



S.F. No. 2393 – Energy, Utilities, Environment, and Climate Budget and Policy Omnibus Bill (as amended by the A3 delete everything amendment)

Author: Senator Nick A. Frentz

Prepared by: Olivia Syverson, Senate Counsel (olivia.syverson@mnsenate.gov)

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Article 1: Climate and Energy Finance

Sections 1 to 3 outline the Department of Commerce and Public Utilities appropriations for fiscal years 2026 and 2027 for energy resources and the petroleum tank release compensation board.

Section 4 transfers funds from the general fund to the preweatherization account in the special revenue fund.

Article 2: Renewable Development Account Appropriations

Section 1 and 2 outlines the Department of Commerce’s appropriations from the Renewable Development Account for:

- (1) “Made in Minnesota” Administration (SF 2393);
- (2) Microgrid Research and Application (SF 2393);
- (3) Green Hydrogen Project in St. Cloud, Minnesota (SF 1713);
- (4) Anaerobic Digester Energy System in the Louisville Township (SF 1037);
- (5) Como Zoo Geothermal Energy System (SF 2220);
- (6) Minnesota Energy Alley (SF 761); and
- (7) Grant administration.

Section 3 (SF 2393) appropriates money to the Department of Administration for software and administrative costs.

Section 4 (SF 2926) appropriates money to the University of Minnesota for research, development, outreach, and demonstration of energy systems that use hydrogen and ammonia.

Section 5 (SF 2456) appropriates money to the Pollution Control Agency for a grant to the owner of a biomass energy generation plant that facilitates the disposal of wood that is infested by the emerald ash borer.

Section 6 (SF 2454) transfers money from the renewable development account to the geothermal planning grant account.

Section 7 (SF 2758) extends the availability of appropriations to the University of St. Thomas Center for Microgrid Research.

Section 8 (SF 2454, amends section 216C.47, subdivision 1) amends the definition of “eligible applicant” to include “tribal government.”

Article 3: Energy Policy

Section 1 (SF 2393, Article 6, amends section 116C. 7792) amends the reference to the amounts allocated to the solar energy production incentive program and reserved for solar energy systems. Any unspent amount remaining on January 1, 2038, must be transferred to the renewable development account.

Section 2 (SF 1393-1, amends section 116D.04, subdivision 4a) states that environmental review is complete upon the adoption of the environmental document and plan for mitigation under an alternative urban review process by the responsible governmental unit.

Section 3 (SF 1393-1, amends section 216B.02, subdivision 11) defines “emergency backup generator.”

Section 4 (SF 1393-1, amends section 216B.02, subdivision 12) defines “data center.”

Section 5 (SF 1142, amends section 216B.164, subdivision 2a) amends the definition of “capacity” to mean the number of megawatts alternating current that a qualifying facility is capable of producing.

Section 6 (SF 1142, amends section 216B.164, subdivision 3) states that a qualifying facility that is interconnected to a public utility and has less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system is at the average retail utility energy rate.

Section 216B.164 allows for customers to be compensated through a kilowatt-hour credit on the customer’s energy bill that would be carried forward and applied to subsequent energy bills. Any kilowatt-hour credits carried forward by the customer cancel at the end of the calendar year.

The bill amends this provision to require a customer to be compensated for a canceled credit at the per kilowatt-hour rate.

This section applies only to qualifying facilities that begin operation after June 30,

2025. Qualifying facilities that began operation before that date are subject to Minnesota Statutes 2024, section 216B.164.

Section 7 (SF 2855, amends section 216B.1641, subdivision 15) sunsets the community solar garden program on July 31, 2028.

Section 8 (SF 426, amends section 216B.1691, subdivision 1) amends the hydroelectric capacity requirements under the definition of “eligible energy technology” which allows hydroelectric power to be considered an eligible energy technology at any capacity.

Section 9 (SF 2018, amends section 216B.1691, subdivision 2g) amends the carbon-free standard to include electricity generated by a peaking facility that uses only biodiesel fuel for the first 400 hours each year.

Section 10 (SF 1455, amends section 216B.2421, subdivision 2) amends the definition of “large energy facility” to include a facility capable of storing more than 1,000,000 gallons of liquefied natural gas or synthetic gas.

Section 11 (SF 1393-1, amends section 216B.243, subdivision 8) exempts a combination of emergency backup generators at a single site with a combined capacity of 50,000 kilowatts or more from the certificate of need requirement in section 216B.243, if it’s eligible for permitting as a single stationary source under Minnesota Rules.

Section 12 (SF 2393, Article 6, amends section 216C.09) makes technical and clarifying changes to the commissioner’s duties.

Section 13 (SF 2393, Article 6, amends section 216C.10) makes technical and clarifying changes to the commissioner’s powers.

Section 14 (SF 2393, Article 6, amends section 216C.11) requires the commissioner to maintain physical, virtual, and mobile information services on a variety of energy topics relevant to Minnesota consumers, businesses, Tribal and local governments, and community organizations.

Section 15 (SF 2393, Article 6, amends section 216C.12) amends the requirements for energy literacy and requires the commissioner to develop and distribute informational materials using modern and current outreach strategies.

Section 16 (SF 2393, Article 6, amends section 216C.391, subdivision 1) makes a technical change.

Section 17 (SF 2393, Article 6, amends section 216C.391, subdivision 3) provides that grants awarded under the Minnesota State Competitiveness Fund may exceed five years.

Sections 18 (SF 1393-1, amends section 216I.02, subdivision 5a) adds the definition of “emergency backup generator” to section 216I.02.

Section 19 (SF 1393-1, amends section 216I.07, subdivision 2) states that an applicant for a combination of emergency backup generators designed to serve one person and located on property owned or controlled by the person, may follow the procedures of standard review in section 216I.07, instead of the procedures of major review in section 216I.06.

Section 20 (SF 1393-1, amends section 216I.07, subdivision 3) requires an environmental assessment to include a discussion of reasonable alternatives to the proposed projects under subdivision 2, clause (2).

Article 4: Securitization

This article contains language from Senator Xiong's Senate File 999, as amended by the A2 amendment.

Section 1 [216B.491. Definitions] defines various terms used in the bill, including:

Extraordinary Event. An event arising from unforeseen circumstances of sufficient magnitude to impose significant costs on customers and that meets certain other criteria. The term includes a storm event, natural disaster, war, terrorism, sabotage, or vandalism, cybersecurity attack, other act of God, or a temporary significant increase in the wholesale price of natural gas.

Extraordinary Event Bonds. Debt securities that have a scheduled maturity of not more than 30 years, are rated AA or Aa2 or better by a major credit rating agency, and are issued by a utility under a financing order issued by the Public Utilities Commission (PUC).

Extraordinary Event Costs. All incremental costs that are approved by the PUC as necessary to restore or maintain the utility's natural gas service following one or more extraordinary events. The term includes certain enumerated costs and excludes others.

Extraordinary Event Property. All revenue, collections, claims, rights to payments, payments, or proceeds arising from the rights of a utility to impose, bill, collect, and receive extraordinary event charges authorized under a financing order issued by the PUC.

Section 2 [216B.492. Financing Order] authorizes the PUC to issue a financing order that authorizes a utility that provides natural gas services to Minnesota customers to recover extraordinary event costs through the issuance of extraordinary event bonds. A utility's application for a financing order must include certain enumerated information.

The PUC is required to hold a public hearing before issuing a financing order and may only issue a financing order if it makes certain findings, including that the costs described are reasonable, that the recovery of those costs through issuance of extraordinary event bonds is consistent with the public interest, and that the issuance of bonds will provide tangible

benefits to customers by lowering overall costs to customers relative to traditional methods of financing. This section also states what content a financing order must include.

Section 3 [216B.493. Post-Order Commission Duties] requires a utility to submit financing costs to the PUC for review within 120 days of the issuance of extraordinary event bonds. The PUC is required to review whether the financing costs were the lowest that could reasonably have been achieved given the terms of the financing order and prevailing market conditions. The PUC is allowed to remedy any issues, subject to certain limitations.

Section 4 [216B.494. Use of Outside Experts] authorizes the PUC to contract with outside consultants and to hire additional temporary staff as needed. These expenses of the PUC are to be treated as financing costs to be paid by the extraordinary event revenue.

Section 5 [216B.495. Extraordinary Event Charge; Billing Treatment] requires a utility that obtains a financing order to include certain information about the extraordinary event charge on each customer's monthly bill and to annually report certain related information to the PUC. Provides that all current and future customers receiving service from the utility must pay the extraordinary event charges.

Section 6 [216B.496. Extraordinary Event Property] sets forth the property rights and terms for sales of extraordinary event property. Provides that a perfected security interest exists in extraordinary event property once a financing order has been issued, a security agreement is executed and delivered, and value is received for the extraordinary event bonds.

Section 7 [216B.497. Extraordinary Event Bonds] authorizes banks, trust companies, and other entities to invest in extraordinary event bonds. Provides that extraordinary event bonds are not a debt of the state or a pledge of the full faith and credit of the state.

Section 8 [216B.498. Assignee Not Subject to Commission Regulation] clarifies that a party that is not already subject to regulation by the PUC does not become regulated by the PUC solely as a result of investing in extraordinary event bonds or by related activities.

Section 9 [216B.499. Effect on Other Laws] provides that the statutes enacted by this act control wherever they conflict with other statutes on questions relating to the attachment, assignment, perfection, or priority of any security interest in or transfer of extraordinary event property. This section also clarifies that financing orders may be amended for refinancing or refunding purposes.

Section 10 (amends 216B.62, subdivision 3) makes a conforming and technical change.

Section 11 (amends 216B.62, subdivision 9) states that the commission and department of commerce may assess gas utilities for the costs of administering extraordinary event bonds under sections 216B.491 to 216B.499.



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95 University Ave. W., STE 3300, Saint Paul, MN, 55155