

1.1 Senator moves to amend S.F. No. 2393 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 CLIMATE AND ENERGY FINANCE

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 1.7 and for the purposes specified in this article. The appropriations are from the general fund,
 1.8 or another named fund, and are available for the fiscal years indicated for each purpose.
 1.9 The figures "2026" and "2027" used in this article mean that the appropriations listed under
 1.10 them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively.
 1.11 "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium"
 1.12 is fiscal years 2026 and 2027. If an appropriation in this article is enacted more than once
 1.13 in the 2025 regular or a special legislative session, the appropriation must be given effect
 1.14 only once.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2026</u>	<u>2027</u>

1.19 Sec. 2. DEPARTMENT OF COMMERCE

1.20 <u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>12,644,000</u>	<u>\$</u>	<u>12,644,000</u>
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1.21 Appropriations by Fund

	<u>2026</u>	<u>2027</u>	
1.22 <u>General</u>	<u>11,047,000</u>	<u>11,047,000</u>	
1.23 <u>Petroleum Tank</u>	<u>1,597,000</u>	<u>1,597,000</u>	

1.25 The amounts that may be spent for each
1.26 purpose are specified in the following
1.27 subdivisions.

1.28 <u>Subd. 2. Energy Resources</u>		<u>11,047,000</u>		<u>11,047,000</u>
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1.29 (a) \$150,000 the first year and \$150,000 the
 1.30 second year are to remediate vermiculite
 1.31 insulation from households that are eligible
 1.32 for weatherization assistance under
 1.33 Minnesota's weatherization assistance program
 1.34 state plan under Minnesota Statutes, section

- 2.1 216C.264. Remediation must be performed in
2.2 conjunction with federal weatherization
2.3 assistance program services.
- 2.4 (b) \$189,000 each year is for activities
2.5 associated with a utility's implementation of
2.6 a natural gas innovation plan under Minnesota
2.7 Statutes, section 216B.2427.
- 2.8 (c) \$500,000 each year is for a grant to the
2.9 clean energy resource teams under Minnesota
2.10 Statutes, section 216C.385, subdivision 2, to
2.11 provide additional capacity to perform the
2.12 duties specified under Minnesota Statutes,
2.13 section 216C.385, subdivision 3. This
2.14 appropriation may be used to reimburse the
2.15 reasonable costs incurred by the department
2.16 to administer the grant.
- 2.17 (d) \$301,000 each year is to implement energy
2.18 benchmarking under Minnesota Statutes,
2.19 section 216C.331.
- 2.20 (e) \$164,000 each year is for activities
2.21 associated with a public utility's filing a
2.22 transportation electrification plan under
2.23 Minnesota Statutes, section 216B.1615.
- 2.24 (f) \$77,000 each year is for activities
2.25 associated with appeals of consumer
2.26 complaints to the commission under
2.27 Minnesota Statutes, section 216B.172.
- 2.28 (g) \$961,000 each year is for activities
2.29 required under Minnesota Statutes, section
2.30 216B.1641, for community solar gardens. This
2.31 appropriation must be assessed directly to the
2.32 public utility subject to Minnesota Statutes,
2.33 section 116C.779.

3.1 (h) \$46,000 each year is for work to align
 3.2 energy transmission and distribution planning
 3.3 activities with opportunities along trunk
 3.4 highway rights-of-way.

3.5 (i) \$265,000 each year is to (1) participate in
 3.6 a Minnesota Public Utilities Commission
 3.7 proceeding to review electric transmission line
 3.8 owners' plans to deploy grid-enhancing
 3.9 technologies, and (2) issue an order to
 3.10 implement the plans. The base in fiscal year
 3.11 2028 is \$0.

3.12 The general fund base is \$11,047,000 in fiscal
 3.13 year 2028 and \$11,047,000 in fiscal year 2029.

3.14	<u>Subd. 3. Petroleum Tank Release Compensation</u>		
3.15	<u>Board</u>	<u>1,597,000</u>	<u>1,597,000</u>

3.16 This appropriation is from the petroleum tank
 3.17 fund.

3.18	<u>Sec. 3. PUBLIC UTILITIES COMMISSION</u>	<u>\$ 13,330,000</u>	<u>\$ 13,417,000</u>
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3.19 The general fund base is \$13,183,000 in fiscal
 3.20 year 2028 and later.

3.21 **Sec. 4. TRANSFERS.**

3.22 \$1,199,000 in fiscal year 2026 and \$1,199,000 in fiscal year 2027 are transferred from
 3.23 the general fund to the preweatherization account in the special revenue fund under Minnesota
 3.24 Statutes, section 216C.264, subdivision 1c. This transfer is \$1,199,000 in fiscal year 2028
 3.25 and each year thereafter.

3.26 **ARTICLE 2**

3.27 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

3.28 **Section 1. RENEWABLE DEVELOPMENT FINANCE.**

3.29 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 3.30 and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section
 3.31 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable
 3.32 development account in the special revenue fund established in Minnesota Statutes, section

4.1 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose.
 4.2 The figures "2026" and "2027" used in this article mean that the appropriations listed under
 4.3 them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively.
 4.4 "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium"
 4.5 is fiscal years 2026 and 2027. If an appropriation in this article is enacted more than once
 4.6 in the 2025 regular or special legislative session, the appropriation must be given effect
 4.7 only once.

APPROPRIATIONS

Available for the Year

Ending June 30

2026

2027

4.12 **Sec. 2. DEPARTMENT OF COMMERCE**

4.13 **Subdivision 1. Total Appropriation** **\$ 10,500,000** **\$ 100,000**

4.14 The amounts that may be spent for each
 4.15 purpose are specified in the following
 4.16 subdivisions.

4.17 **Subd. 2. "Made in Minnesota" Administration**

4.18 \$100,000 each year is to administer the "Made
 4.19 in Minnesota" solar energy production
 4.20 incentive program under Minnesota Statutes,
 4.21 section 216C.417. Any unobligated amount
 4.22 remaining on June 30, 2027, cancels to the
 4.23 renewable development account.

4.24 **Subd. 3. Microgrid Research and Application**

4.25 \$1,200,000 the first year is for a grant to the
 4.26 University of St. Thomas Center for Microgrid
 4.27 Research, which must be used to:
 4.28 (1) increase the center's capacity to provide
 4.29 industry partners opportunities to test
 4.30 near-commercial microgrid products on a
 4.31 real-world scale and to multiply opportunities
 4.32 for innovative research;

5.1 (2) procure advanced equipment and controls
5.2 to enable the extension of the university's
5.3 microgrid to additional buildings; and
5.4 (3) expand (i) hands-on educational
5.5 opportunities for undergraduate and graduate
5.6 electrical engineering students to increase
5.7 understanding of microgrid operations, and
5.8 (ii) partnerships with community colleges.
5.9 This is a onetime appropriation and is
5.10 available until June 30, 2028.

5.11 **Subd. 4. Green Hydrogen Project**

5.12 \$2,000,000 the first year is for a grant to the
5.13 city of St. Cloud for the Green Hydrogen
5.14 Project to incorporate a battery and renewable
5.15 energy system. This is a onetime appropriation
5.16 and is available until June 30, 2028.

5.17 **Subd. 5. Anaerobic Digester Energy System**

5.18 \$4,000,000 the first year is for a grant to
5.19 Ramsey/Washington Recycling and Energy,
5.20 in partnership with Dem-Con HZI Bioenergy,
5.21 LLC, to construct an anaerobic digester energy
5.22 system in Louisville Township. For the
5.23 purposes of this subdivision, "anaerobic
5.24 digester energy system" means a facility that
5.25 uses diverted food and organic waste to create
5.26 renewable natural gas and biochar. This is a
5.27 onetime appropriation and is available until
5.28 June 30, 2028.

5.29 **Subd. 6. Como Zoo Geothermal Energy System**

5.30 \$2,200,000 the first year is for a grant to Como
5.31 Zoo in the city of St. Paul to construct a
5.32 geothermal energy system that provides space
5.33 heating and cooling to the large cats building.
5.34 For the purposes of this subdivision,

6.1 "geothermal energy system" means a system
6.2 composed of a heat pump that moves a
6.3 heat-transferring fluid through piping
6.4 embedded in the earth and absorbs the earth's
6.5 constant temperature, a heat exchanger, and
6.6 ductwork to distribute heated and cooled air
6.7 to a building. This is a onetime appropriation
6.8 and is available until June 30, 2028.

6.9 **Subd. 7. Minnesota Energy Alley**

6.10 (a) \$1,000,000 the first year for a grant to
6.11 Clean Energy Economy Minnesota for the
6.12 Minnesota Energy Alley initiative. The
6.13 initiative is designed to promote energy
6.14 innovation through supporting energy
6.15 entrepreneurs and emerging businesses to
6.16 commercialize energy solutions by matching
6.17 promising innovators with established and
6.18 trustworthy Minnesota-based public and
6.19 private partners to demonstrate emerging
6.20 technologies in real-world applications. The
6.21 grant may be used to provide seed funding for
6.22 businesses, develop a training and
6.23 development program, support recruitment of
6.24 entrepreneurs to Minnesota, and secure
6.25 funding from federal programs and corporate
6.26 partners to establish a self-sustaining,
6.27 long-term revenue model. This is a onetime
6.28 appropriation and is available until June 30,
6.29 2027.

6.30 (b) By January 15, 2027, the commissioner of
6.31 commerce must submit a written report to the
6.32 chairs and ranking minority members of the
6.33 house of representatives and senate
6.34 committees with jurisdiction over energy
6.35 policy on the activities and accomplishments

7.1 of the Minnesota Energy Alley initiative
 7.2 during the previous fiscal year, and the
 7.3 disposition of this appropriation, including a
 7.4 separate statement of the amount of
 7.5 administrative costs.

7.6 **Subd. 8. Grant Administration**

7.7 Notwithstanding Minnesota Statutes, section
 7.8 16B.98, subdivision 14, the commissioner may
 7.9 use up to \$100,000 of the amount in this
 7.10 section for the administrative costs of the
 7.11 grants in this section.

7.12 **Sec. 3. DEPARTMENT OF**
 7.13 **ADMINISTRATION**

<u>\$</u>	<u>92,000</u>	<u>\$</u>	<u>92,000</u>
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7.14 \$92,000 each year is for software and
 7.15 administrative costs associated with the state
 7.16 building energy conservation improvement
 7.17 revolving loan program under Minnesota
 7.18 Statutes, section 16B.87.

7.19 **Sec. 4. UNIVERSITY OF MINNESOTA**

<u>\$</u>	<u>5,000,000</u>	<u>\$</u>	<u>0</u>
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7.20 \$5,000,000 in the first year is for research,
 7.21 development, outreach, and demonstration of
 7.22 energy systems that use hydrogen and
 7.23 ammonia production from renewable energy
 7.24 resources and other sources of clean energy
 7.25 as a means of storing and generating
 7.26 electricity. This is a onetime appropriation and
 7.27 is available until June 30, 2028.

7.28 **Sec. 5. POLLUTION CONTROL AGENCY**

<u>\$</u>	<u>3,000,000</u>	<u>\$</u>	<u>0</u>
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7.29 \$3,000,000 in the first year is for a grant to
 7.30 the owner of a biomass energy generation
 7.31 plant in Shakopee that uses waste heat from
 7.32 the generation of electricity in the malting
 7.33 process to purchase equipment to facilitate the
 7.34 disposal of wood that is infested by the

8.1 emerald ash borer. This is a onetime
8.2 appropriation and is available until June 30,
8.3 2028. Notwithstanding Minnesota Statutes,
8.4 section 16B.98, subdivision 14, the
8.5 commissioner of the Pollution Control Agency
8.6 may use up to \$25,000 of the amount in this
8.7 section for the administrative costs of this
8.8 grant.

8.9 Sec. 6. **TRANSFER.**

8.10 \$2,000,000 in fiscal year 2026 is transferred from the renewable development account
8.11 in the special revenue fund to the geothermal planning grant account under Minnesota
8.12 Statutes, section 116C.47, subdivision 3.

8.13 Sec. 7. **APPROPRIATION EXTENSION.**

8.14 Notwithstanding Minnesota Statutes, section 16A.28, and Laws 2023, chapter 60, article
8.15 11, section 2, subdivision 3, paragraph (c), the availability of the fiscal year 2024 and fiscal
8.16 year 2025 appropriations for grants to the University of St. Thomas Center for Microgrid
8.17 Research in Laws 2023, chapter 60, article 11, section 2, subdivision 3, are extended to June
8.18 30, 2028.

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

8.20 Sec. 8. Minnesota Statutes 2024, section 216C.47, subdivision 1, is amended to read:

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

8.23 (b) "Eligible applicant" means a county, city, town, Tribal government, or the
8.24 Metropolitan Council.

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

8.29 (1) a bored geothermal heat exchanger, as defined in section 103I.005;

8.30 (2) a groundwater thermal exchange device, as defined in section 103I.005; and

8.31 (3) a submerged closed loop heat exchanger, as defined in section 103I.005.

9.1 (d) "Tribal government" means the elected government of a federally recognized Indian
9.2 Tribe located in Minnesota.

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

9.4 **ARTICLE 3**
9.5 **ENERGY POLICY**

9.6 Section 1. Minnesota Statutes 2024, section 116C.7792, is amended to read:

9.7 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

9.8 (a) The utility subject to section 116C.779 shall operate a program to provide solar
9.9 energy production incentives for solar energy systems of no more than a total aggregate
9.10 nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar
9.11 energy system installed before June 1, 2018, is eligible to receive a production incentive
9.12 under this section for any additional solar energy systems constructed at the same customer
9.13 location, provided that the aggregate capacity of all systems at the customer location does
9.14 not exceed 40 kilowatts.

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

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

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

9.22 (1) \$10,000,000 in 2021;

9.23 (2) \$10,000,000 in 2022;

9.24 (3) \$5,000,000 in 2023;

9.25 (4) \$11,250,000 in 2024;

9.26 (5) \$6,250,000 in 2025; and

9.27 (6) \$5,000,000 each year, beginning in 2026 through 2035.

9.28 (e) Notwithstanding the Department of Commerce's November 14, 2018, decision in
9.29 Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production
9.30 incentive program, half of the amounts allocated each year under paragraph (d), clauses (3),
9.31 (4), ~~and (5)~~, and (6), must be reserved for solar energy systems whose installation meets

10.1 the eligibility standards for the low-income program established in the November 14, 2018,
10.2 decision or successor decisions of the department. All other program operations of the solar
10.3 energy production incentive program are governed by the provisions of the November 14,
10.4 2018, decision or successor decisions of the department.

10.5 (f) Funds allocated to the solar energy production incentive program that have not been
10.6 committed to a specific project at the end of a program year remain available to the solar
10.7 energy production incentive program.

10.8 (g) Any unspent amount remaining on January 1, ~~2028~~ 2038, must be transferred to the
10.9 renewable development account.

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

10.15 (i) The utility must file a plan to operate the program with the commissioner of commerce.
10.16 The utility may not operate the program until it is approved by the commissioner. A change
10.17 to the program to include projects up to a nameplate capacity of 40 kilowatts or less does
10.18 not require the utility to file a plan with the commissioner. Any plan approved by the
10.19 commissioner of commerce must not provide an increased incentive scale over prior years
10.20 unless the commissioner demonstrates that changes in the market for solar energy facilities
10.21 require an increase.

10.22 Sec. 2. Minnesota Statutes 2024, section 116D.04, subdivision 4a, is amended to read:

10.23 Subd. 4a. **Alternative review.** (a) The board shall by rule identify alternative forms of
10.24 environmental review which will address the same issues and utilize similar procedures as
10.25 an environmental impact statement in a more timely or more efficient manner to be utilized
10.26 in lieu of an environmental impact statement.

10.27 (b) Upon adoption by the responsible governmental unit of the environmental document
10.28 and plan for mitigation under an alternative urban areawide review process, and
10.29 notwithstanding any additional environmental review that may otherwise be required for a
10.30 phased action or connected action, or project component that was not evaluated in the
10.31 alternative urban areawide review process, environmental review is complete and the
10.32 prerequisites under subdivision 2b are satisfied with regards to the anticipated residential,
10.33 commercial, warehousing, and light industrial development projects that are consistent with

11.1 development assumptions within the established boundaries of the geographic area to which
11.2 the alternative urban areawide review applies.

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

11.4 Sec. 3. Minnesota Statutes 2024, section 216B.02, is amended by adding a subdivision to
11.5 read:

11.6 Subd. 11. **Emergency backup generator.** "Emergency backup generator" means a
11.7 stationary compressed ignition or spark ignition engine described under Code of Federal
11.8 Regulations, title 40, parts 60.4211(f) and 60.4243(d), respectively, that is installed with
11.9 equipment that prevents the flow of electricity to the electric grid.

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

11.11 Sec. 4. Minnesota Statutes 2024, section 216B.02, is amended by adding a subdivision to
11.12 read:

11.13 Subd. 12. **Data center.** "Data center" means a freestanding structure that primarily
11.14 contains electronic equipment used to process, store, and transmit digital information.

11.15 Sec. 5. Minnesota Statutes 2024, section 216B.164, subdivision 2a, is amended to read:

11.16 Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms have the
11.17 meanings given them.

11.18 (b) "Aggregated meter" means a meter located on the premises of a customer's owned
11.19 or leased property that is contiguous with property containing the customer's designated
11.20 meter.

11.21 (c) "Capacity" means the number of megawatts alternating current (AC) ~~at the point of~~
11.22 ~~interconnection between a distributed generation facility and a utility's electric system~~ that
11.23 a qualifying facility is capable of producing.

11.24 (d) "Cogeneration" means a combined process whereby electrical and useful thermal
11.25 energy are produced simultaneously.

11.26 (e) "Contiguous property" means property owned or leased by the customer sharing a
11.27 common border, without regard to interruptions in contiguity caused by easements, public
11.28 thoroughfares, transportation rights-of-way, or utility rights-of-way.

11.29 (f) "Customer" means the person who is named on the utility electric bill for the premises.

12.1 (g) "Designated meter" means a meter that is physically attached to the customer's facility
12.2 that the customer-generator designates as the first meter to which net metered credits are
12.3 to be applied as the primary meter for billing purposes when the customer is serviced by
12.4 more than one meter.

12.5 (h) "Distributed generation" means a facility that:

12.6 (1) has a capacity of ten megawatts or less;

12.7 (2) is interconnected with a utility's distribution system, over which the commission has
12.8 jurisdiction; and

12.9 (3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel, and
12.10 may include waste heat, cogeneration, or fuel cell technology.

12.11 (i) "High-efficiency distributed generation" means a distributed energy facility that has
12.12 a minimum efficiency of 40 percent, as calculated under section 272.0211, subdivision 1.

12.13 (j) "Net metered facility" means an electric generation facility constructed for the purpose
12.14 of offsetting energy use through the use of renewable energy or high-efficiency distributed
12.15 generation sources.

12.16 (k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.

12.17 (l) "Standby charge" means a charge imposed by an electric utility upon a distributed
12.18 generation facility for the recovery of costs for the provision of standby services, as provided
12.19 for in a utility's tariffs approved by the commission, necessary to make electricity service
12.20 available to the distributed generation facility.

12.21 Sec. 6. Minnesota Statutes 2024, section 216B.164, subdivision 3, is amended to read:

12.22 Subd. 3. **Purchases; small facilities.** (a) This paragraph applies to cooperative electric
12.23 associations and municipal utilities. For a qualifying facility having less than 40-kilowatt
12.24 capacity, the customer shall be billed for the net energy supplied by the utility according to
12.25 the applicable rate schedule for sales to that class of customer. A cooperative electric
12.26 association or municipal utility may charge an additional fee to recover the fixed costs not
12.27 already paid for by the customer through the customer's existing billing arrangement. Any
12.28 additional charge by the utility must be reasonable and appropriate for that class of customer
12.29 based on the most recent cost of service study. The cost of service study must be made
12.30 available for review by a customer of the utility upon request. In the case of net input into
12.31 the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation

13.1 to the customer shall be at a per kilowatt-hour rate determined under paragraph (c); ~~(d)~~, or
13.2 (f).

13.3 (b) This paragraph applies to public utilities. For a qualifying facility having less than
13.4 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the
13.5 utility according to the applicable rate schedule for sales to that class of customer. In the
13.6 case of net input into the utility system by a qualifying facility having: (1) more than
13.7 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be at
13.8 a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt capacity,
13.9 compensation to the customer shall be at a per-kilowatt rate determined under paragraph
13.10 (c) or (d).

13.11 (c) In setting rates, the commission shall consider the fixed distribution costs to the
13.12 utility not otherwise accounted for in the basic monthly charge and shall ensure that the
13.13 costs charged to the qualifying facility are not discriminatory in relation to the costs charged
13.14 to other customers of the utility. The commission shall set the rates for net input into the
13.15 utility system based on avoided costs as defined in the Code of Federal Regulations, title
13.16 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations,
13.17 title 18, section 292.304, and all other relevant factors.

13.18 (d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility
13.19 ~~having~~ that is interconnected to a public utility and has less than 40-kilowatt capacity may
13.20 elect that the compensation for net input by the qualifying facility into the utility system
13.21 ~~shall be~~ is at the average retail utility energy rate. "Average retail utility energy rate" is
13.22 defined as the average of the retail energy rates, exclusive of special rates based on income,
13.23 age, or energy conservation, according to the applicable rate schedule of the utility for sales
13.24 to that class of customer.

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

14.1 (f) A customer with a qualifying facility or net metered facility having a capacity below
14.2 40 kilowatts that is interconnected to a cooperative electric association or a municipal utility
14.3 may elect to be compensated for the customer's net input into the utility system in the form
14.4 of a kilowatt-hour credit on the customer's energy bill carried forward and applied to
14.5 subsequent energy bills. Any kilowatt-hour credits carried forward by the customer cancel
14.6 at the end of the calendar year ~~with no additional compensation.~~ A customer must be
14.7 compensated for a canceled credit at the per kilowatt-hour rate determined under paragraph
14.8 (c).

14.9 (g) This section applies only to qualifying facilities that begin operation after June 30,
14.10 2025. Qualifying facilities that began operation before that date are subject to Minnesota
14.11 Statutes 2024, section 216B.164.

14.12 **EFFECTIVE DATE.** This section is effective July 1, 2025.

14.13 Sec. 7. Minnesota Statutes 2024, section 216B.1641, is amended by adding a subdivision
14.14 to read:

14.15 Subd. 15. **Sunset.** This section expires July 31, 2028.

14.16 Sec. 8. Minnesota Statutes 2024, section 216B.1691, subdivision 1, is amended to read:

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

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

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

14.23 (1) solar;

14.24 (2) wind;

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

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

14.28 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
14.29 system; the predominantly organic components of wastewater effluent, sludge, or related
14.30 by-products from publicly owned treatment works, but not including incineration of
14.31 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an

15.1 energy recovery facility used to capture the heat value of mixed municipal solid waste or
15.2 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

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

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

15.10 (1) 40 percent or more of the area's total population is nonwhite;

15.11 (2) 35 percent or more of households in the area have an income that is at or below 200
15.12 percent of the federal poverty level;

15.13 (3) 40 percent or more of the area's residents over the age of five have limited English
15.14 proficiency; or

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

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

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

15.21 Sec. 9. Minnesota Statutes 2024, section 216B.1691, subdivision 2g, is amended to read:

15.22 Subd. 2g. **Carbon-free standard.** (a) In addition to the requirements under subdivisions
15.23 2a and 2f, each electric utility must generate or procure sufficient electricity generated from
15.24 a carbon-free energy technology to provide the electric utility's retail customers in Minnesota,
15.25 or the retail customers of a distribution utility to which the electric utility provides wholesale
15.26 electric service, so that the electric utility generates or procures an amount of electricity
15.27 from carbon-free energy technologies that is equivalent to at least the following standard
15.28 percentages of the electric utility's total retail electric sales to retail customers in Minnesota
15.29 by the end of the year indicated:

- 16.1 (1) 2030 80 percent for public utilities; 60 percent for
16.2 other electric utilities
- 16.3 (2) 2035 90 percent for all electric utilities
- 16.4 (3) 2040 100 percent for all electric utilities.

16.5 (b) For purposes of this section, electricity generated from a carbon-free technology
16.6 includes electricity generated by a peaking facility that uses only biodiesel fuel, as defined
16.7 in section 239.77, subdivision 1, paragraph (b), for the first 400 hours each year in which
16.8 the peaking facility uses only biodiesel fuel.

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

16.10 Sec. 10. Minnesota Statutes 2024, section 216B.2421, subdivision 2, is amended to read:

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

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

16.15 (2) any high-voltage transmission line with a capacity of 300 kilovolts or more and
16.16 greater than one mile in length in Minnesota;

16.17 (3) any high-voltage transmission line with a capacity of 100 kilovolts or more with
16.18 more than ten miles of its length in Minnesota;

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

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

16.24 (6) any facility designed for or capable of storing on a single site more than ~~400,000~~
16.25 1,000,000 gallons of liquefied natural gas or synthetic gas;

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

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

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

16.30 Sec. 11. Minnesota Statutes 2024, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

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

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

17.20 (7) a large wind energy conversion system, as defined in section 216I.02, subdivision
17.21 12, or a solar energy generating system, as defined in section 216I.02, subdivision 18, for
17.22 which a site permit application is submitted by an independent power producer under chapter
17.23 216I;

17.24 (8) a large wind energy conversion system, as defined in section 216I.02, subdivision
17.25 12, or a solar energy generating system, as defined in section 216I.02, subdivision 18,
17.26 engaging in a repowering project that:

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

17.29 (ii) will result in the system exceeding the nameplate capacity under its most recent
17.30 interconnection agreement, provided that the Midcontinent Independent System Operator
17.31 has provided a signed generator interconnection agreement that reflects the expected net
17.32 power increase;

17.33 (9) energy storage systems, as defined in section 216I.02, subdivision 6;

18.1 (10) transmission lines that directly interconnect large wind energy conversion systems,
 18.2 solar energy generating systems, or energy storage systems to the transmission system; ~~or~~

18.3 (11) relocation of an existing high voltage transmission line to new right-of-way, provided
 18.4 that any new structures that are installed are not designed for and capable of operation at
 18.5 higher voltage; or

18.6 (12) a combination of emergency backup generators at a single site with a combined
 18.7 capacity of 50,000 kilowatts or more that provides power to a data center and is eligible for
 18.8 permitting as a single stationary source under Minnesota Rules, parts 7007.0200, 7007.0250,
 18.9 7007.1100, or 7007.1110 to 7007.1141.

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

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

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

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

18.17 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
 18.18 final enactment and applies to applications under Minnesota Statutes, section 216B.243,
 18.19 that are pending before or submitted to the Public Utilities Commission on or after that date.

18.20 Sec. 12. Minnesota Statutes 2024, section 216C.09, is amended to read:

18.21 **216C.09 COMMISSIONER DUTIES.**

18.22 (a) The commissioner shall:

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

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

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

18.30 (4) carry out energy conservation and efficiency measures as specified by the legislature
 18.31 and recommend to the governor and the legislature additional energy policies and energy

19.1 conservation ~~measures~~ and efficiency programming as required to meet the objectives of
19.2 this chapter;

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

19.5 (6) evaluate policies governing the establishment of rates and prices for energy as related
19.6 to energy conservation and energy efficiency, and other goals and policies of this chapter,
19.7 and make recommendations for changes in energy pricing policies and rate schedules;

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

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

19.15 (9) inform and educate the public about the sources and uses of energy and the ways in
19.16 which ~~persons~~ Minnesotans can transition to a clean energy future, conserve energy, and
19.17 save money;

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

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

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

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

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

20.7 Sec. 13. Minnesota Statutes 2024, section 216C.10, is amended to read:

20.8 **216C.10 COMMISSIONER POWERS.**

20.9 (a) The commissioner may:

20.10 (1) adopt rules under chapter 14 as necessary to carry out the purposes of this chapter;

20.11 (2) make all contracts under this chapter and do all things necessary to cooperate with
20.12 the United States government, and to qualify for, accept, and disburse any grant intended
20.13 to administer this chapter;

20.14 (3) provide on-site technical assistance to units of local government in order to enhance
20.15 local capabilities ~~for dealing with energy problems~~ to provide energy-related financial
20.16 resources, planning, outreach, and engagement;

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

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

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

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

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

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

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

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

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

21.8 (b) Notwithstanding any other law, the commissioner is designated the state agent to
21.9 apply for, receive, and accept federal or other funds made available to the state for the
21.10 purposes of this chapter.

21.11 Sec. 14. Minnesota Statutes 2024, section 216C.11, is amended to read:

21.12 **216C.11 ENERGY CONSERVATION INFORMATION CENTER.**

21.13 (a) The commissioner shall ~~shall~~ must establish an Energy Information Center in the
21.14 department's offices in St. Paul ~~department~~. The information center ~~shall~~ must maintain a
21.15 toll-free telephone information service and disseminate printed materials on energy
21.16 conservation topics, including but not limited to, availability of loans and other public and
21.17 private financing methods for energy conservation physical improvements, the techniques
21.18 and materials used to conserve energy in buildings, including retrofitting or upgrading
21.19 insulation and installing weatherstripping, the projected prices and availability of different
21.20 sources of energy, and alternative sources of energy physical, virtual, and mobile information
21.21 service that collects, analyzes, and disseminates energy resources, data, technical assistance
21.22 and expertise, financial assistance, connections, and information on a variety of energy
21.23 topics relevant to Minnesota consumers, businesses, Tribal and local governments, and
21.24 community organizations. The information center must be accessible and responsive to
21.25 public inquiries, and must conduct proactive outreach.

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

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

22.1 (b) The information center ~~shall~~ must use the information collected under section
 22.2 216C.02, subdivision 1, to maintain a central source of information on energy conservation,
 22.3 energy efficiency, and other energy-related programs, including ~~both~~ programs required by
 22.4 law or rule and programs developed and carried on voluntarily.

22.5 Sec. 15. Minnesota Statutes 2024, section 216C.12, is amended to read:

22.6 **216C.12 ENERGY CONSERVATION PUBLICITY LITERACY.**

22.7 (a) The commissioner, in consultation with other affected agencies or departments ~~shall,~~
 22.8 must develop informational materials, ~~pamphlets and radio and television messages and~~
 22.9 messaging on energy conservation and housing energy efficiency programs available in
 22.10 Minnesota, renewable energy resources, and energy supply and demand. The printed materials
 22.11 shall include information on available tax credits for residential energy conservation
 22.12 measures, residential retrofitting loan and grant programs, and data on the economics of
 22.13 energy conservation and renewable resource measures. Copies of printed materials shall be
 22.14 distributed to members of the appropriate standing committees of the legislature. The
 22.15 commissioner must use modern and current outreach strategies and media to distribute the
 22.16 informational materials and messaging to the widest possible audience.

22.17 (b) The informational materials must promote energy literacy for individuals and
 22.18 communities to help individuals and communities make informed decisions on topics ranging
 22.19 from smart energy use at home and consumer choices to national and international energy
 22.20 policy. The informational materials must include but are not limited to information on energy
 22.21 sources, energy generation, energy use, energy conservation strategies, the energy workforce
 22.22 sector, and state and federal energy-related programs administered by the department.

22.23 Sec. 16. Minnesota Statutes 2024, section 216C.391, subdivision 1, is amended to read:

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

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

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

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

23.4 (e) "Federal funds" means federal formula or competitive funds available for award to
23.5 applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law
23.6 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

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

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

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

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

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

23.16 (k) "Tax credits" means federal tax credits authorized in the Inflation Reduction Act of
23.17 2022, Public Law 117-169.

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

23.19 Sec. 17. Minnesota Statutes 2024, section 216C.391, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

24.9 (c) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 5, paragraph (b),
24.10 a grant made under this section may exceed five years.

24.11 Sec. 18. Minnesota Statutes 2024, section 216I.02, is amended by adding a subdivision
24.12 to read:

24.13 Subd. 5a. **Emergency backup generator.** "Emergency backup generator" has the
24.14 meaning given in section 216B.02, subdivision 11.

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

24.16 Sec. 19. Minnesota Statutes 2024, section 216I.07, subdivision 2, is amended to read:

24.17 Subd. 2. **Applicable projects.** The requirements and procedures under this section apply
24.18 to projects for which the applicant's proposal is:

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

24.20 (2) a combination of emergency backup generators designed to serve one person and
24.21 located on property owned or controlled by the person;

24.22 ~~(2)~~ (3) large electric power generating plants that are fueled by natural gas;

24.23 ~~(3)~~ (4) high-voltage transmission lines with a capacity between 100 and 300 kilovolts;

24.24 ~~(4)~~ (5) high-voltage transmission lines with a capacity in excess of 300 kilovolts and
24.25 less than 30 miles in length in Minnesota;

24.26 ~~(5)~~ (6) high-voltage transmission lines with a capacity in excess of 300 kilovolts, if at
24.27 least 80 percent of the distance of the line in Minnesota, as proposed by the applicant, is
24.28 located along existing high-voltage transmission line right-of-way;

24.29 ~~(6)~~ (7) solar energy systems;

24.30 ~~(7)~~ (8) energy storage systems; and

25.1 ~~(8)~~ (9) large wind energy conversion systems.

25.2 **EFFECTIVE DATE; APPLICATION.** This section is effective July 1, 2025, and
25.3 applies to applications under Minnesota Statutes, section 216I.07, that are pending before
25.4 or submitted to the Public Utilities Commission on or after that date.

25.5 Sec. 20. Minnesota Statutes 2024, section 216I.07, subdivision 3, is amended to read:

25.6 Subd. 3. **Environmental review.** (a) For the projects identified in subdivision 2 and
25.7 following the procedures under this section, the applicant must prepare and submit an
25.8 environmental assessment with the application. A draft of the environmental assessment
25.9 must also be provided to commission staff as part of the preapplication review under section
25.10 216I.05, subdivision 6. The environmental assessment must (1) contain information regarding
25.11 the proposed project's human and environmental impacts, and (2) address mitigating measures
25.12 for identified impacts. The environmental assessment for projects identified in subdivision
25.13 2, clause (2), must also include a discussion of reasonable alternatives to the proposed
25.14 project considering (i) the appropriateness of the size and type of the proposed method of
25.15 generation compared to those of reasonable alternatives; (ii) the cost to the proposer of
25.16 energy to be supplied by the project compared to the cost of energy that would be supplied
25.17 by reasonable alternatives; (iii) the effects of the proposed project upon the natural and
25.18 socioeconomic environments compared to the effects of reasonable alternatives; and (iv)
25.19 the expected reliability of the proposed facility compared to the expected reliability of
25.20 reasonable alternatives. The environmental assessment is the only state environmental
25.21 review document that must be prepared for the proposed project.

25.22 (b) If after the public meeting the commission identifies other sites or routes or potential
25.23 impacts for review, the commission must prepare an addendum to the environmental
25.24 assessment that evaluates (1) the human and environmental impacts of the alternative site
25.25 or route, and (2) any additional mitigating measures related to the identified impacts
25.26 consistent with the scoping decision made pursuant to section 216I.06, subdivision 10,
25.27 clause (2). The public may provide comments on the environmental assessment and any
25.28 addendum to the environmental assessment at the public hearing and comment period under
25.29 subdivision 4. When making the commission's final decision, the commission must consider
25.30 the environmental assessment, the environmental assessment addendum, if any, and the
25.31 entirety of the record related to human and environmental impacts.

ARTICLE 4

SECURITIZATION

Section 1. [216B.491] DEFINITIONS.

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

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

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

Subd. 4. **Bondholder.** "Bondholder" means a holder or owner of extraordinary event bonds.

Subd. 5. **Customer.** "Customer" means a person who purchases natural gas or natural gas transportation services from a utility in Minnesota. Customer does not include a person who:

(1) purchases natural gas transportation services from a utility in Minnesota that serves fewer than 350,000 natural gas customers in Minnesota; and

(2) does not purchase natural gas from a utility in Minnesota.

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

(1) to impose significant costs on customers; and

(2) for which the issuance of extraordinary event bonds in response to the event meets the conditions of section 216B.492, subdivision 2.

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

Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide

27.1 natural gas service following one or more extraordinary events, including but not limited
27.2 to activities related to mobilizing, staging, constructing, reconstructing, replacing, or repairing
27.3 natural gas transmission, distribution, storage, or general facilities.

27.4 Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means debt securities,
27.5 including but not limited to senior secured bonds, debentures, notes, certificates of
27.6 participation, certificates of beneficial interest, certificates of ownership, or other evidences
27.7 of indebtedness or ownership, that: (1) have a scheduled maturity of no longer than 30 years
27.8 and a final legal maturity date that is not later than 32 years from the issue date; (2) are rated
27.9 AA, Aa2, or higher by a major independent credit rating agency at the time of issuance;
27.10 and (3) are issued by a utility or an assignee under a financing order.

27.11 Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a
27.12 nonbypassable charge that:

27.13 (1) a utility that is the subject of a financing order or the utility's successors or assignees
27.14 imposes on all of the utility's customers;

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

27.16 (3) provides a source of revenue used only to repay, finance, or refinance extraordinary
27.17 event costs.

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

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

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

27.23 (ii) prudent and reasonable;

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

27.26 (3) are net of applicable insurance proceeds, tax benefits, and any other amounts intended
27.27 to reimburse the utility for extraordinary event activities, including government grants or
27.28 aid of any kind;

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

27.32 (5) must be adjusted to reflect:

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

28.3 (ii) a more fair or reasonable allocation of extraordinary event costs to customers over
28.4 time, as expressed in a commission order, provided that after the issuance of extraordinary
28.5 event bonds relating to the extraordinary event costs, the adjustment must not (A) reduce
28.6 or impair the extraordinary event property relating to the extraordinary event bonds, or (B)
28.7 reduce, impair, postpone, or terminate extraordinary event charges relating to the
28.8 extraordinary event bonds until all principal, interest, and redemption premium, if any,
28.9 payable on the extraordinary event bonds, all financing costs for the extraordinary event
28.10 bonds, and all amounts that must be paid to an assignee or financing party under an ancillary
28.11 agreement relating to the extraordinary event bonds are paid in full.

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

28.13 (1) all rights and interests that a utility or the utility's successor or assignee possess under
28.14 a financing order to impose, bill, collect, receive, and obtain periodic adjustments to
28.15 extraordinary event charges authorized under a financing order issued by the commission;
28.16 and

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

28.21 **Subd. 12. Extraordinary event revenue.** "Extraordinary event revenue" means revenue,
28.22 receipts, collections, payments, money, claims, or other proceeds arising from extraordinary
28.23 event property.

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

28.25 (1) principal, interest, and redemption premiums, if any, that are payable on extraordinary
28.26 event bonds;

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

28.30 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and
28.31 servicing extraordinary event bonds, including but not limited to servicing fees, accounting
28.32 and auditing fees, trustee fees, legal fees, consulting fees, financial adviser fees,
28.33 administrative fees, placement and underwriting fees, capitalized interest, rating agency

29.1 fees, stock exchange listing and compliance fees, security registration fees, filing fees,
29.2 information technology programming costs, and any other demonstrable costs necessary to
29.3 otherwise ensure and guarantee the timely payment of extraordinary event bonds, other
29.4 amounts payable in connection with extraordinary event bonds, or other extraordinary event
29.5 charges payable in connection with extraordinary event bonds;

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

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

29.11 (6) costs incurred by the commission to (i) hire and compensate additional temporary
29.12 staff needed to perform the commission's responsibilities under this section, and (ii) engage
29.13 specialized counsel and expert consultants experienced in securitized utility ratepayer-backed
29.14 bond financings similar to extraordinary event bond financings, as provided under section
29.15 216B.494.

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

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

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

29.20 (3) create extraordinary event property.

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

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

29.28 Subd. 17. **Nonbypassable.** "Nonbypassable" means an extraordinary event charge that
29.29 a retail customer located within a utility service area cannot avoid and must pay.

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

30.1 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed
30.2 by an extraordinary event;

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

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

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

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

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

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

30.19 Sec. 2. **[216B.492] FINANCING ORDER.**

30.20 Subdivision 1. **Application.** (a) A utility may file an application with the commission
30.21 requesting a financing order to enable the utility to recover extraordinary event costs by
30.22 issuing extraordinary event bonds under this section.

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

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

30.25 (2) the undepreciated value remaining in each natural gas facility under clause (1) that
30.26 the utility proposes to repair or replace using financing obtained by issuing extraordinary
30.27 event bonds under sections 216B.491 to 216B.499, and the method used to calculate the
30.28 undepreciated value remaining;

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

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

31.6 (5) a description of (i) the nonbypassable extraordinary event charge utility customers
31.7 must pay in order to fully recover financing costs, and (ii) the method and assumptions used
31.8 to calculate the nonbypassable extraordinary event charge;

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

31.11 (7) a description of a proposed adjustment mechanism that is implemented when necessary
31.12 to correct any overcollection or undercollection of extraordinary event charges, in order to
31.13 complete payment of scheduled principal and interest on extraordinary event bonds and
31.14 other financing costs in a timely fashion;

31.15 (8) a memorandum with supporting exhibits from a securities firm that is experienced
31.16 in the marketing of securitized utility ratepayer-backed bonds indicating the proposed
31.17 issuance satisfies (i) the current published AA, Aa2, or higher rating; or (ii) equivalent rating
31.18 criteria of at least one nationally recognized securities rating organization for issuances
31.19 similar to the proposed extraordinary event bonds;

31.20 (9) an estimate of: (i) the timing of the extraordinary event bonds issuance; and (ii) the
31.21 term of the extraordinary event bonds or series of bonds, provided that the scheduled final
31.22 maturity for each bond issuance does not exceed 30 years;

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

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

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

31.30 (13) the extent of damage to the utility's natural gas facility caused by an extraordinary
31.31 event and the estimated costs to repair or replace the damaged natural gas facility;

31.32 (14) a schedule of the proposed repairs to and replacement of the damaged natural gas
31.33 facility;

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

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

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

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

32.9 (2) the proposed issuance of extraordinary event bonds and the imposition and collection
32.10 of extraordinary event charges:

32.11 (i) are just and reasonable;

32.12 (ii) are consistent with the public interest;

32.13 (iii) constitute a prudent and reasonable mechanism to finance the extraordinary event
32.14 costs; and

32.15 (iv) provide tangible and quantifiable benefits to customers, either by providing lower
32.16 overall costs or mitigating rate impacts relative to traditional methods of financing, that
32.17 exceed the benefits achieved absent the issuance of extraordinary event bonds; and

32.18 (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:

32.19 (i) lower overall costs to customers or mitigate rate impacts to customers relative to
32.20 traditional methods of financing; and

32.21 (ii) achieve customer savings or mitigate rate impacts to customers, as determined by
32.22 the commission in a financing order, consistent with market conditions at the time of sale
32.23 and the terms of the financing order.

32.24 Subd. 3. **Contents.** (a) A financing order issued under this section must:

32.25 (1) determine the maximum amount of extraordinary event costs that may be financed
32.26 from proceeds of extraordinary event bonds issued pursuant to the financing order;

32.27 (2) describe the proposed customer billing mechanism for extraordinary event charges
32.28 and include a finding that the mechanism is just and reasonable;

32.29 (3) describe the financing costs that may be recovered through extraordinary event
32.30 charges and the period over which the costs may be recovered, which must end no earlier
32.31 than the date of final legal maturity of the extraordinary event bonds;

33.1 (4) describe the extraordinary event property that is created and that may be used to pay,
33.2 and secure the payment of, principal and interest on the extraordinary event bonds and other
33.3 financing costs authorized in the financing order;

33.4 (5) authorize the utility to finance extraordinary event costs by issuing one or more series
33.5 of extraordinary event bonds. A utility is not required to secure a separate financing order
33.6 for each extraordinary event bonds issuance or for each scheduled phase to replace natural
33.7 gas facilities approved in the financing order;

33.8 (6) include a formula-based mechanism that must be used to make expeditious periodic
33.9 adjustments to the extraordinary event charges authorized by the financing order that are
33.10 necessary to (i) correct for any overcollection or undercollection, or (ii) otherwise provide
33.11 for the timely payment of extraordinary event bonds, other financing costs, and other required
33.12 amounts and charges payable in connection with extraordinary event bonds;

33.13 (7) specify the degree of flexibility afforded to the utility to establish the terms and
33.14 conditions of the extraordinary event bonds, including but not limited to repayment schedules,
33.15 expected interest rates, and other financing costs;

33.16 (8) specify that the extraordinary event bonds must be issued, subject to market conditions
33.17 and the financing order's terms, as soon as feasible following the financing order's issuance;

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

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

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

33.29 (12) allow or require the creation of a utility's extraordinary event property to be
33.30 conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary
33.31 event property to an assignee and the pledge of the extraordinary event property to secure
33.32 the extraordinary event bonds;

34.1 (13) ensure that the structuring, marketing, and pricing of extraordinary event bonds
34.2 result in reasonable extraordinary event charges and customer savings or rate impact
34.3 mitigation, consistent with market conditions and the financing order's terms; and

34.4 (14) specify that a utility that finances the replacement of one or more natural gas facilities
34.5 after the natural gas facilities that are subject to the finance order are removed from the
34.6 utility's rate base is prohibited from:

34.7 (i) operating the natural gas facilities; or

34.8 (ii) selling the natural gas facilities to another entity to operate as natural gas facilities.

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

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

34.12 (i) promote the public interest; and

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

34.15 (2) select one or more underwriters for the extraordinary event bonds.

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

34.19 (b) A financing order remains effective and unabated notwithstanding the bankruptcy,
34.20 reorganization, or insolvency of the utility to which the financing order applies or any
34.21 affiliate, successor, or assignee of the utility to which the financing order applies.

34.22 (c) Subject to judicial review under section 216B.52, a financing order is irrevocable
34.23 and is not reviewable by a future commission. The commission must not: (1) reduce, impair,
34.24 postpone, or terminate extraordinary event charges approved in a financing order; (2) reduce
34.25 or impair the extraordinary event property approved in a financing order or impair the
34.26 collection or recovery of extraordinary event charges and extraordinary event revenue; or
34.27 (3) change the customers required to pay extraordinary event charges.

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

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

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

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

35.9 (1) considering extraordinary event bonds issued under this section to be debt of the
35.10 utility other than for income tax purposes, unless considering the extraordinary event bonds
35.11 to be debt is necessary to achieve consistency with prevailing utility debt rating
35.12 methodologies;

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

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

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

35.19 (b) Nothing in this subdivision:

35.20 (1) affects the authority of the commission to apply or modify a billing mechanism
35.21 designed to recover extraordinary event charges;

35.22 (2) prevents or precludes the commission from (i) investigating a utility's compliance
35.23 with the financing order's terms and conditions, and (ii) requiring compliance with the
35.24 financing order; or

35.25 (3) prevents or precludes the commission from imposing regulatory sanctions against a
35.26 utility for failure to comply with the financing order's terms and conditions or the
35.27 requirements of this section.

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

36.1 **Sec. 3. [216B.493] POSTORDER COMMISSION DUTIES.**

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

36.9 Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this
36.10 section are not prudent or are inconsistent with the financing order, the commission may
36.11 apply remedies deemed appropriate for utility actions, provided that any remedy applied
36.12 must not directly or indirectly (1) reduce or impair the extraordinary event property approved
36.13 in the financing order or impair the collection or recovery of extraordinary event charges
36.14 and extraordinary event revenue; (2) reduce, impair, postpone or terminate extraordinary
36.15 event charges approved in the financing order, until all principal, interest, and redemption
36.16 premium, if any, payable on the extraordinary event bonds, all financing costs, and all
36.17 amounts to be paid to an assignee or financing party under an ancillary agreement are paid
36.18 in full; or (3) change the customers required to pay extraordinary event charges.

36.19 **Sec. 4. [216B.494] USE OF OUTSIDE EXPERTS.**

36.20 (a) To carry out the duties under this section, the commission may:

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

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

36.24 Expenses incurred by the commission under this paragraph must be treated as financing
36.25 costs paid by the extraordinary event revenue. The costs incurred under clause (1) are not
36.26 an obligation of the state and are assigned solely to the transaction.

36.27 (b) A utility presented with a written request from the commission to reimburse the
36.28 commission's expenses incurred under paragraph (a), accompanied by a detailed account
36.29 of the subject expenses, shall provide the issuer of the extraordinary event bonds and the
36.30 indenture trustee for the extraordinary event bonds with such documentation. The indenture
36.31 trustee shall remit full payment of the expenses to the commission on the next interest
36.32 payment date of the extraordinary event bonds after the payment of interest and scheduled

37.1 principal of the extraordinary event bonds in accordance with the payment waterfall included
37.2 in the indenture governing the extraordinary event bonds.

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

37.7 **Sec. 5. [216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.**

37.8 (a) A utility that obtains a financing order and issues extraordinary event bonds must:

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

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

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

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

37.17 (2) file annually with the commission:

37.18 (i) a calculation that identifies the impact financing the retirement or replacement of
37.19 natural gas facilities has on customer rates, itemized by customer class; and

37.20 (ii) evidence demonstrating that extraordinary event revenues are applied solely to pay
37.21 (A) principal and interest on extraordinary event bonds, and (B) other financing costs.

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

37.25 (c) A utility's failure to comply with this section does not invalidate, impair, or affect
37.26 any financing order, extraordinary event property, extraordinary event charge, or
37.27 extraordinary event bonds, but does subject the utility to penalties under applicable
37.28 commission rules provided that any penalty applied must not directly or indirectly (1) reduce
37.29 or impair the extraordinary event property approved in the financing order or impair the
37.30 collection or recovery of extraordinary event charges and extraordinary event revenue; (2)
37.31 reduce, impair, postpone, or terminate extraordinary event charges approved in the financing
37.32 order, until all principal, interest, and redemption premium, if any, payable on the

38.1 extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or
38.2 financing party under an ancillary agreement are paid in full; or (3) change the customers
38.3 required to pay extraordinary event charges.

38.4 **Sec. 6. [216B.496] EXTRAORDINARY EVENT PROPERTY.**

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

38.11 (b) Extraordinary event property exists until all extraordinary event bonds issued under
38.12 a financing order are paid in full and all financing costs and other extraordinary event bonds
38.13 costs have been recovered in full.

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

38.24 (d) If a utility defaults on any required payment of charges arising from extraordinary
38.25 event property described in a financing order, a court, upon petition by an interested party
38.26 and without limiting any other remedies available to the petitioner, must order the
38.27 sequestration and payment of the revenues arising from the extraordinary event property to
38.28 the financing parties.

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

39.1 (f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other
39.2 insolvency proceeding, merger or acquisition, sale, other business combination, transfer by
39.3 operation of law, utility restructuring, or otherwise: (1) must perform and satisfy all
39.4 obligations of, and has the same duties and rights under, a financing order as the utility to
39.5 which the financing order applies; and (2) must perform the duties and exercise the rights
39.6 in the same manner and to the same extent as the utility, including (i) collecting extraordinary
39.7 event bonds revenues, collections, payments, or proceeds, and (ii) paying a person entitled
39.8 to receive extraordinary event bonds revenues, collections, payments, or proceeds.

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

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

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

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

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

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

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

39.27 (e) A security interest in extraordinary event property is a continuously perfected security
39.28 interest and has priority over any other lien, created by operation of law or otherwise, that
39.29 may subsequently attach to the extraordinary event property unless the person that holds
39.30 the security interest has agreed otherwise in writing.

39.31 (f) The priority of a security interest in extraordinary event property is not affected by
39.32 the commingling of extraordinary event property or extraordinary event revenue with other
39.33 money. An assignee, bondholder, or financing party has a perfected security interest in the

40.1 amount of all extraordinary event property or extraordinary event revenue that is pledged
40.2 to pay extraordinary event bonds even if the extraordinary event property or extraordinary
40.3 event revenue is deposited in a cash or deposit account owned by the utility in which the
40.4 extraordinary event revenue is commingled with other money. Any other security interest
40.5 that applies to the other money does not apply to the extraordinary event revenue.

40.6 (g) A subsequent commission order amending a financing order under section 216B.492,
40.7 subdivision 4, or the application of an adjustment mechanism authorized by a financing
40.8 order under section 216B.492, subdivision 3, does not affect the validity, perfection, or
40.9 priority of a security interest in or transfer of extraordinary event property.

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

40.16 (1) the financing order creating and describing the extraordinary event property is
40.17 effective;

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

40.20 (3) value is received.

40.21 (b) The characterization of a sale, assignment, or transfer as an absolute transfer and
40.22 true sale, and the corresponding characterization of the property interest of the assignee, is
40.23 not affected or impaired by:

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

40.25 (2) the seller retaining:

40.26 (i) a partial or residual interest, including an equity interest, in the extraordinary event
40.27 property, whether (A) direct or indirect, or (B) subordinate or otherwise; or

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

40.30 (3) any recourse that the extraordinary event property purchaser may have against the
40.31 seller;

41.1 (4) any indemnification rights, obligations, or repurchase rights made or provided by
41.2 the extraordinary event property seller;

41.3 (5) the extraordinary event property seller's obligation to collect extraordinary event
41.4 revenues on behalf of an assignee;

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

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

41.9 (8) any application of an adjustment mechanism under section 216B.492, subdivision
41.10 3, paragraph (a), clause (6).

41.11 **Sec. 7. [216B.497] EXTRAORDINARY EVENT BONDS.**

41.12 (a) A bank, trust company, savings and loan association, insurance company, executor,
41.13 administrator, guardian, trustee, or other fiduciary may legally invest any money within the
41.14 individual's or entity's control in extraordinary event bonds.

41.15 (b) Extraordinary event bonds issued under a financing order are not debt of or a pledge
41.16 of the faith and credit or taxing power of the state, any agency of the state, or any political
41.17 subdivision. An extraordinary event bonds holder does not possess the ability to compel
41.18 taxes to be levied by the state or a political subdivision in order to pay the principal or
41.19 interest on extraordinary event bonds. The issuance of extraordinary event bonds does not
41.20 directly, indirectly, or contingently obligate the state or a political subdivision to levy any
41.21 tax or make any appropriation to pay principal or interest on the extraordinary event bonds.

41.22 (c) The state pledges to and agrees with an extraordinary event bonds holder, assignee,
41.23 and financing party that the state and state agencies, including the commission, are prohibited
41.24 from:

41.25 (1) taking or permitting an action that reduces or impairs the extraordinary event property
41.26 approved in the financing order or impairs the collection or recovery of extraordinary event
41.27 charges or extraordinary event revenue;

41.28 (2) reducing, impairing, postponing, or terminating extraordinary event charges approved
41.29 in the financing order that are imposed, collected, and remitted for the benefit of an
41.30 extraordinary event bonds holder, assignee, and financing party until all principal, interest,
41.31 and redemption premium, if any, payable on extraordinary event bonds, all financing costs,

42.1 and all amounts to be paid to an assignee or financing party under an ancillary agreement
 42.2 are paid in full; or

42.3 (3) changing the customers required to pay the extraordinary event charges.

42.4 (d) The commission may include a pledge in the financing order similar to the pledge
 42.5 included in paragraph (c).

42.6 (e) A person who issues extraordinary event bonds may include the pledge specified in
 42.7 paragraphs (c) and (d) in the extraordinary event bonds, ancillary agreements, and
 42.8 documentation related to the issuance and marketing of the extraordinary event bonds.

42.9 **Sec. 8. [216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO**
 42.10 **COMMISSION REGULATION.**

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

42.14 **Sec. 9. [216B.499] EFFECT ON OTHER LAWS.**

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

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

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

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

42.24 **Sec. 10. Minnesota Statutes 2024, section 216B.62, subdivision 3, is amended to read:**

42.25 **Subd. 3. Assessing all public utilities.** The department and commission shall quarterly,
 42.26 at least 30 days before the start of each quarter, estimate the total of their expenditures in
 42.27 the performance of their duties relating to public utilities under sections 216B.01 to 216B.67,
 42.28 other than amounts chargeable to public utilities under subdivision 2, 6, 7, ~~or~~ 8, or 9. The
 42.29 remainder shall be assessed by the commission and department to the several public utilities
 42.30 in proportion to their respective gross operating revenues from retail sales of gas or electric
 42.31 service within the state during the last calendar year. The assessment shall be paid into the

43.1 state treasury within 30 days after the bill has been transmitted via mail, personal delivery,
43.2 or electronic service to the several public utilities, which shall constitute notice of the
43.3 assessment and demand of payment thereof. The total amount which may be assessed to
43.4 the public utilities, under authority of this subdivision, shall not exceed one-sixth of one
43.5 percent of the total gross operating revenues of the public utilities during the calendar year
43.6 from retail sales of gas or electric service within the state. The assessment for the third
43.7 quarter of each fiscal year shall be adjusted to compensate for the amount by which actual
43.8 expenditures by the commission and department for the preceding fiscal year were more or
43.9 less than the estimated expenditures previously assessed.

43.10 Sec. 11. Minnesota Statutes 2024, section 216B.62, is amended by adding a subdivision
43.11 to read:

43.12 Subd. 9. **Administrative costs for extraordinary event bonds.** The commission and
43.13 the department may assess gas utilities for the actual commission and department costs of
43.14 administering extraordinary event bonds under sections 216B.491 to 216B.499. The money
43.15 received from the assessment shall be deposited into an account in the special revenue fund
43.16 and all funds deposited are appropriated to the commission or the department for the purposes
43.17 of this subdivision. The commission and department may initially assess for estimated costs
43.18 under sections 216B.491 to 216B.499, then must adjust subsequent assessments for actual
43.19 costs incurred under sections 216B.491 to 216B.499. An assessment made under this
43.20 subdivision is not subject to the cap on assessments provided in subdivision 3 or any other
43.21 law."

43.22 Amend the title accordingly