting system to ensure that
 21.6 individual utility reports are consistent and comparable, and shall, by order, require each
 21.7 electric utility subject to this section to use that reporting system. The rate impact estimate
 21.8 must be for wholesale rates and, if the electric utility makes retail sales, the estimate
 21.9 shall also be for the impact on the electric utility's retail rates. Those activities include,
 21.10 without limitation, energy purchases, generation facility acquisition and construction, and
 21.11 transmission improvements. ~~An initial report must be submitted within 150 days of May~~
 21.12 ~~28, 2011. After the initial report,~~ A report under this subdivision must be updated and
 21.13 submitted as part of each integrated resource plan or plan modification filed by the electric
 21.14 utility under section 216B.2422. A utility may file more frequent reports under this
 21.15 subdivision. The reporting obligation of an electric utility under this subdivision expires
 21.16 December 31, ~~2025~~ 2030, for an electric utility subject to subdivision 2a, paragraph (a), and
 21.17 December 31, ~~2020~~ 2025, for an electric utility subject to subdivision 2a, paragraph (b).

21.18 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions
 21.19 2a and 2b, each public utility shall generate or procure sufficient electricity generated
 21.20 by solar energy to serve its retail electricity customers in Minnesota so that by the end
 21.21 of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in
 21.22 Minnesota is generated by solar energy. ~~At least ten percent of the 1.5 percent goal must~~
 21.23 ~~be met by solar energy generated by or procured from solar photovoltaic devices with a~~
 21.24 ~~nameplate capacity of 20 kilowatts or less.~~

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

21.27 (c) ~~It is an energy goal of the state of Minnesota that, by 2030, ten percent of the~~
 21.28 ~~retail electric sales in Minnesota be generated by solar energy.~~

21.29 (d) ~~For the purposes of calculating the total retail electric sales of a public utility~~
 21.30 ~~under this subdivision, there shall be excluded retail electric sales to customers that are:~~

21.31 (1) ~~an iron mining extraction and processing facility, including a seram mining~~
 21.32 ~~facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or~~

21.33 (2) ~~a paper mill, wood products manufacturer, sawmill, or oriented strand board~~
 21.34 ~~manufacturer.~~

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

22.1 ~~(e)~~ (c) A public utility may not use energy used to satisfy the solar energy standard
22.2 under this subdivision to satisfy its standard obligation under subdivision 2a. A public
22.3 utility may not use energy used to satisfy the standard obligation under subdivision 2a to
22.4 satisfy the solar standard under this subdivision.

22.5 ~~(f)~~ (d) Notwithstanding any law to the contrary, a solar renewable energy credit
22.6 associated with a solar photovoltaic device installed and generating electricity in
22.7 Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy
22.8 standard established under this subdivision.

22.9 ~~(g)~~ (e) Beginning July 1, 2014, and each July 1 through 2020, each public utility
22.10 shall file a report with the commission reporting its progress in achieving the solar energy
22.11 standard established under this subdivision.

22.12 (f) The requirement established in paragraph (a) may be met through the use of solar
22.13 energy or any other more affordable eligible energy technology.

22.14 **Subd. 3. Utility plans filed with commission.** (a) Each electric utility shall
22.15 report on its plans, activities, and progress with regard to the ~~objectives and~~ standards
22.16 of this section in its filings under section 216B.2422 or in a separate report submitted
22.17 to the commission every two years, whichever is more frequent, demonstrating to the
22.18 commission the utility's effort to comply with this section. In its resource plan or a
22.19 separate report, each electric utility shall provide a description of:

22.20 (1) the status of the utility's renewable energy mix relative to the ~~objective and~~
22.21 standards;

22.22 (2) efforts taken to meet the objective and standards;

22.23 (3) any obstacles encountered or anticipated in meeting the ~~objective or~~ standards; and

22.24 (4) potential solutions to the obstacles.

22.25 (b) The commissioner shall compile the information provided to the commission
22.26 under paragraph (a), and report to the chairs of the house of representatives and senate
22.27 committees with jurisdiction over energy and environment policy issues as to the progress
22.28 of utilities in the state, including the progress of each individual electric utility, in increasing
22.29 the amount of renewable energy provided to retail customers, with any recommendations
22.30 for regulatory or legislative action, by January 15 of each odd-numbered year.

22.31 **Subd. 4. Renewable energy credits.** (a) To facilitate compliance with this section,
22.32 the commission, by rule or order, shall establish by January 1, 2008, a program for tradable
22.33 renewable energy credits for electricity generated by an eligible energy technology. The
22.34 credits must represent energy produced by an eligible energy technology, as defined in
22.35 subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as
22.36 a kilowatt-hour of eligible energy technology generated or procured by an electric utility if

23.1 it is produced by an eligible energy technology. The program must permit a credit to be
23.2 used only once. The program must treat all eligible energy ~~technology~~ technologies equally
23.3 and shall not give more or less credit to energy based on the state where the energy ~~was~~ is
23.4 generated or the technology with which the energy ~~was~~ is generated. The commission
23.5 must determine the period in which the credits may be used for purposes of the program.

23.6 (b) In lieu of generating or procuring energy directly to satisfy the ~~eligible~~ advanced
23.7 energy ~~technology objective~~ or standard of this section, an electric utility may utilize
23.8 renewable energy credits allowed under the program to satisfy the ~~objective~~ or standard.

23.9 (c) The commission shall facilitate the trading of renewable energy credits between
23.10 states.

23.11 (d) The commission shall require all electric utilities to participate in a
23.12 commission-approved credit-tracking system or systems. Once a credit-tracking system is
23.13 in operation, the commission shall issue an order establishing protocols for trading credits.

23.14 (e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable
23.15 energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.

23.16 **Subd. 5. Technology based on fuel combustion.** (a) Electricity produced by fuel
23.17 combustion through fuel blending or co-firing under paragraph (b) may only count toward
23.18 a utility's ~~objectives~~ or standards if the generation facility:

23.19 (1) was constructed in compliance with new source performance standards
23.20 promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et
23.21 seq., for a generation facility of that type; or

23.22 (2) employs the maximum achievable or best available control technology available
23.23 for a generation facility of that type.

23.24 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,
23.25 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage
23.26 of electricity that is attributable to a fuel listed in that clause can be counted toward an
23.27 electric utility's renewable energy objectives.

23.28 **Subd. 7. Compliance.** The commission must regularly investigate whether an
23.29 electric utility is in compliance with its ~~good faith objective~~ under subdivision 2 and
23.30 standard obligation under subdivision 2a. If the commission finds noncompliance, it may
23.31 order the electric utility to construct facilities, purchase energy generated by eligible
23.32 energy technology, purchase renewable energy credits, or engage in other activities
23.33 to achieve compliance. If an electric utility fails to comply with an order under this
23.34 subdivision, the commission may impose a financial penalty on the electric utility in an
23.35 amount not to exceed the estimated cost of the electric utility to achieve compliance. The
23.36 penalty may not exceed the lesser of the cost of constructing facilities or purchasing

24.1 credits. The commission must deposit financial penalties imposed under this subdivision
24.2 in the energy and conservation account established in the special revenue fund under
24.3 section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any
24.4 other authority of the commission to enforce this section.

24.5 Subd. 8. **Relation to other law.** This section does not limit the authority of the
24.6 commission under any other law, including, without limitation, sections 216B.2422 and
24.7 216B.243.

24.8 Subd. 9. **Local benefits.** The commission shall take all reasonable actions within
24.9 its statutory authority to ensure this section is implemented to maximize benefits to
24.10 Minnesota citizens, balancing factors such as local ownership of or participation in
24.11 energy production, development and ownership of eligible energy technology facilities by
24.12 independent power producers, Minnesota utility ownership of eligible energy technology
24.13 facilities, the costs of energy generation to satisfy the renewable advanced energy
24.14 standard, and the reliability of electric service to Minnesotans.

24.15 Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition
24.16 process established by the commission prior to June 1, 2007, shall not apply to a utility
24.17 for the construction, ownership, and operation of generation facilities used to satisfy the
24.18 requirements of this section unless, upon a finding that it is in the public interest, the
24.19 commission issues an order on or after June 1, 2007, that requires compliance by a utility
24.20 with a competitive resource acquisition process. A utility that owns a nuclear generation
24.21 facility and intends to construct, own, or operate facilities under this section shall file with
24.22 the commission on or before March 1, 2008, a renewable energy plan setting forth the
24.23 manner in which the utility proposes to meet the requirements of this section, ~~including~~
24.24 ~~a proposed schedule for purchasing renewable energy from C-BED and non-C-BED~~
24.25 ~~projects.~~ The utility shall update the plan as necessary in its filing under section
24.26 216B.2422. The commission shall approve the plan unless it determines, after public
24.27 hearing and comment, that the plan is not in the public interest. ~~As part of its determination~~
24.28 ~~of public interest, the commission shall consider the plan's allocation of projects among~~
24.29 ~~C-BED, non-C-BED, and utility-owned projects, balancing the state's interest in:~~

24.30 ~~(1) promoting the policy of economic development in rural areas through the~~
24.31 ~~development of renewable energy projects, as expressed in subdivision 9;~~

24.32 ~~(2) maintaining the reliability of the state's electric power grid; and~~

24.33 ~~(3) minimizing cost impacts on ratepayers.~~

24.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.
24.35 The amendment to subdivision 1, paragraph (a), clause (1), item (iii), applies to the
24.36 advanced energy standard targets for 2016 and thereafter, and includes hydroelectric

25.1 facilities irrespective of their date of construction or operation, or when contracts to
25.2 purchase their generation were entered into by a utility subject to this section.

25.3 Sec. 7. Minnesota Statutes 2014, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

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

25.21 (6) the modification of an existing electric generating plant to increase efficiency,
25.22 as long as the capacity of the plant is not increased more than ten percent or more than
25.23 100 megawatts, whichever is greater; or

25.24 (7) a wind energy conversion system or solar electric generation facility if the system
25.25 or facility is owned and operated by an independent power producer and the electric output
25.26 of the system or facility is not sold to an entity that provides retail service in Minnesota
25.27 or wholesale electric service to another entity in Minnesota other than an entity that is a
25.28 federally recognized regional transmission organization or independent system operator; or

25.29 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
25.30 2, or a solar-powered large energy facility, as defined in section 216B.2421, subdivision
25.31 2, engaging in a repowering project that:

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

25.34 (ii) will result in the facility exceeding the nameplate capacity under its most recent
25.35 interconnection agreement, provided that the Midcontinent Independent System Operator

26.1 has provided a signed generator interconnection agreement that reflects the expected
26.2 net power increase.

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

26.4 (1) modifying a large wind energy conversion system or a solar-powered large
26.5 energy facility to increase its efficiency without increasing its nameplate capacity;

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

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

26.9 Sec. 8. [216C.417] MINNESOTA ENERGY INVESTMENT ACCOUNT
26.10 INCENTIVE PAYMENT.

26.11 Subdivision 1. **Eligibility.** A qualifying facility that is a solar energy system, as
26.12 defined in section 216C.06, subdivision 17, with a capacity no greater than ten kilowatts,
26.13 or a wind energy conversion system, as defined in section 216C.06, subdivision 19, with a
26.14 capacity no greater than 40 kilowatts that elects compensation under section 216B.164 after
26.15 the effective date of this act is eligible to receive an incentive payment under this section.

26.16 Subd. 2. **Amount.** The per kilowatt-hour amount of the Minnesota investment
26.17 account incentive payment shall be

26.18 Subd. 3. **Incentive payment.** (a) An incentive payment is equal to the
26.19 per kilowatt-hour amount calculated in subdivision 3 multiplied by the number of
26.20 kilowatt-hours purchased from the qualifying facility by the utility to which it is
26.21 interconnected.

26.22 (b) A qualifying facility seeking an incentive payment under this section must file an
26.23 application with the commissioner, on a form determined by the commissioner, and must
26.24 satisfy any other requirements the commissioner deems are necessary. Payment of the
26.25 incentive may only be made upon certification by the commissioner of commerce that the
26.26 qualifying facility is eligible to receive payment under this section.

26.27 (c) The commissioner shall develop administrative procedures governing the
26.28 application process and the awarding of incentive payments as necessary to implement
26.29 this section.

26.30 Subd. 4. **Appropriation.** There is annually appropriated to the commissioner
26.31 of commerce from the Minnesota energy investment account established in section
26.32 116C.779 sums sufficient to make the incentive payments required under this section and
26.33 to reimburse the department for reasonable costs incurred in administering this section.

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

27.1 Sec. 9. **[216E.022] SETBACK FOR SOLAR ENERGY GENERATING**
27.2 **SYSTEMS.**

27.3 Solar panels that are part of a solar energy generating system that has been issued a
27.4 site permit under this chapter must be set back at least 400 feet from any dwelling unless:

27.5 (1) a local ordinance or regulation requires a greater setback; or

27.6 (2) the property owner of the adjacent property and the owner of the solar energy
27.7 generating system have reached a mutual agreement in writing allowing for a smaller
27.8 setback, provided that the agreement is not less restrictive than allowed under any
27.9 applicable ordinance or regulation unless a valid variance to the setback requirement
27.10 imposed by the ordinance or regulation has been granted.

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

27.12 Sec. 10. Minnesota Statutes 2014, section 216E.03, subdivision 5, is amended to read:

27.13 Subd. 5. **Environmental review.** (a) The commissioner of the Department of
27.14 Commerce shall prepare for the commission an environmental impact statement on each
27.15 proposed large electric generating plant or high-voltage transmission line for which a
27.16 complete application has been submitted. The commissioner shall not consider whether
27.17 or not the project is needed. No other state environmental review documents shall be
27.18 required. The commissioner shall study and evaluate any site or route proposed by an
27.19 applicant and any other site or route the commission deems necessary that was proposed in
27.20 a manner consistent with rules concerning the form, content, and timeliness of proposals
27.21 for alternate sites or routes.

27.22 (b) If the proposed large electric power generating plant is to be constructed on
27.23 agricultural land, the environmental impact statement must include an analysis of the
27.24 impact of construction on any agricultural drainage system under the surface of the
27.25 construction site, including the impact on other agricultural land that is part of the same
27.26 drainage system.

27.27 (c) For the purpose of this subdivision, "agricultural drainage system" means a
27.28 publicly or privately owned drainage system that is installed or modified to improve the
27.29 productivity of agricultural land. Agricultural drainage system includes all tile, pipe, or
27.30 tubing of any material beneath the surface, and any associated inlets and outlets.

27.31 (d) If the proposed large electric generating plant is a solar energy generating
27.32 system, the environmental impact statement must include the results of an analysis of
27.33 reflected solar irradiance from the solar panels and its impact at specific observation
27.34 points, including but not limited to nearby airports, air traffic, highways, and residences.
27.35 The analysis must measure the incidence and duration of solar glare at these observation

28.1 points during various seasons of the year and times of day, and discuss how such impacts
28.2 can be mitigated by relocating solar panels or changing the angles at which they are set.

28.3 Sec. 11. Minnesota Statutes 2014, section 216E.03, subdivision 7, is amended to read:

28.4 Subd. 7. **Considerations in designating sites and routes.** (a) The commission's
28.5 site and route permit determinations must be guided by the state's goals to conserve
28.6 resources, minimize environmental impacts, minimize human settlement and other land
28.7 use conflicts, and ensure the state's electric energy security through efficient, cost-effective
28.8 power supply and electric transmission infrastructure.

28.9 (b) To facilitate the study, research, evaluation, and designation of sites and routes,
28.10 the commission shall be guided by, but not limited to, the following considerations:

28.11 (1) evaluation of research and investigations relating to the effects on land, water
28.12 and air resources of large electric power generating plants and high-voltage transmission
28.13 lines and the effects of water and air discharges and electric and magnetic fields resulting
28.14 from such facilities on public health and welfare, vegetation, animals, materials and
28.15 aesthetic values, including baseline studies, predictive modeling, and evaluation of new or
28.16 improved methods for minimizing adverse impacts of water and air discharges and other
28.17 matters pertaining to the effects of power plants on the water and air environment;

28.18 (2) environmental evaluation of sites and routes proposed for future development and
28.19 expansion and their relationship to the land, water, air and human resources of the state;

28.20 (3) evaluation of the effects of new electric power generation and transmission
28.21 technologies and systems related to power plants designed to minimize adverse
28.22 environmental effects;

28.23 (4) evaluation of the potential for beneficial uses of waste energy from proposed
28.24 large electric power generating plants;

28.25 (5) analysis of the direct and indirect economic impact of proposed sites and routes
28.26 including, but not limited to, productive agricultural land lost or impaired;

28.27 (6) evaluation of adverse direct and indirect environmental effects that cannot be
28.28 avoided should the proposed site and route be accepted;

28.29 (7) evaluation of alternatives to the applicant's proposed site or route proposed
28.30 pursuant to subdivisions 1 and 2;

28.31 (8) evaluation of potential routes that would use or parallel existing railroad and
28.32 highway rights-of-way;

28.33 (9) evaluation of governmental survey lines and other natural division lines of
28.34 agricultural land so as to minimize interference with agricultural operations;

29.1 (10) evaluation of the future needs for additional high-voltage transmission lines
 29.2 in the same general area as any proposed route, and the advisability of ordering the
 29.3 construction of structures capable of expansion in transmission capacity through multiple
 29.4 circuiting or design modifications;

29.5 (11) evaluation of irreversible and irretrievable commitments of resources should the
 29.6 proposed site or route be approved; ~~and~~

29.7 (12) ~~when appropriate, consideration~~ evaluation of problems raised by other state
 29.8 and federal agencies and local entities; and

29.9 (13) evaluation of the impact on local land use, including the extent to which the
 29.10 proposed site or route conflicts with county or local comprehensive plans, or official
 29.11 controls governing future development.

29.12 (c) If the commission's rules are substantially similar to existing regulations of a
 29.13 federal agency to which the utility in the state is subject, the federal regulations must
 29.14 be applied by the commission.

29.15 (d) No site or route shall be designated which violates state agency rules.

29.16 (e) The commission must make specific findings that it has considered locating a
 29.17 route for a high-voltage transmission line on an existing high-voltage transmission route
 29.18 and the use of parallel existing highway right-of-way and, to the extent those are not used
 29.19 for the route, the commission must state the reasons.

29.20 Sec. 12. Minnesota Statutes 2014, section 216E.04, subdivision 5, is amended to read:

29.21 Subd. 5. **Environmental review.** (a) For the projects identified in subdivision 2
 29.22 and following these procedures, the commissioner of the Department of Commerce shall
 29.23 prepare for the commission an environmental assessment. The environmental assessment
 29.24 shall contain information on the human and environmental impacts of the proposed project
 29.25 and other sites or routes identified by the commission and shall address mitigating measures
 29.26 for all of the sites or routes considered. If the proposed project is a large electric power
 29.27 generating plant to be constructed on agricultural land, the environmental assessment must
 29.28 include an analysis of the construction's impact on any agricultural drainage system under
 29.29 the surface of the construction site, including the impact on other agricultural land that is
 29.30 part of the same drainage system. The environmental assessment shall be the only state
 29.31 environmental review document required to be prepared on the project.

29.32 (b) For the purpose of this subdivision, "agricultural drainage system" means a
 29.33 publicly or privately owned drainage system that is installed or modified to improve the
 29.34 productivity of agricultural land. Agricultural drainage system includes all tile, pipe, or
 29.35 tubing of any material beneath the surface, and any associated inlets and outlets.

30.1 (c) If the proposed large electric generating plant is a solar energy generating system,
30.2 the environmental assessment must include the results of an analysis of reflected solar
30.3 irradiance from the solar panels and its impact at specific observation points, including
30.4 but not limited to nearby airports, air traffic, highways, and residences. The analysis
30.5 must measure the incidence and duration of solar glare at these observation points during
30.6 various seasons of the year and times of day, and discuss how such impacts can be
30.7 mitigated by relocating solar panels or changing the angles at which they are set.

30.8 **Sec. 13. [216E.19] REQUIREMENT FOR LOCAL APPROVAL.**

30.9 Notwithstanding the provisions of this chapter, the commission may not issue a
30.10 site permit for a solar energy generating system until all required local permits have
30.11 been granted and a resolution approving construction of the project is adopted by the
30.12 local governing body in which the proposed project site is located, provided that the
30.13 local governing body:

30.14 (1) has intervened as a formal party to the public hearing conducted under section
30.15 216E.03, subdivision 6, or 216E.04, subdivision 6; and

30.16 (2) has participated fully in the public hearing and has made its concerns regarding
30.17 the project part of the record established at the public hearing.

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

30.19 **Sec. 14.** Minnesota Statutes 2014, section 500.30, is amended by adding a subdivision
30.20 to read:

30.21 Subd. 2a. **Easement extension.** Notwithstanding subdivision 2, a wind easement,
30.22 easement to install wind turbines on real property, option, or lease of wind rights shall not
30.23 terminate until eight years from the date the easement is created, the option is exercised,
30.24 or the lease is entered into, provided that the wind easement is used for wind energy
30.25 conversion systems, as defined in section 216C.06, subdivision 19, that:

30.26 (1) comprise between 35 and 41 wind turbines;

30.27 (2) have a collective nameplate capacity of 75 to 82 megawatts; and

30.28 (3) have commenced construction before June 1, 2015.

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

30.30 **Sec. 15. PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
30.31 **ENERGY PRODUCTION INCENTIVES.**

31.1 Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy
31.2 production incentive to an owner whose application was approved by the commissioner of
31.3 commerce under Minnesota Statutes 2014, section 216C.415, prior to the effective date of
31.4 this act shall be administered under the provisions of Minnesota Statutes 2014, sections
31.5 216C.411, 216C.413, 216C.414, subdivisions 1 to 3 and 5 to 6, and 216C.415.

31.6 Subd. 2. **"Made in Minnesota" solar energy production incentive account.**

31.7 (a) A "Made in Minnesota" solar energy production incentive account is established as
31.8 a separate account in the special revenue fund in the state treasury. Earnings, such as
31.9 interest, dividends, and any other earnings arising from account assets, must be credited to
31.10 the account. Funds remaining in the account at the end of a fiscal year do not cancel to
31.11 the general fund but remain in the account.

31.12 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
31.13 (g), beginning January 1, 2016, and continuing through January 1, 2023, for a total of
31.14 eight years, the public utility that contributes to the account under Minnesota Statutes,
31.15 section 116C.779, must annually pay from that account to the commissioner an amount
31.16 sufficient to make the incentive payments required under Minnesota Statutes 2014, section
31.17 216C.415, and to administer that section. The commissioner shall, upon receipt of the
31.18 payment, deposit it in the account established in paragraph (a).

31.19 (c) There is annually appropriated from the account established in paragraph (a) to
31.20 the commissioner of commerce money sufficient to make the incentive payments required
31.21 under Minnesota Statutes 2014, section 216C.415, and to administer that section.

31.22 Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under
31.23 this subdivision only for solar photovoltaic module installations that first begin generating
31.24 electricity between January 1, 2014, and the effective date of this act.

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

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

31.30 (d) No payment may be made under this section for electricity generated after
31.31 December 31, 2023.

31.32 (e) An owner of solar photovoltaic modules may not receive payments under this
31.33 section for any solar photovoltaic modules that first begin generating electricity after the
31.34 effective date of this act.

32.1 Sec. 16. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
32.2 **THERMAL REBATES.**

32.3 (a) No rebate may be paid under Minnesota Statutes 2014, section 216C.416, to an
32.4 owner of a solar thermal system whose application was approved by the commissioner
32.5 after the effective date of this act.

32.6 (b) Unspent money remaining in the account established under Minnesota Statutes
32.7 2014, section 216C.416, as of June 30, 2015, must be returned to the account established
32.8 under section 116C.779, subdivision 1.

32.9 Sec. 17. **TRANSFER OF FUNDS.**

32.10 The remaining balance of the appropriation in Laws 2013, chapter 85, article 1,
32.11 section 13, subdivision 7, for grants to install renewable energy equipment in households
32.12 under Minnesota Statutes, section 239.101 that is unobligated and unexpended as of June
32.13 30, 2015, shall be transferred to the account established in Minnesota Statutes, section
32.14 116C.779, subdivision 1. The transferred funds are available until June 30, 2016.

32.15 Sec. 18. **APPROPRIATION.**

32.16 \$..... in fiscal year 2016 and \$..... in fiscal year 2017 are appropriated from the
32.17 general fund to the commissioner of commerce for deposit in the Minnesota energy
32.18 investment account established in Minnesota Statutes, section 116C.779.

32.19 Sec. 19. **REPEALER.**

32.20 (a) Minnesota Statutes 2014, sections 216B.8109; 216B.811; 216B.812; 216B.813;
32.21 and 216B.815, are repealed.

32.22 (b) Minnesota Statutes 2014, section 216B.164, subdivision 10, is repealed.

32.23 (c) Minnesota Statutes 2014, section 116C.779, subdivision 3, is repealed.

32.24 (d) Minnesota Statutes 2014, sections 174.187; 216C.411; 216C.413; 216C.414;
32.25 216C.415; and 216C.416, are repealed.

32.26 (e) Laws 2013, chapter 85, article 6, section 11, is repealed.

32.27 (f) Minnesota Statutes 2014, section 216B.1691, subdivisions 2 and 2d, are repealed.

32.28 (g) Minnesota Statutes 2014, sections 216B.1612; and 216C.39, are repealed.

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

33.1 **ARTICLE 4**33.2 **GREENHOUSE GAS EMISSIONS**

33.3 Section 1. Minnesota Statutes 2014, section 216H.01, is amended by adding a
33.4 subdivision to read:

33.5 Subd. 1a. **Cogeneration facility or combined heat and power facility.**

33.6 "Cogeneration facility" or "combined heat and power facility" has the meaning given in
33.7 United States Code, title 16, section 796(18)(B).

33.8 Sec. 2. Minnesota Statutes 2014, section 216H.02, subdivision 1, is amended to read:

33.9 Subdivision 1. **Greenhouse gas emissions-reduction goal.** It is the goal of the state
33.10 to reduce statewide greenhouse gas emissions across all sectors producing those emissions
33.11 to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below
33.12 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050. The levels
33.13 shall be reviewed based on the climate change action plan study in an affordable manner.

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

33.15 Sec. 3. Minnesota Statutes 2014, section 216H.03, subdivision 1, is amended to read:

33.16 Subdivision 1. **Definition; new large energy facility.** For the purpose of this
33.17 section, "new large energy facility" means a large energy facility, as defined in section
33.18 216B.2421, subdivision 2, clause (1), that is not in operation as of January 1, 2007,
33.19 but does not include a facility that (1) uses natural gas as a primary fuel, (2) is a
33.20 cogeneration facility or combined heat and power facility, or is designed to provide
33.21 peaking, intermediate, emergency backup, or contingency services, (3) uses a simple cycle
33.22 or combined cycle turbine technology, and (4) is capable of achieving full load operations
33.23 within 45 minutes of startup for a simple cycle facility, or is capable of achieving
33.24 minimum load operations within 185 minutes of startup for a combined cycle facility.

33.25 Sec. 4. Minnesota Statutes 2014, section 216H.03, subdivision 3, is amended to read:

33.26 Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless
33.27 preempted by federal law, until a comprehensive and enforceable state law or rule
33.28 pertaining to greenhouse gases that directly limits and substantially reduces, over time,
33.29 statewide power sector carbon dioxide emissions is enacted and in effect, and except as
33.30 allowed in subdivisions 4 to 7, on and after August 1, 2009, no person shall:

33.31 ~~(1)~~ construct within the state a new large energy facility that would contribute to
33.32 statewide power sector carbon dioxide emissions;

34.1 ~~(2) import or commit to import from outside the state power from a new large energy~~
 34.2 ~~facility that would contribute to statewide power sector carbon dioxide emissions; or~~
 34.3 ~~(3) enter into a new long-term power purchase agreement that would increase~~
 34.4 ~~statewide power sector carbon dioxide emissions. For purposes of this section, a long-term~~
 34.5 ~~power purchase agreement means an agreement to purchase 50 megawatts of capacity~~
 34.6 ~~or more for a term exceeding five years.~~

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

34.8 Sec. 5. Minnesota Statutes 2014, section 216H.03, subdivision 7, is amended to read:

34.9 Subd. 7. **Other exemptions.** The prohibitions in subdivision 3 do not apply to:

34.10 (1) a new large energy facility under consideration by the Public Utilities
 34.11 Commission pursuant to proposals or applications filed with the Public Utilities
 34.12 Commission before April 1, 2007, or to any power purchase agreement related to a facility
 34.13 described in this clause. The exclusion of pending proposals and applications from the
 34.14 prohibitions in subdivision 3 does not limit the applicability of any other law and is not an
 34.15 expression of legislative intent regarding whether any pending proposal or application
 34.16 should be approved or denied;

34.17 (2) a contract not subject to commission approval that was entered into prior to
 34.18 April 1, 2007, to purchase power from a new large energy facility that was approved by
 34.19 a comparable authority in another state prior to that date, for which municipal or public
 34.20 power district bonds have been issued, and on which construction has begun;

34.21 (3) a new large energy facility ~~or a power purchase agreement between a Minnesota~~
 34.22 ~~utility and a new large energy facility~~ located outside within Minnesota that the Public
 34.23 Utilities Commission has determined is essential to ensure the long-term reliability of
 34.24 Minnesota's electric system, to allow electric service for increased industrial demand,
 34.25 or to avoid placing a substantial financial burden on Minnesota ratepayers. An order
 34.26 of the commission granting an exemption under this clause is stayed until the June 1
 34.27 following the next regular or annual session of the legislature that begins after the date of
 34.28 the commission's final order; or

34.29 (4) a new large energy facility with a combined electric generating capacity of less
 34.30 than 100 megawatts, which did not require a Minnesota certificate of need, which received
 34.31 an air pollution control permit to construct from an adjoining state before January 1, 2008,
 34.32 and on which construction began before July 1, 2008, or to any power purchase agreement
 34.33 related to a facility described in this clause.

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

35.1 Sec. 6. Minnesota Statutes 2014, section 216H.07, is amended to read:

35.2 **216H.07 EMISSIONS-REDUCTION ATTAINMENT; POLICY**
 35.3 **DEVELOPMENT PROCESS.**

35.4 Subdivision 1. **Definition.** For the purpose of this section, "reductions" means the
 35.5 greenhouse gas emissions-reductions ~~goals~~ goal specified in section 216H.02, subdivision
 35.6 1.

35.7 Subd. 2. **Purpose.** This section is intended to create a nonexclusive, regular,
 35.8 mandated process for the state to develop policies to attain the greenhouse gas reduction
 35.9 ~~goals~~ goal specified in section 216H.02.

35.10 Subd. 3. **Biennial report.** (a) By January 15 of each odd-numbered year, the
 35.11 commissioners of commerce and the Pollution Control Agency shall jointly report to the
 35.12 chairs and ranking minority members of the legislative committees with primary policy
 35.13 jurisdiction over energy and environmental issues the most recent and best available
 35.14 evidence identifying the level of reductions already achieved and the level ~~necessary to~~
 35.15 ~~achieve the~~ prospects for achieving future reductions ~~timetable in section 216H.02.~~

35.16 (b) The report must be in easily understood nontechnical terms.

35.17 Subd. 5. **Reduction principles.** Legislation proposed under subdivision 4 must be
 35.18 based on the following principles:

35.19 (1) the greenhouse gas emissions-reduction ~~goals~~ goal specified in section 216H.02,
 35.20 subdivision 1, must be ~~attained~~ pursued;

35.21 (2) ~~the reductions must be attained on a schedule that keeps pace with the reduction~~
 35.22 ~~timetable required by section 216H.02, subdivision 1;~~

35.23 (3) conservation, including ceasing some activities, doing some activities less, and
 35.24 doing some activities more energy efficiently, is the first choice for reduction;

35.25 (4) (3) public education is a key component;

35.26 (5) (4) all levels of government should lead by example;

35.27 (6) (5) strategies that may lead to economic dislocation should be phased in and
 35.28 should be coupled with strategies that address the dislocation; and

35.29 (7) (6) there must be coordination with other federal and regional greenhouse gas
 35.30 emissions-reduction requirements so that the state benefits and is not penalized from its
 35.31 reduction activities.

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

35.33 Sec. 7. **[216H.077] REQUIREMENT FOR LEGISLATIVE APPROVAL.**

36.1 The commissioner of the Pollution Control Agency may not submit a plan to the
 36.2 federal Environmental Protection Agency to comply with the proposed rule for the federal
 36.3 Clean Power Plan for Existing Power Plants, as published in the Federal Register on June
 36.4 18, 2014, Docket No. EPA-HQ-OAR-2013-0602, or any final rule issued in that docket or
 36.5 federal order pertaining thereto, unless the plan has been approved by state law.

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

36.7 Sec. 8. **REPEALER.**

36.8 Minnesota Statutes 2014, section 216H.02, subdivisions 2, 3, 4, 5, and 6, are repealed.

36.9 **ARTICLE 5**

36.10 **MISCELLANEOUS**

36.11 Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 7, is amended to read:

36.12 Subd. 7. **Assessment; appropriation.** (a) Upon request by the cochairs of the
 36.13 commission, the commissioner of commerce shall assess the amount requested for the
 36.14 operation of the commission, not to exceed ~~\$250,000~~ \$150,000 in a fiscal year, from the
 36.15 following sources:

36.16 (1) ~~50~~ 33 percent of the assessment must come from all public utilities, municipal
 36.17 utilities, electric cooperative associations, generation and transmission cooperative electric
 36.18 associations, and municipal power agencies providing electric or natural gas services
 36.19 in Minnesota; ~~and~~

36.20 (2) ~~50~~ 33 percent of the assessment must come from all bulk terminals located in this
 36.21 state from which petroleum products and liquid petroleum gas are dispensed; and

36.22 (3) 34 percent must come from producers that generate electricity in Minnesota
 36.23 from an eligible energy technology, as defined in section 216B.1691, and sell all of the
 36.24 electricity generated at wholesale.

36.25 (b) The commissioner of commerce shall apportion the assessment amount requested
 36.26 among the entities in paragraph (a), clause (1), in proportion to their respective gross
 36.27 operating revenues from energy sold within the state during the most recent calendar year.

36.28 (c) The commissioner of commerce shall apportion the assessment amount requested
 36.29 equally among the referenced entities in paragraph (a), ~~clause~~ clauses (2) and (3).

36.30 (d) The entities in paragraph (a), clause (1), must provide information to the
 36.31 commissioner of commerce to allow for calculation of the assessment.

36.32 (e) The assessments under this subdivision are in addition to assessments made
 36.33 under section 216B.62. The amount assessed under this section must be deposited in

37.1 the Legislative Energy Commission account in the special revenue fund. Funds in the
37.2 Legislative Energy Commission account are appropriated to the director of the Legislative
37.3 Coordinating Commission for the purposes of this section, and are available until
37.4 expended. Utilities selling gas and electric service at retail must be assessed and billed
37.5 in accordance with the procedures provided in section 216B.62, to the extent that these
37.6 procedures do not conflict with this subdivision.

37.7 (f) The commission shall provide a detailed report of its income and expenses in the
37.8 prior calendar year by January 1 of each year to the standing committees of the house of
37.9 representatives and the senate with jurisdiction over energy issues.

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

37.11 Sec. 2. Minnesota Statutes 2014, section 12A.15, subdivision 1, is amended to read:

37.12 Subdivision 1. **State cost-share for federal assistance.** State appropriations may be
37.13 used to pay 100 percent of the nonfederal share for state agencies ~~and~~₂ local governments₂
37.14 and utility cooperatives under section 12.221. An appropriation from the bond proceeds
37.15 fund may be used as cost-share for federal disaster assistance for publicly owned capital
37.16 improvement projects.

37.17 Sec. 3. Minnesota Statutes 2014, section 216B.03, is amended to read:

37.18 **216B.03 REASONABLE RATE.**

37.19 Every rate made, demanded, or received by any public utility, or by any two or
37.20 more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably
37.21 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,
37.22 and consistent in application to a class of consumers. To the maximum reasonable extent,
37.23 the commission shall set rates to encourage energy conservation and renewable energy
37.24 use, to position Minnesota at the median among states with respect to energy rates, and
37.25 to further the goals of sections 216B.164, 216B.241, and 216C.05. Any doubt as to
37.26 reasonableness should be resolved in favor of the consumer. For rate-making purposes a
37.27 public utility may treat two or more municipalities served by it as a single class wherever
37.28 the populations are comparable in size or the conditions of service are similar.

37.29 Sec. 4. Minnesota Statutes 2014, section 216B.16, subdivision 8, is amended to read:

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

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

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

38.7 (3) is designed primarily to promote consumption of the services of the utility,
38.8 except for the promotion of:

38.9 (i) electric vehicles;

38.10 (ii) electric water heaters that are electronically activated by a utility to operate when
38.11 low-priced electricity generated from a renewable source is available;

38.12 (iii) ground or air source heat pumps that displace propane or fuel oil; or

38.13 (iv) vehicles fueled with compressed natural gas;

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

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

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

38.20 (1) is designed to encourage conservation of energy supplies;

38.21 (2) is designed to promote safety; or

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

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

38.27 (d) For the purposes of this subdivision:

38.28 (1) "electric vehicle" has the meaning given in section 169.011, subdivision 26a; and

38.29 (2) "renewable source" has the meaning given to "eligible energy technology" in
38.30 section 216B.1691, subdivision 1.

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

38.32 Sec. 5. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

38.33 Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file
38.34 with the commission a resolution of its governing body requesting exemption from the
38.35 provisions of this section for a public utility that is under a franchise with the municipality

39.1 to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in
39.2 the municipality as long as the public utility serves no more than a total of ~~2,000~~ 5,000
39.3 customers.

39.4 (b) The commission shall grant an exemption from this section for that portion of
39.5 a public utility's business that is requested by each municipality it serves. Furthermore,
39.6 the commission shall also grant the public utility an exemption from this section for any
39.7 service provided outside of a municipality's border that is considered by the commission
39.8 to be incidental. The public utility shall file with the commission and the department
39.9 all initial and subsequent changes in rates, tariffs, and contracts for service outside the
39.10 municipality at least 30 days in advance of implementation.

39.11 (c) However, the commission shall require the utility to adopt the commission's
39.12 policies and procedures governing disconnection during cold weather. The utility shall
39.13 annually submit a copy of its municipally approved rates to the commission.

39.14 (d) In all cases covered by this subdivision in which an exemption for service outside
39.15 of a municipality is granted, the commission may initiate an investigation under section
39.16 216B.17, on its own motion or upon complaint from a customer.

39.17 (e) If a municipality files with the commission a resolution of its governing body
39.18 rescinding the request for exemption, the commission shall regulate the public utility's
39.19 business in that municipality under this section.

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

39.21 Sec. 6. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

39.22 Subd. 19. **Multiyear rate plan.** (a) A public utility may propose, and the
39.23 commission may approve, approve as modified, or reject, a multiyear rate plan as
39.24 provided in this subdivision. For the purposes of this subdivision, the term "multiyear
39.25 rate plan" refers to a plan establishing the rates the utility may charge for each year of the
39.26 specified period of years, which cannot exceed three years, to be covered by the plan. The
39.27 commission may approve a multiyear rate plan only if it finds that the plan establishes
39.28 just and reasonable rates for the utility, applying the factors described in subdivision 6.
39.29 Consistent with subdivision 4, the burden of proof to demonstrate that the multiyear rate
39.30 plan is just and reasonable is on the public utility proposing the plan.

39.31 (b) Rates charged under the multiyear rate plan must be based only upon the utility's
39.32 reasonable and prudent costs of service over the term of the plan, as determined by the
39.33 commission, provided that the costs are not being recovered elsewhere in rates. Rate
39.34 adjustments authorized under subdivisions 6b and 7 may continue outside of a plan
39.35 authorized under this subdivision.

40.1 (c) The commission may, by order, establish terms, conditions, and procedures for a
40.2 multiyear rate plan necessary to implement this section and ensure that rates remain just
40.3 and reasonable during the course of the plan, including terms and procedures for rate
40.4 adjustment. At any time prior to conclusion of a multiyear rate plan, the commission,
40.5 upon its own motion or upon petition of any party, has the discretion to examine the
40.6 reasonableness of the utility's rates under the plan, and adjust rates as necessary.

40.7 (d) In reviewing a multiyear rate plan proposed in a general rate case under
40.8 this section, the commission may extend the time requirements for issuance of a final
40.9 determination prescribed in this section by an additional 90 days beyond its existing
40.10 authority under subdivision 2, paragraph (f).

40.11 ~~(e) A utility may not file a multiyear rate plan that would establish rates under the~~
40.12 ~~terms of the plan until after May 31, 2012.~~

40.13 Sec. 7. Minnesota Statutes 2014, section 216B.16, is amended by adding a subdivision
40.14 to read:

40.15 Subd. 20. Performance-based multiyear rate plan. (a) A public utility may
40.16 propose, and the commission may by order approve, approve as modified, or reject, a
40.17 performance-based multiyear rate plan as provided in this subdivision. For the purposes of
40.18 this subdivision, the term "performance-based multiyear rate plan" refers to a business
40.19 plan establishing the rates the utility may charge or the process for annually adjusting
40.20 rates for each year of the specified period of years, which cannot exceed five years,
40.21 covered by the plan. Consistent with subdivision 4, the burden of proof to demonstrate
40.22 the performance-based multiyear rate plan is just and reasonable is on the public utility
40.23 proposing the plan.

40.24 (b) The performance-based multiyear rate plan replaces a general rate case filing
40.25 pursuant to this section. The commission may approve a performance-based multiyear
40.26 rate plan if it finds that the plan results in just and reasonable rates and:

40.27 (1) aligns rate, resource planning, grid planning, and policy decisions during the
40.28 plan period;

40.29 (2) bases a portion of the utility's revenue on the achievement of performance
40.30 metrics described in paragraph (c), clause (1), as approved by the commission;

40.31 (3) is designed to encourage operational efficiency; and

40.32 (4) reduces a utility's disincentive to promote energy efficiency and other activities
40.33 that result in reduced utility sales.

40.34 (c) As part of its performance-based multiyear rate plan, the utility must:

41.1 (1) propose a set of performance metrics that are quantifiable, verifiable, within the
41.2 utility's ability to control, consistent with state energy policy, and that enhance system
41.3 value or customer value;

41.4 (2) provide a general description of the utility's major planned investments and
41.5 expenses over the plan period, including the investments and expenses that support
41.6 achievement of the performance metrics and state policy goals; and

41.7 (3) propose tariffs that expand the products and services available to customers,
41.8 including but not limited to a rate option for energy-intensive trade-exposed electric
41.9 utility customers as described in section 216B.1696, an affordability rate for low-income
41.10 residential customers, and a rate that allows customers to choose a carbon-free energy mix.

41.11 (d) The commission shall approve by order a set of performance metrics that meet
41.12 the criteria in paragraph (c), clause (1), and the associated incentive mechanisms after
41.13 receiving recommendations from a stakeholder group that must include the utility and
41.14 that shall be convened by a lead commissioner, as provided under section 216A.03,
41.15 subdivision 9. The lead commissioner shall ensure that a report on the outcome of the
41.16 stakeholder process is presented to the commission within six months of the date the
41.17 stakeholder group is initially convened.

41.18 (e) The performance-based multiyear rate plan shall include:

41.19 (1) recovery of the utility's forecast rate base including its planned capital
41.20 investments and investment-related costs, including income tax impacts, depreciation,
41.21 and property taxes, as well as forecasted capacity-related costs from purchased power
41.22 agreements that are not recovered under subdivision 7, based on a formula, a budget
41.23 forecast, or a fixed escalation rate, individually or in combination;

41.24 (2) recovery of operations and maintenance expenses, excluding costs recovered
41.25 under clauses (4) and (5), and other cost adjustment mechanisms, based on an
41.26 electricity-related price index;

41.27 (3) rate moderation tools to lessen rate impacts and promote rate stability;

41.28 (4) recovery of energy conservation improvement expenses authorized in
41.29 subdivisions 6b and 6c, fuel and purchased energy costs authorized in subdivision 7, and
41.30 other costs recovered through cost-recovery riders that the commission determines are
41.31 appropriate and necessary for effective implementation of the rate plan;

41.32 (5) adjustments to the rates under the approved plan for:

41.33 (i) major capital investments, asset acquisitions, or divestitures exceeding
41.34 \$50,000,000 that are approved by the commission after approval of a utility's
41.35 performance-based multiyear rate plan; or

42.1 (ii) events that are beyond a utility's control and result in material positive or
42.2 negative cost impacts, including but not limited to natural disasters or changes in state
42.3 or federal law or regulation; and

42.4 (6) sharing of a portion of earnings above the authorized return, exclusive of any
42.5 incentives allowed under this subdivision and subdivision 6c.

42.6 (f) A utility may include in its performance-based multiyear rate plan a request for
42.7 an annual adjustment mechanism for costs of investments, expenses, and amortization
42.8 in nuclear generation beyond the levels established in a utility's most recent rate case,
42.9 including a rate of return, income taxes on the rate of return, and incremental property
42.10 taxes, if any, plus incremental depreciation expenses associated with a utility's nuclear
42.11 assets, provided that costs recovered through the nuclear cost adjustment mechanism
42.12 remain subject to an annual review process that ensures costs recovered through the
42.13 mechanism were prudently incurred.

42.14 (g) A utility may file a performance-based multiyear rate plan based on a prior final
42.15 rate order from the commission, provided the rate order was issued within 24 months of
42.16 submitting a performance-based multiyear rate plan. The commission shall issue a decision
42.17 on the plan within the period established under subdivision 2, paragraph (f). A utility
42.18 submitting a performance-based multiyear rate plan under this paragraph shall use the same
42.19 base return on equity for the first two years of its five-year business plan, as authorized in
42.20 the most recent general rate case. The utility may propose and the commission may approve
42.21 a different return on equity or a formula to adjust return on equity based on observed
42.22 changes in interest rates or other relevant factors for years three through five of the plan.

42.23 (h) A utility may request to implement interim rates for the first year of the
42.24 performance-based multiyear plan and, if needed due to the schedule for processing the
42.25 request, the subsequent year of the plan. Interim rates shall be implemented in the same
42.26 manner as interim rates under subdivision 3.

42.27 (i) If the commission issues a final order that modifies the utility's proposed
42.28 performance-based multiyear rate plan beyond any modifications agreed to in the
42.29 stakeholder process, the utility may opt out of the plan by providing written notice to the
42.30 commission within 45 days of the date of the order modifying the plan. A utility opting
42.31 out is authorized to collect rates at the commission-ordered revenue levels specified for
42.32 the first year of the plan.

42.33 (j) The utility or commission may request a substantive review with the option to
42.34 amend or cancel the plan if the utility's earned return in a given year is 250 basis points
42.35 above or below the authorized level.

43.1 Sec. 8. **[216B.1616] ELECTRIC VEHICLE REBATES.**

43.2 Subdivision 1. **Definition.** For the purposes of this section, "electric vehicle" has the
 43.3 meaning given in section 169.011, subdivision 26a, paragraph (a).

43.4 Subd. 2. **Program.** The utility subject to section 116C.779 shall operate a program
 43.5 to provide rebates to purchasers of eligible electric vehicles. The program shall be operated
 43.6 for five consecutive calendar years commencing in 2016. \$5,000,000 shall be allocated for
 43.7 each of the five years from the Minnesota energy investment account established in section
 43.8 116C.779 to a separate account for the purpose of paying rebates under this section. The
 43.9 utility must file a plan to operate the program with the commissioner, and may not operate
 43.10 the program until it is approved by the commissioner.

43.11 Subd. 3. **Eligibility.** The purchaser of an electric vehicle is eligible for a \$.....
 43.12 rebate under this section if:

43.13 (1) the electric vehicle:

43.14 (i) has not been previously owned;

43.15 (ii) has not been modified from the original manufacturer's specifications; and

43.16 (iii) is purchased after the effective date of this act for use by the purchaser and
 43.17 not for resale; and

43.18 (2) the purchaser:

43.19 (i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph
 43.20 (a), when the electric vehicle is purchased;

43.21 (ii) has not received a rebate or tax credit for the purchase of the same electric
 43.22 vehicle from another state;

43.23 (iii) registers the electric vehicle in Minnesota; and

43.24 (iv) is an electric service customer of the utility subject to section 116C.779.

43.25 Sec. 9. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT**
 43.26 **COSTS.**

43.27 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
 43.28 this subdivision have the meanings given them.

43.29 (b) "Contribution in aid of construction" means a monetary contribution, paid by
 43.30 a developer or local unit of government to a utility providing natural gas service to a
 43.31 community receiving that service as the result of a natural gas extension project, that
 43.32 reduces or offsets the difference between the total revenue requirement of the project and
 43.33 the revenue generated from the customers served by the project.

43.34 (c) "Developer" means a developer of the project or a person that owns or will own
 43.35 the property served by the project.

44.1 (d) "Local unit of government" means a city, county, township, commission, district,
44.2 authority, or other political subdivision or instrumentality of this state.

44.3 (e) "Natural gas extension project" or "project" means the construction of new
44.4 infrastructure or upgrades to existing natural gas facilities necessary to serve currently
44.5 unserved or inadequately served areas.

44.6 (f) "Revenue deficiency" means the deficiency in funds that results when projected
44.7 revenues from customers receiving natural gas service as the result of a natural gas
44.8 extension project, plus any contributions in aid of construction paid by these customers,
44.9 fall short of the total revenue requirement of the natural gas extension project.

44.10 (g) "Total revenue requirement" means the total cost of extending and maintaining
44.11 natural gas service to a currently unserved or inadequately served area.

44.12 (h) "Transport customer" means a customer for whom a natural gas utility transports
44.13 gas the customer has purchased from another natural gas supplier.

44.14 (i) "Unserved or inadequately served area" means an area in this state lacking
44.15 adequate natural gas pipeline infrastructure to meet the demand of existing or potential
44.16 end-use customers.

44.17 Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a
44.18 general rate case for a rider that shall include all of the utility's customers, including
44.19 transport customers, to recover the revenue deficiency from a natural gas extension project.

44.20 (b) The petition shall include:

44.21 (1) a description of the natural gas extension project, including the number and
44.22 location of new customers to be served and the distance over which natural gas will be
44.23 distributed to serve the unserved or inadequately served area;

44.24 (2) the project's construction schedule;

44.25 (3) the proposed project budget;

44.26 (4) the amount of any contributions in aid of construction;

44.27 (5) a description of efforts made by the public utility to offset the revenue deficiency
44.28 through contributions in aid to construction;

44.29 (6) the amount of the revenue deficiency, and how recovery of the revenue deficiency
44.30 will be allocated among industrial, commercial, residential, and transport customers;

44.31 (7) the proposed method to be used to recover the revenue deficiency from each
44.32 customer class, such as a flat fee, a volumetric charge, or another form of recovery;

44.33 (8) the proposed termination date of the rider to recover the revenue deficiency; and

44.34 (9) a description of benefits to the public utility's existing natural gas customers that
44.35 will accrue from the natural gas extension project.

45.1 Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for
45.2 comment on the petition.

45.3 (b) The commission shall approve a public utility's petition for a rider to recover the
45.4 costs of a natural gas extension project if it determines that:

45.5 (1) the project is designed to extend natural gas service to an unserved or
45.6 inadequately served area; and

45.7 (2) project costs are reasonable and prudently incurred.

45.8 (c) The commission must not approve a rider under this section that allows a utility
45.9 to recover more than 33 percent of the costs of a natural gas extension project.

45.10 (d) The revenue deficiency from a natural gas extension project recoverable through
45.11 a rider under this section must include the currently authorized rate of return, incremental
45.12 income taxes, incremental property taxes, incremental depreciation expenses, and any
45.13 incremental operation and maintenance costs.

45.14 Subd. 4. **Commission authority; order.** The commission may issue orders
45.15 necessary to implement and administer this section.

45.16 Subd. 5. **Implementation.** Nothing in this section commits a public utility to
45.17 implement a project approved by the commission. The public utility seeking to provide
45.18 natural gas service shall notify the commission whether it intends to proceed with the
45.19 project as approved by the commission.

45.20 Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years
45.21 thereafter, the commission shall report to the chairs and ranking minority members of the
45.22 senate and house of representatives committees having jurisdiction over energy policy:

45.23 (1) the number of public utilities and projects proposed and approved under this
45.24 section;

45.25 (2) the total cost of each project;

45.26 (3) rate impacts of the cost recovery mechanism; and

45.27 (4) an assessment of the effectiveness of the cost recovery mechanism in realizing
45.28 increased natural gas service to unserved or inadequately served areas from natural gas
45.29 extension projects.

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

45.31 Sec. 10. **[216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE**
45.32 **ASSOCIATION.**

45.33 A cooperative electric association that has elected to be subject to rate regulation
45.34 under section 216B.026 is eligible to file with the commission for approval an adjustment
45.35 for real personal property taxes, fees, and permits.

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

46.2 Sec. 11. **[216B.1696] COMPETITIVE RATE FOR ENERGY-INTENSIVE**
46.3 **TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.**

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

46.6 (b) "Clean energy technology" is energy technology that generates electricity from a
46.7 noncarbon-emitting resource, including but not limited to solar, wind, hydroelectric,
46.8 and nuclear.

46.9 (c) "Energy-intensive trade-exposed customer" is defined to include:

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

46.12 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
46.13 manufacturer;

46.14 (3) a copper, nickel, or precious metals mining extraction and processing facility;

46.15 (4) a steel mill and related facilities;

46.16 (5) an oil and liquids pipeline;

46.17 (6) a ceiling panel manufacturer; and

46.18 (7) any other globally competitive electric utility customer who can demonstrate
46.19 that energy costs are a significant portion of the customer's overall cost of production and
46.20 impede the customer's ability to compete in the global market.

46.21 (d) "EITE rate schedule" means a rate schedule of an investor-owned electric
46.22 utility that establishes the terms of service for an individual or group of energy-intensive,
46.23 trade-exposed customers.

46.24 (e) "EITE rate" means the rate or rates offered by the utility under an EITE rate
46.25 schedule.

46.26 Subd. 2. **Rates and terms of EITE rate schedule.** (a) It is the energy policy
46.27 of the state of Minnesota to promote competitive electric rates for energy-intensive,
46.28 trade-exposed customers, as provided in this section. To achieve this objective, an
46.29 investor-owned electric utility may propose an EITE rate schedule for commission
46.30 approval that includes various EITE rate options, including fixed rates, market-based rates,
46.31 and rates to encourage utilization of clean energy technology.

46.32 (b) Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the
46.33 commission shall approve a proposed EITE rate schedule if it finds the schedule provides
46.34 net benefits to the utility and its customers, considering among other things:

46.35 (1) potential cost impacts to the utility customers;

47.1 (2) the net benefit to the local or state economy through the retention of or increase
 47.2 to existing jobs;

47.3 (3) a net increase in economic development in the utility's service territory; and

47.4 (4) avoiding a significant increase in rates due to a reduction of EITE customer load.

47.5 (c) An EITE rate offered by an electric utility under an approved EITE rate schedule
 47.6 must be filed with the commission. The commission shall review and approve the EITE
 47.7 rate offered by an electric utility if it finds the rate provides net benefits to the utility and
 47.8 its customers as described above. The commission shall make a final determination in
 47.9 any proceeding begun under this section within 90 days of a miscellaneous rate filing by
 47.10 the electric utility.

47.11 (d) Upon approval of an EITE rate, the utility may recover the incremental costs
 47.12 associated with providing service to a customer under the EITE rate from the utility's
 47.13 nonenergy-intensive, trade-exposed customers, except low-income residential ratepayers,
 47.14 as defined in section 216B.16, subdivision 15.

47.15 Sec. 12. Minnesota Statutes 2014, section 216B.243, subdivision 3b, is amended to read:

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

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

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

47.23 Sec. 13. **[216C.391] COMPRESSED NATURAL GAS VEHICLES; REBATE**
 47.24 **PROGRAM.**

47.25 Subdivision 1. Definitions. (a) For the purposes of this section, the terms below
 47.26 have the meanings given them.

47.27 (b) "Bus" has the meaning given in section 168.002, subdivision 4.

47.28 (c) "Compressed natural gas vehicle" means a truck, van, or bus that is fueled
 47.29 entirely from natural gas compressed to less than one percent of the volume it occupies at
 47.30 standard atmospheric pressure.

47.31 (d) "Converted" means a vehicle, originally manufactured to be fueled with diesel
 47.32 fuel, that has been modified, by the installation of new equipment, including, but not
 47.33 limited to, injectors, regulators, and a fuel tank, to enable the vehicle to be fueled entirely
 47.34 with compressed natural gas.

48.1 (e) "Heavy-duty vehicle" means a truck, van, or bus with a gross vehicle weight
48.2 rating of 26,001 pounds or greater.

48.3 (f) "Incremental cost" means the difference between the purchase cost of a natural
48.4 gas vehicle and the purchase cost of the same or similar vehicle manufactured to operate
48.5 exclusively on diesel fuel.

48.6 (g) "Light-duty vehicle" means a truck, van, or bus with a gross vehicle weight
48.7 rating up to 6,000 pounds.

48.8 (h) "Medium-duty vehicle" means a truck, van, or bus with a gross vehicle weight
48.9 rating of 6,001 pounds to 26,000 pounds.

48.10 (i) "Truck" has the meaning given in section 168.002, subdivision 37.

48.11 (j) "Van" has the meaning given in section 168.002, subdivision 40.

48.12 Subd. 2. **Program.** (a) The commissioner of commerce shall develop and
48.13 implement a program to provide rebates to eligible compressed natural gas vehicle owners
48.14 for the purchase of vehicles that are:

48.15 (1) new vehicles that have not been modified from the original manufacturer's
48.16 specifications and that are fueled entirely with compressed natural gas; or

48.17 (2) converted from vehicles fueled with diesel fuel to vehicles fueled entirely with
48.18 compressed natural gas.

48.19 (b) Applications for rebates under this section shall be filed with the commissioner
48.20 on a form developed by the commissioner. The commissioner shall develop administrative
48.21 procedures governing the application and rebate award process. Applications will be
48.22 reviewed and rebates awarded on a first-come first-served basis.

48.23 Subd. 3. **Eligibility.** The owner of a compressed natural gas vehicle is eligible
48.24 for a rebate under this section if:

48.25 (1) the owner of the compressed natural gas vehicle:

48.26 (i) is a business that has a valid address in Minnesota from which business is
48.27 conducted;

48.28 (ii) registers the compressed natural gas vehicle in Minnesota; and

48.29 (iii) has not received a rebate or tax credit for the purchase or conversion of the same
48.30 compressed natural gas vehicle from another state; and

48.31 (2) the compressed natural gas vehicle:

48.32 (i) is purchased or converted after the effective date of this act; and

48.33 (ii) is used to perform business functions that are integral to the operations of the
48.34 business that owns the compressed natural gas vehicle; and

48.35 (3) the conversion system installed in a converted compressed natural gas vehicle:

49.1 (i) is certified by the Environmental Protection Agency or the California Air
 49.2 Resources Board;

49.3 (ii) is installed by a person who has been certified to install the conversion system
 49.4 by the manufacturer of the conversion system or a state that certifies persons to install
 49.5 conversion systems; and

49.6 (iii) is installed in compliance with the National Fire Protection Association's
 49.7 Vehicle Fuel Systems Code (NFPA 52).

49.8 Subd. 4. **Rebate amounts.** (a) A rebate awarded under this section to a purchaser of
 49.9 a new compressed natural gas vehicle under this section may amount to no more than 50
 49.10 percent of the incremental cost of:

49.11 (1) a light-duty vehicle, not to exceed \$5,000;

49.12 (2) a medium-duty vehicle, not to exceed \$8,000; and

49.13 (3) a heavy-duty vehicle, not to exceed \$20,000.

49.14 (b) A rebate awarded under this section to an owner of a converted compressed
 49.15 natural gas vehicle may amount to no more than 50 percent of the equipment and
 49.16 installation costs to convert the vehicle, and may not exceed \$5,000.

49.17 Subd. 5. **Maximum rebate amounts.** The maximum amount of rebates allowed to
 49.18 a single business per year under this section are as follows:

49.19 (1) no more than \$50,000 for light- and medium-duty vehicles; and

49.20 (2) no more than \$100,000 for heavy-duty vehicles.

49.21 Subd. 6. **Appropriation.** \$..... in fiscal year 2016 and \$..... in fiscal year 2017
 49.22 are appropriated from the Minnesota energy investment account established in section
 49.23 116C.779, subdivision 1, to the commissioner of commerce for the purpose of awarding
 49.24 compressed natural gas vehicle rebates under this section and to pay the reasonable costs
 49.25 incurred by the department to administer this section.

49.26 Sec. 14. Minnesota Statutes 2014, section 275.70, subdivision 6, is amended to read:

49.27 Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy
 49.28 year means its total levy spread on net tax capacity, minus any amounts that would
 49.29 qualify as a special levy under this section, plus the sum of (1) the total amount of aids
 49.30 and reimbursements that the local governmental unit is certified to receive under sections
 49.31 477A.011 to 477A.014 in the same year, and (2) taconite aids under sections 298.28
 49.32 and 298.282 in the same year, including any aid which was required to be placed in a
 49.33 special fund for expenditure in the next succeeding year, ~~and (3) payments to the local~~
 49.34 ~~governmental unit under section 272.029 in the same year, adjusted for any error in~~

50.1 ~~estimation in the preceding year.~~ Payments of production taxes under sections 272.029
50.2 and 272.0295 are not included in the levy aid base.

50.3 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
50.4 2016 and thereafter, but only if levy limits under Minnesota Statutes, sections 275.70 to
50.5 275.74, are in effect for that calendar year.

50.6 Sec. 15. Minnesota Statutes 2014, section 275.71, subdivision 5, is amended to read:

50.7 Subd. 5. **Property tax levy limit.** (a) ~~For taxes levied in 2008 through 2010,~~ The
50.8 property tax levy limit for a local governmental unit is equal to its adjusted levy limit base
50.9 determined under subdivision 4 plus any additional levy authorized under section 275.73,
50.10 which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids
50.11 and reimbursements that the local governmental unit is certified to receive under sections
50.12 477A.011 to 477A.014, and (ii) taconite aids under sections 298.28 and 298.282 including
50.13 any aid which was required to be placed in a special fund for expenditure in the next
50.14 succeeding year, (iii) estimated payments to the local governmental unit under section
50.15 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids under
50.16 section 477A.16. Payments of production taxes under sections 272.029 and 272.0295 are
50.17 not reductions to the property tax levy limit.

50.18 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local
50.19 government unit's levy limit is reduced by an unallotment under section 16A.152, the
50.20 amount of the aid, payment, or other amount prior to the unallotment is used in the
50.21 computations in paragraph (a). In order for a local government unit to levy outside of its
50.22 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,
50.23 and to the extent authorized by, a special levy authorization.

50.24 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
50.25 2016 and thereafter, but only if levy limits under Minnesota Statutes, sections 275.70 to
50.26 275.74, are in effect for that calendar year.

50.27 Sec. 16. Minnesota Statutes 2014, section 297A.992, is amended by adding a
50.28 subdivision to read:

50.29 Subd. 2a. **Tax base.** Notwithstanding section 297A.99, subdivision 4, or any
50.30 requirements under the multistate agreement entered into under section 297A.995, the
50.31 tax under this section applies to all sales subject to the state sales tax under this chapter
50.32 that occur in the metropolitan transit area, except for sales and purchases of electricity
50.33 and natural gas.

51.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
51.2 June 30, 2015.

51.3 Sec. 17. **TRANSFER OF FUNCTIONS; STUDY.**

51.4 (a) The commissioner of the Department of Administration shall contract with
51.5 the Management, Analysis, and Development Division of Minnesota Management and
51.6 Budget for a study to examine potential cost savings and program efficiencies that may
51.7 result from transferring certain functions and staff of the division of energy resources in
51.8 the Department of Commerce to the Public Utilities Commission. In conducting the study,
51.9 the Management, Analysis, and Development Division must:

51.10 (1) analyze the functions of the various offices of both the division of energy
51.11 resources and the commission;

51.12 (2) assess any duplicative functions of staff and redundant management positions;

51.13 (3) assess whether transferring specific functions and staff would result in a clearer
51.14 and more functional link between authority and responsibility for accomplishing various
51.15 activities;

51.16 (4) consider whether any such transfers would make governmental decisions
51.17 regarding energy more transparent to the public;

51.18 (5) determine which specific positions, including administrative support, could be
51.19 eliminated as a result of the transfer without appreciably diminishing the quantity or
51.20 quality of work produced;

51.21 (6) calculate the budgetary savings that could be realized as a result of transferring
51.22 functions and eliminating redundant positions;

51.23 (7) estimate any cost savings that would accrue to regulated utilities as a result
51.24 of transferring functions;

51.25 (8) assess the benefits and costs of various options with respect to transferring
51.26 functions and staff; and

51.27 (9) assume that any transfer is subject to the provisions of Minnesota Statutes,
51.28 section 15.039.

51.29 (b) The study must, by January 1, 2016, be submitted to the chairs and ranking
51.30 minority members of the senate and house committees with jurisdiction over energy
51.31 policy and state government operations.

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

51.33 Sec. 18. **TRANSFER OF DUTIES; ADVISORY TASK FORCE.**

52.1 (a) An advisory task force is established to examine transferring the provision of
 52.2 low-income heating assistance and weatherization programs for low-income households
 52.3 from community action agencies currently performing those functions to other
 52.4 organizations.

52.5 (b) The governor, the president and minority leader of the senate, and the speaker
 52.6 and minority leader of the house of representatives shall, by July 1, 2015, each appoint
 52.7 one member of the advisory task force. The executive director of the Legislative Energy
 52.8 Commission shall serve as staff for the task force. Members of the task force shall not
 52.9 receive compensation.

52.10 (c) In determining its findings and recommendations, the advisory task force shall
 52.11 examine the organizations used by other states to provide low-income heating assistance
 52.12 and weatherization programs.

52.13 (d) The advisory task force shall present its findings and recommendations in a
 52.14 report submitted by January 15, 2016, to the chairs and ranking minority members of the
 52.15 senate and house committees with jurisdiction over energy policy.

52.16 (e) The advisory task force established under this section expires on June 30, 2016.

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

52.18 **Sec. 19. PUBLIC POWER AUTHORITY; STUDY.**

52.19 The commissioner of employment and economic development shall contract with
 52.20 an independent consulting organization with experience in energy to conduct a study
 52.21 examining the feasibility and potential costs and benefits of creating a state public power
 52.22 authority with the authority to (1) construct, own, and operate electric generation and
 52.23 transmission facilities; (2) allocate low-cost power it generates or purchases to Minnesota
 52.24 retail customers; (3) finance energy efficiency projects in public buildings; and (4) perform
 52.25 related tasks. The analysis must examine the structure, funding, and authority of similar
 52.26 organizations in other states and countries. The report must be submitted no later than
 52.27 February 15, 2016, to the chairs and ranking minority members of the senate and house of
 52.28 representatives committees with primary jurisdiction over energy policy.

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

52.30 **Sec. 20. APPROPRIATION.**

52.31 (a) \$..... in fiscal year 2016 is appropriated from the account under Minnesota
 52.32 Statutes, section 116C.779 to the commissioner of commerce for the purpose of paying

53.1 electric and compressed natural gas vehicle rebates and incentives under sections 8 and
 53.2 13, and administering the rebate program.

53.3 (b) \$..... in fiscal year 2016 is appropriated from the general fund to the
 53.4 commissioner of administration for the purpose of completing the study described in
 53.5 section 18.

53.6 (c) \$150,000 in fiscal year 2016 is appropriated from the general fund to the
 53.7 commissioner of employment and economic development for the purpose of conducting
 53.8 the study described in section 19.

53.9 (d) \$1,000,000 in fiscal year 2016 is appropriated from the general fund to the
 53.10 commissioner of commerce for a grant to a school district authorized by Laws 2014,
 53.11 chapter 312, article 18, section 23, to lease-purchase a satellite transportation hub, for the
 53.12 purpose of installing infrastructure necessary to store and dispense compressed natural
 53.13 gas to fuel school buses.

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

53.15 Sec. 21. **REPEALER.**

53.16 Minnesota Statutes 2014, section 3.8852, is repealed.

53.17 **ARTICLE 6**

53.18 **CONFORMING CHANGES**

53.19 Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 3, is amended to read:

53.20 Subd. 3. **Duties.** (a) The commission shall continuously evaluate the energy policies
 53.21 of this state and the degree to which they promote an environmentally and economically
 53.22 sustainable energy future. The commission shall monitor the state's progress in achieving
 53.23 its goals to develop renewable sources of electric energy under section 216B.1691,
 53.24 subdivision 2a, and the progress of energy-related sectors in reducing greenhouse gas
 53.25 emissions under the state's greenhouse gas emissions-reductions ~~goals~~ goal established in
 53.26 section 216H.02, subdivision 1. The commission may review proposed energy legislation
 53.27 and may recommend legislation. The commission shall when feasible solicit and consider
 53.28 public testimony regarding the economic, environmental, and social implications of state
 53.29 energy plans and policies. Notwithstanding any other law to the contrary the commission's
 53.30 evaluations and reviews under this subdivision shall include new and existing technologies
 53.31 for nuclear power.

53.32 (b) The commission may study, analyze, hold hearings, and make legislative
 53.33 recommendations regarding the following issues:

- 54.1 (1) the generation, transmission, and distribution of electricity;
- 54.2 (2) the reduction of greenhouse gas emissions;
- 54.3 (3) the conservation of energy;
- 54.4 (4) alternative energy sources available to replace dwindling fossil fuel and other
- 54.5 nonrenewable fuel sources;
- 54.6 (5) the development of renewable energy supplies;
- 54.7 (6) the economic development potential associated with issues described in clauses
- 54.8 (1) to (5); and
- 54.9 (7) other energy-related subjects the commission finds significant.

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

54.11 Sec. 2. Minnesota Statutes 2014, section 116C.7791, subdivision 5, is amended to read:

54.12 Subd. 5. **Rebate program funding.** (a) The following amounts must be allocated

54.13 from the ~~renewable development~~ Minnesota energy investment account established in

54.14 section 116C.779 to a separate account for the purpose of providing the rebates for solar

54.15 photovoltaic modules specified in this section:

- 54.16 (1) \$2,000,000 in fiscal year 2011;
- 54.17 (2) \$4,000,000 in fiscal year 2012;
- 54.18 (3) \$5,000,000 in fiscal year 2013;
- 54.19 (4) \$5,000,000 in fiscal year 2014; and
- 54.20 (5) \$5,000,000 in fiscal year 2015.

54.21 (b) If, by the end of fiscal year 2015, insufficient qualified owners have applied for

54.22 and met the requirements for rebates under this section to exhaust the funds available, any

54.23 remaining balance shall be returned to the account established under section 116C.779.

54.24 Sec. 3. Minnesota Statutes 2014, section 116J.437, subdivision 1, is amended to read:

54.25 Subdivision 1. **Definitions.** (a) For the purpose of this section, the following terms

54.26 have the meanings given.

54.27 (b) "Green economy" means products, processes, methods, technologies, or services

54.28 intended to do one or more of the following:

- 54.29 (1) increase the use of energy from renewable sources, including through achieving
- 54.30 the ~~renewable~~ advanced energy standard established in section 216B.1691;
- 54.31 (2) achieve the statewide energy-savings goal established in section 216B.2401,
- 54.32 including energy savings achieved by the conservation investment program under section
- 54.33 216B.241;

55.1 (3) achieve the greenhouse gas emission reduction ~~goals~~ goal of section 216H.02,
 55.2 subdivision 1, including through reduction of greenhouse gas emissions, as defined in
 55.3 section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through,
 55.4 but not limited to, carbon capture, storage, or sequestration;

55.5 (4) monitor, protect, restore, and preserve the quality of surface waters, including
 55.6 actions to further the purposes of the Clean Water Legacy Act as provided in section
 55.7 114D.10, subdivision 1;

55.8 (5) expand the use of biofuels, including by expanding the feasibility or reducing the
 55.9 cost of producing biofuels or the types of equipment, machinery, and vehicles that can
 55.10 use biofuels, including activities to achieve the petroleum replacement goal in section
 55.11 239.7911; or

55.12 (6) increase the use of green chemistry, as defined in section 116.9401.

55.13 For the purpose of clause (3), "green economy" includes strategies that reduce carbon
 55.14 emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass
 55.15 transit or otherwise reducing commuting for employees.

55.16 Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 3a, is amended to read:

55.17 Subd. 3a. **Net metered facility.** (a) ~~Except for customers receiving a value of solar~~
 55.18 ~~rate under subdivision 10,~~ A customer with a net metered facility having a capacity of
 55.19 40 kilowatts or greater but less than 1,000 kilowatts that is interconnected to a public
 55.20 utility may elect to be compensated for the customer's net input into the utility system
 55.21 in the form of a kilowatt-hour credit on the customer's energy bill carried forward and
 55.22 applied to subsequent energy bills. Any net input supplied by the customer into the utility
 55.23 system that exceeds energy supplied to the customer by the utility during a calendar year
 55.24 must be compensated at the applicable rate.

55.25 (b) A public utility may not impose a standby charge on a net metered or qualifying
 55.26 facility:

55.27 (1) of 100 kilowatts or less capacity; or

55.28 (2) of more than 100 kilowatts capacity, except in accordance with an order of the
 55.29 commission establishing the allowable costs to be recovered through standby charges.

55.30 Sec. 5. Minnesota Statutes 2014, section 216B.1645, subdivision 1, is amended to read:

55.31 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the
 55.32 Public Utilities Commission shall approve or disapprove power purchase contracts,
 55.33 investments, or expenditures entered into or made by the utility to satisfy the wind and
 55.34 biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, and

56.1 to satisfy the renewable advanced energy objectives and standards set forth in section
56.2 216B.1691, including reasonable investments and expenditures made to:

56.3 (1) transmit the electricity generated from sources developed under those sections
56.4 that is ultimately used to provide service to the utility's retail customers, including
56.5 studies necessary to identify new transmission facilities needed to transmit electricity to
56.6 Minnesota retail customers from generating facilities constructed to satisfy the renewable
56.7 advanced energy objectives and standards, provided that the costs of the studies have not
56.8 been recovered previously under existing tariffs and the utility has filed an application
56.9 for a certificate of need or for certification as a priority project under section 216B.2425
56.10 for the new transmission facilities identified in the studies;

56.11 (2) provide storage facilities for renewable energy generation facilities that
56.12 contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

56.13 (3) develop renewable energy sources from the account required in section 116C.779.

56.14 Sec. 6. Minnesota Statutes 2014, section 216B.241, subdivision 5c, is amended to read:

56.15 Subd. 5c. **Large solar electric generating plant.** (a) For the purpose of this
56.16 subdivision:

56.17 (1) "project" means a solar electric generation project consisting of arrays of solar
56.18 photovoltaic cells with a capacity of up to two megawatts located on the site of a closed
56.19 landfill in Olmsted County owned by the Minnesota Pollution Control Agency; and

56.20 (2) "cooperative electric association" means a generation and transmission
56.21 cooperative electric association that has a member distribution cooperative association to
56.22 which it provides wholesale electric service in whose service territory a project is located.

56.23 (b) A cooperative electric association may elect to count all of its purchases of
56.24 electric energy from a project toward only one of the following:

56.25 (1) its energy-savings goal under subdivision 1c; or

56.26 (2) its advanced energy objective or standard under section 216B.1691.

56.27 (c) A cooperative electric association may include in its conservation plan purchases
56.28 of electric energy from a project. The cost-effectiveness of project purchases may be
56.29 determined by a different standard than for other energy conservation improvements
56.30 under this section if the commissioner determines that doing so is in the public interest
56.31 in order to encourage solar energy. The kilowatt hours of solar energy purchased by a
56.32 cooperative electric association from a project may count for up to 33 percent of its one
56.33 percent savings goal under subdivision 1c or up to 22 percent of its 1.5 percent savings
56.34 goal under that subdivision. Expenditures made by a cooperative association for the

57.1 purchase of energy from a project may not be used to meet the revenue expenditure
57.2 requirements of subdivisions 1a and 1b.

57.3 Sec. 7. Minnesota Statutes 2014, section 216B.241, subdivision 9, is amended to read:

57.4 Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The
57.5 purpose of this subdivision is to establish cost-effective energy-efficiency performance
57.6 standards for new and substantially reconstructed commercial, industrial, and institutional
57.7 buildings that can significantly reduce carbon dioxide emissions by lowering energy use in
57.8 new and substantially reconstructed buildings. For the purposes of this subdivision, the
57.9 establishment of these standards may be referred to as Sustainable Building 2030.

57.10 (b) The commissioner shall contract with the Center for Sustainable Building
57.11 Research at the University of Minnesota to coordinate development and implementation
57.12 of energy-efficiency performance standards, strategic planning, research, data analysis,
57.13 technology transfer, training, and other activities related to the purpose of Sustainable
57.14 Building 2030. The commissioner and the Center for Sustainable Building Research
57.15 shall, in consultation with utilities, builders, developers, building operators, and experts
57.16 in building design and technology, develop a Sustainable Building 2030 implementation
57.17 plan that must address, at a minimum, the following issues:

57.18 (1) training architects to incorporate the performance standards in building design;

57.19 (2) incorporating the performance standards in utility conservation improvement
57.20 programs; and

57.21 (3) developing procedures for ongoing monitoring of energy use in buildings that
57.22 have adopted the performance standards.

57.23 The plan must be submitted to the chairs and ranking minority members of the senate and
57.24 house of representatives committees with primary jurisdiction over energy policy by
57.25 July 1, 2009.

57.26 (c) Sustainable Building 2030 energy-efficiency performance standards must be firm,
57.27 quantitative measures of total building energy use and associated carbon dioxide emissions
57.28 per square foot for different building types and uses, that allow for accurate determinations
57.29 of a building's conformance with a performance standard. Performance standards must
57.30 address energy use by electric vehicle charging infrastructure in or adjacent to buildings as
57.31 that infrastructure begins to be made widely available. The energy-efficiency performance
57.32 standards must be updated every three or five years to incorporate all cost-effective
57.33 measures. The performance standards must reflect the reductions in carbon dioxide
57.34 emissions per square foot resulting from actions taken by utilities to comply with the
57.35 renewable advanced energy standards in section 216B.1691. The performance standards

58.1 should be designed to achieve reductions equivalent to the following reduction schedule,
58.2 measured against energy consumption by an average building in each applicable building
58.3 sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020;
58.4 and (4) 90 percent in 2025. A performance standard must not be established or increased
58.5 absent a conclusive engineering analysis that it is cost-effective based upon established
58.6 practices used in evaluating utility conservation improvement programs.

58.7 (d) The annual amount of the contract with the Center for Sustainable Building
58.8 Research is up to \$500,000. The Center for Sustainable Building Research shall expend
58.9 no more than \$150,000 of this amount each year on administration, coordination, and
58.10 oversight activities related to Sustainable Building 2030. The balance of contract funds
58.11 must be spent on substantive programmatic activities allowed under this subdivision that
58.12 may be conducted by the Center for Sustainable Building Research and others, and for
58.13 subcontracts with not-for-profit energy organizations, architecture and engineering firms,
58.14 and other qualified entities to undertake technical projects and activities in support of
58.15 Sustainable Building 2030. The primary work to be accomplished each year by qualified
58.16 technical experts under subcontracts is the development and thorough justification of
58.17 recommendations for specific energy-efficiency performance standards. Additional work
58.18 may include:

58.19 (1) research, development, and demonstration of new energy-efficiency technologies
58.20 and techniques suitable for commercial, industrial, and institutional buildings;

58.21 (2) analysis and evaluation of practices in building design, construction,
58.22 commissioning and operations, and analysis and evaluation of energy use in the
58.23 commercial, industrial, and institutional sectors;

58.24 (3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable
58.25 Building 2030 performance standards, conservation improvement programs, and building
58.26 energy codes;

58.27 (4) development and delivery of training programs for architects, engineers,
58.28 commissioning agents, technicians, contractors, equipment suppliers, developers, and
58.29 others in the building industries; and

58.30 (5) analysis and evaluation of the effect of building operations on energy use.

58.31 (e) The commissioner shall require utilities to develop and implement conservation
58.32 improvement programs that are expressly designed to achieve energy efficiency goals
58.33 consistent with the Sustainable Building 2030 performance standards. These programs
58.34 must include offerings of design assistance and modeling, financial incentives, and the
58.35 verification of the proper installation of energy-efficient design components in new and
58.36 substantially reconstructed buildings. A utility's design assistance program must consider

59.1 the strategic planting of trees and shrubs around buildings as an energy conservation
59.2 strategy for the designed project. A utility making an expenditure under its conservation
59.3 improvement program that results in a building meeting the Sustainable Building 2030
59.4 performance standards may claim the energy savings toward its energy-savings goal
59.5 established in subdivision 1c.

59.6 (f) The commissioner shall report to the legislature every three years, beginning
59.7 January 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable
59.8 Building 2030 performance standards and shall make recommendations on the need to
59.9 continue the program as described in this section.

59.10 Sec. 8. Minnesota Statutes 2014, section 216B.2411, subdivision 3, is amended to read:

59.11 Subd. 3. **Other provisions.** (a) Electricity generated by a facility constructed with
59.12 funds provided under this section and using an eligible renewable energy source may be
59.13 counted toward the renewable advanced energy objectives standards in section 216B.1691,
59.14 subject to the provisions of that section, ~~except as provided in paragraph (e).~~

59.15 (b) Two or more entities may pool resources under this section to provide assistance
59.16 jointly to proposed eligible renewable energy projects. The entities shall negotiate and
59.17 agree among themselves for allocation of benefits associated with a project, such as
59.18 the ability to count energy generated by a project toward a utility's renewable advance
59.19 energy objectives under section 216B.1691, except as provided in paragraph (c). The
59.20 entities shall provide a summary of the allocation of benefits to the commissioner. A
59.21 utility may spend funds under this section for projects in Minnesota that are outside the
59.22 service territory of the utility.

59.23 (c) Electricity generated by a solar photovoltaic device constructed with funds
59.24 provided under this section may be counted toward a public utility's solar energy standard
59.25 under section 216B.1691, subdivision 2f.

59.26 Sec. 9. Minnesota Statutes 2014, section 216B.2422, subdivision 2c, is amended to read:

59.27 Subd. 2c. **Long-range emission reduction planning.** Each utility required to file a
59.28 resource plan under subdivision 2 shall include in the filing a narrative identifying and
59.29 describing the costs, opportunities, and technical barriers to the utility continuing to make
59.30 progress on its system toward achieving the state greenhouse gas emission reduction goals
59.31 goal established in section 216H.02, subdivision 1, and the technologies, alternatives, and
59.32 steps the utility is considering to address those opportunities and barriers.

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

60.1 Sec. 10. Minnesota Statutes 2014, section 216B.2422, subdivision 4, is amended to read:

60.2 Subd. 4. **Preference for renewable energy facility.** The commission shall not
60.3 approve a new or refurbished nonrenewable energy facility in an integrated resource plan
60.4 or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate
60.5 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the
60.6 utility has demonstrated that a renewable energy facility is not in the public interest. The
60.7 public interest determination must include whether the resource plan helps the utility
60.8 achieve the greenhouse gas reduction ~~goals~~ goal under section 216H.02; or the renewable
60.9 advanced energy standard under section 216B.1691, or the solar energy standard under
60.10 section 216B.1691, subdivision 2f.

60.11 Sec. 11. Minnesota Statutes 2014, section 216B.2425, subdivision 7, is amended to read:

60.12 Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity
60.13 subject to this section shall determine necessary transmission upgrades to support
60.14 development of renewable energy resources required to meet ~~objectives~~ the advanced
60.15 energy standards under section 216B.1691 and shall include those upgrades in its report
60.16 under subdivision 2.

60.17 (b) MS 2008 [Expired]

60.18 Sec. 12. Minnesota Statutes 2014, section 216B.243, subdivision 9, is amended to read:

60.19 Subd. 9. **Renewable energy standard facilities.** This section does not apply to a
60.20 wind energy conversion system or a solar electric generation facility that is intended to be
60.21 used to meet the ~~obligations~~ advanced energy standards of section 216B.1691; provided
60.22 that, after notice and comment, the commission determines that the facility is a reasonable
60.23 and prudent approach to meeting a utility's obligations under that section. When making
60.24 this determination, the commission must consider:

60.25 (1) the size of the facility relative to a utility's total need for renewable resources;

60.26 (2) alternative approaches for supplying the renewable energy to be supplied by
60.27 the proposed facility;

60.28 (3) the facility's ability to promote economic development, as required under section
60.29 216B.1691, subdivision 9;

60.30 (4) the facility's ability to maintain electric system reliability;

60.31 (5) impacts on ratepayers; and

60.32 (6) other criteria as the commission may determine are relevant.

60.33 Sec. 13. Minnesota Statutes 2014, section 216C.41, subdivision 2, is amended to read:

61.1 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made
 61.2 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or
 61.3 operator of a qualified hydropower facility or qualified wind energy conversion facility for
 61.4 electric energy generated and sold by the facility, (3) a publicly owned hydropower facility
 61.5 for electric energy that is generated by the facility and used by the owner of the facility
 61.6 outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial
 61.7 repair, for electric energy that is generated by a hydropower facility at the dam and the
 61.8 annual incentive payments will be used to fund the structural repairs and replacement of
 61.9 structural components of the dam, or to retire debt incurred to fund those repairs.

61.10 (b) Payment may only be made upon receipt by the commissioner of commerce of
 61.11 an incentive payment application that establishes that the applicant is eligible to receive an
 61.12 incentive payment and that satisfies other requirements the commissioner deems necessary.
 61.13 The application must be in a form and submitted at a time the commissioner establishes.

61.14 (c) There is annually appropriated from the ~~renewable development~~ Minnesota
 61.15 energy investment account established under section 116C.779 to the commissioner of
 61.16 commerce sums sufficient to make the payments required under this section, in addition to
 61.17 the amounts funded by the renewable development account as specified in subdivision 5a.

61.18 Sec. 14. Minnesota Statutes 2014, section 216C.41, subdivision 5a, is amended to read:

61.19 Subd. 5a. **Renewable development Minnesota energy investment account.** The
 61.20 Department of Commerce shall authorize payment of the renewable energy production
 61.21 incentive to wind energy conversion systems that are eligible under this section or
 61.22 Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric
 61.23 facilities. Payment of the incentive shall be made from the ~~renewable Minnesota energy~~
 61.24 ~~development investment~~ investment account as ~~provided~~ established under section 116C.779,
 61.25 subdivision 21, as provided by that subdivision.

61.26 Sec. 15. Minnesota Statutes 2014, section 216H.021, subdivision 1, is amended to read:

61.27 Subdivision 1. **Commissioner to establish reporting system and maintain**
 61.28 **inventory.** In order to measure the progress in meeting the ~~goals~~ goal of section 216H.02,
 61.29 subdivision 1, and to provide information to develop strategies to achieve those goals,
 61.30 the commissioner of the Pollution Control Agency shall establish a system for reporting
 61.31 and maintaining an inventory of greenhouse gas emissions. The commissioner must
 61.32 consult with the chief information officer of the Office of MN.IT Services about system
 61.33 design and operation. Greenhouse gas emissions include those emissions described in
 61.34 section 216H.01, subdivision 2.

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

62.2 Sec. 16. Minnesota Statutes 2014, section 216H.03, subdivision 4, is amended to read:

62.3 Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions~~
62.4 prohibition in subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to
62.5 the Public Utilities Commission's satisfaction that it will offset the new contribution to
62.6 statewide power sector carbon dioxide emissions with a carbon dioxide reduction project
62.7 identified in paragraph (b) and in compliance with paragraph (c).

62.8 (b) A project proponent may offset in an amount equal to or greater than the
62.9 proposed new contribution to statewide power sector carbon dioxide emissions in either,
62.10 or a combination of both, of the following ways:

62.11 (1) by reducing an existing facility's contribution to statewide power sector carbon
62.12 dioxide emissions; or

62.13 (2) by purchasing carbon dioxide allowances from a state or group of states that has a
62.14 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

62.15 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide
62.16 reduction project identified in paragraph (b) acceptably offsets a new contribution to
62.17 statewide power sector carbon dioxide emissions unless the proposed offsets are permanent,
62.18 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section
62.19 does not exempt emissions that have been offset under this subdivision and emissions
62.20 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

62.22 Sec. 17. Minnesota Statutes 2014, section 373.48, subdivision 3, is amended to read:

62.23 Subd. 3. **Joint purchase of energy and acquisition of generation projects;**

62.24 **financing.** (a) A county may enter into agreements under section 471.59 with other
62.25 counties for joint purchase of energy or joint acquisition of interests in projects. A county
62.26 that enters into a multiyear agreement for purchase of energy or acquires an interest in
62.27 a project, ~~including C-BED projects pursuant to section 216B.1612, subdivision 9,~~ may
62.28 finance the estimated cost of the energy to be purchased during the term of the agreement
62.29 or the cost to the county of the interest in the project by the issuance of revenue bonds of
62.30 the county, including clean renewable energy revenue bonds, provided that the annual debt
62.31 service on all bonds issued under this section, together with the amounts to be paid by the
62.32 county in any year for the purchase of energy under agreements entered into under this
62.33 section, must not exceed the estimated revenues of the project.

63.1 (b) An agreement entered into under section 471.59 as provided by this section
63.2 may provide that:

63.3 (1) each county issues bonds to pay their respective shares of the cost of the projects;

63.4 (2) one of the counties issues bonds to pay the full costs of the project and that the
63.5 other participating counties pay any available revenues of the project and pledge the
63.6 revenues to the county that issues the bonds; or

63.7 (3) the joint powers board issues revenue bonds to pay the full costs of the project
63.8 and that the participating counties pay any available revenues of the project under this
63.9 subdivision and pledge the revenues to the joint powers entity for payment of the revenue
63.10 bonds.

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