

CHAPTER 216

PUBLIC UTILITIES COMMISSION PROCEEDINGS

216.10	PUBLIC ATTORNEYS REPRESENT COMMISSION.	216.161	CONTESTED CASES; NOTICE.
216.13	COMMENCING PROCEEDINGS BEFORE COMMISSION.	216.17	NOTICES AND ORDERS; FILINGS; SERVICE.
216.14	NOTICE TO RESPONDENT.	216.18	POWER TO SUBPOENA WITNESSES AND DOCUMENTS.
216.15	ANSWER AND REPLY.	216.25	APPEALS.
216.16	HEARINGS BEFORE COMMISSION.	216.26	DISMISSAL IN CERTAIN CASES; PROCEDURE.
		216.27	FILING APPEAL PAPERS; EFFECT.

216.01 [Repealed, 1967 c 864 s 10]

216.02 [Repealed, 1967 c 864 s 10]

216.03 [Repealed, 1967 c 864 s 10]

216.04 [Repealed, 1967 c 864 s 10]

216.05 [Repealed, 1967 c 864 s 10]

216.06 [Repealed, Ex1957 c 10 s 8]

216.07 [Repealed, Ex1957 c 10 s 8]

216.08 [Renumbered 219.815]

216.09 [Renumbered 219.695]

216.10 PUBLIC ATTORNEYS REPRESENT COMMISSION.

The attorney general shall be ex officio attorney for the Public Utilities Commission and shall institute and prosecute all actions which the commission shall order brought and render the commissioners all advice, counsel, and assistance necessary for the proper performance of their duties. The county attorney of any county in which an action is pending, prosecuted, or defended by direction of the commission shall aid in the prosecution or defense thereof until final determination when requested by the commission. When necessary the commission may employ additional counsel to assist the attorney general.

All actions or proceedings instituted by the commission shall be brought in the name of the state.

History: (4635, 4658) *RL s 1960, 1979; 1971 c 25 s 67; 1980 c 614 s 123; 1986 c 444*

216.11 [Repealed, 1967 c 864 s 10]

216.12 [Repealed, Ex1957 c 10 s 8]

216.13 COMMENCING PROCEEDINGS BEFORE COMMISSION.

Proceedings before the commission against any such carrier or public warehouse operator shall be instituted by complaint, verified as a pleading in a civil action, stating in ordinary language the facts con-

stituting the alleged omission or offense. The parties to such proceedings shall be termed, respectively, "complainant" and "respondent."

History: (4638) *RL s 1963; 1971 c 25 s 67; 1980 c 614 s 123; 1986 c 444*

216.14 NOTICE TO RESPONDENT.

Upon filing such complaint, if there appear reasonable grounds for investigating such matter, the commission shall issue an order directed to and requiring such carrier or warehouse operator to grant the relief demanded or show cause by answer within 20 days from the service of such notice why such relief should not be granted. Such order, together with a copy of the complaint, shall forthwith be served upon the respondent.

History: (4639) *RL s 1964; 1971 c 25 s 67; 1980 c 614 s 123; 1986 c 444*

216.15 ANSWER AND REPLY.

The respondent may file by mail, by personal delivery, or via the commission's electronic filing system and serve upon the complainant, within 20 days after service of the order, an answer alleging that it has already granted the relief demanded or setting up any matter of defense. If the answer alleges the granting of the relief, the complainant shall within 20 days reply admitting or denying the allegation. If the complainant fails to reply or admits the allegation, the proceeding must be dismissed.

History: (4640) *RL s 1965; 1986 c 444; 2007 c 10 s 1*

216.16 HEARINGS BEFORE COMMISSION.

If the matter be not adjusted to the satisfaction of the commission, it shall set a time and place of hearing, and give at least ten days' notice thereof to each party. The parties may appear either in person or by attorney. The commission shall hear evidence and otherwise investigate the matter, make findings of fact upon all matters involved, and such order or recommendation in the premises as may be just. A copy of such findings and order or recommendation shall forthwith be served upon each party. No proceedings shall be dismissed on account of want of pecuniary interest in the complaint.

History: (4641) *RL s 1966; 1907 c 305; 1921 c 159 s 1; 1971 c 25 s 67; 1980 c 614 s 102*

216.161 CONTESTED CASES; NOTICE.

Notwithstanding the provisions of any other law the commission in any contested case shall give reasonable notice to representatives of associations or other interested groups or persons who have registered their names with the secretary of the commission for that purpose, to all parties and to cities and municipalities which the commission deems to be interested in the proceeding. The commission may prescribe an annual fee to be paid into the state treasury which shall be a charge to all registered groups or persons. This charge is to cover the costs involved.

"Contested case" means a proceeding before the commission in which the legal rights, duties or privileges of specific parties are required by law or constitutional right to be determined after a hearing.

History: *1971 c 25 s 67; Ex1971 c 48 s 23; 1973 c 123 art 5 s 7; 1973 c 754 s 1; 1980 c 614 s 123*

216.17 NOTICES AND ORDERS; FILINGS; SERVICE.

Subdivision 1. **Commission notices and orders; signature.** All notices and orders in proceedings before the commission must be signed by the secretary. Electronic signature by the secretary is permitted.

Subd. 2. **Service of notice, order, or other document from commission.** Service of all notices, orders, and other documents by the commission may be made by mail, personal delivery, or electronic service upon any person or firm, or upon the president, general manager, or other proper executive officer of any corporation interested. If any party has appeared by attorney, such service must be made upon the attorney. Notwithstanding section 14.62, orders and decisions may be served by mail, by personal delivery, or by electronic service. The commission may provide electronic service to any person who has provided an electronic address to the commission for service purposes. For purposes of this section, the term "person" includes a natural person or an organization, whether for profit or not for profit. Regulated utilities and state agencies must provide an electronic address for electronic service purposes and must accept electronic service as official service.

Subd. 3. **Filings with commission; manner of filing.** As of January 1, 2008, any telephone company or telecommunications carrier subject to chapter 237; any public utility, cooperative association, or municipal utility subject to chapter 216B; and state agencies, shall file documents with the commission via the commission's electronic filing system. The executive secretary may approve an exemption from this requirement if an affected company or agency is unable to submit filings via the commission's electronic filing system. All parties, participants, or other interested persons shall submit filings to the commission via the commission's electronic filing system whenever practicable, but may also file by personal delivery or by mail.

Subd. 4. **Service by a party, participant, or other interested person.** When an applicable statute or commission rule requires service of a filing or other document by a party, participant, or other interested person upon persons on a service list maintained by the commission, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the official service list who have previously agreed in writing to accept electronic service at an electronic address provided to the commission for electronic service purposes. This section does not apply to the extent another provision of this chapter or chapter 216A requires a specific method of service. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

History: (4642) *RL s 1967; 1971 c 25 s 67; 1980 c 614 s 123; 2007 c 10 s 2; 2013 c 135 art 3 s 18,19*

216.18 POWER TO SUBPOENA WITNESSES AND DOCUMENTS.

The commission in any hearing or investigation may require the attendance of witnesses and the production of any books, documents, and records. Witnesses must receive the same fees and mileage as in civil actions. Disobedience of any subpoena in such proceeding or contumacy of a witness may, upon application of the commission, be punished by any district court in the same manner as if the proceedings were pending in such court.

History: (4643) *RL s 1968; 1971 c 25 s 67; 1980 c 614 s 123; 2007 c 10 s 3*

216.19 [Repealed, Ex1957 c 10 s 8]

216.20 [Repealed, Ex1957 c 10 s 8]

216.21 [Repealed, Ex1957 c 10 s 8]

216.22 [Repealed, Ex1957 c 10 s 8]

216.225 [Repealed, Ex1957 c 10 s 8]

216.23 [Repealed, Ex1957 c 10 s 8]

216.24 [Repealed, 1983 c 247 s 219]

216.25 APPEALS.

Any party to a contested case before the commission may appeal from the decision and order of the commission in accordance with chapter 14.

History: (4651) *RL s 1972; 1907 c 167 s 2; 1961 c 393 s 1; 1969 c 646 s 1; 1971 c 25 s 67; 1976 c 239 s 38; 1977 c 253 s 1; 1980 c 614 s 123; 1983 c 247 s 93*

216.26 DISMISSAL IN CERTAIN CASES; PROCEDURE.

When in any proceedings pending before it relating to or involving the reasonableness of rates, fares, charges, or classifications, the commission shall decide that it has not jurisdiction for the reason that the traffic covered by such rates, fares, charges, and classifications is interstate commerce, it shall make an order dismissing the proceeding, stating therein the ground of such dismissal, which order may be appealed from in like manner as other appealable orders of the commission.

If in any such proceeding one of the commissioners shall dissent from the order of dismissal, the question of its jurisdiction shall be certified to the district court of a county to which an appeal might be taken and thereupon the commission shall notify all parties to the proceedings of such certification, stating the county and date thereof.

History: (4652) *RL s 1973; 1971 c 25 s 67; 1980 c 614 s 123*

216.27 FILING APPEAL PAPERS; EFFECT.

When an appeal is taken, the commission shall file with the clerk of the appellate courts the documents described by the Rules of Civil Appellate Procedure. The Court of Appeals shall have full jurisdiction to hear and determine the matter appealed. The proceeding shall be governed by the Rules of Civil Appellate Procedure. If the order of the commission is reversed, upon filing a copy of the order of reversal with the commission, it shall proceed to determine the reasonableness of the rates, fares, charges, and classification on the merits.

History: (4653) *RL s 1974; 1971 c 25 s 67; 1980 c 614 s 123; 1983 c 247 s 94*

216.271 [Repealed, 1983 c 247 s 219]

216.28 [Repealed, 1967 c 864 s 10]

216.29 [Repealed, 1967 c 864 s 10]

216.30 [Repealed, 1967 c 864 s 10]

216.31 [Repealed, 1967 c 864 s 10]

- 216.32** [Repealed, 1967 c 864 s 10]
216.33 [Repealed, 1967 c 864 s 10]
216.34 [Repealed, Ex1957 c 10 s 8]
216.35 [Repealed, Ex1957 c 10 s 8]
216.36 [Repealed, Ex1957 c 10 s 8]
216.37 [Repealed, Ex1957 c 10 s 8]
216.38 [Repealed, Ex1957 c 10 s 8]
216.39 [Repealed, Ex1957 c 10 s 8]
216.40 [Repealed, Ex1957 c 10 s 8]
216.41 [Repealed, Ex1957 c 10 s 8]
216.42 [Repealed, Ex1957 c 10 s 8]
216.43 [Repealed, 1957 c 647 s 2; Ex1957 c 10 s 8]
216.44 [Repealed, 1957 c 647 s 2; Ex1957 c 10 s 8]
216.45 [Repealed, 1957 c 647 s 2; Ex1957 c 10 s 8]
216.46 [Repealed, Ex1957 c 10 s 8]
216.47 [Repealed, Ex1957 c 10 s 8]
216.48 [Repealed, Ex1957 c 10 s 8]
216.49 [Repealed, Ex1957 c 10 s 8]
216.50 [Repealed, Ex1957 c 10 s 8]
216.51 [Repealed, Ex1957 c 10 s 8]
216.52 [Repealed, Ex1957 c 10 s 8]
216.53 [Repealed, Ex1957 c 10 s 8]
216.54 [Repealed, Ex1957 c 10 s 8]
216.55 [Repealed, Ex1957 c 10 s 8]
216.56 [Repealed, Ex1957 c 10 s 8]
216.57 [Repealed, Ex1957 c 10 s 8]
216.58 [Repealed, Ex1957 c 10 s 8]
216.59 [Repealed, Ex1957 c 10 s 8]

216.60 [Repealed, Ex1957 c 10 s 8]

216.61 [Repealed, Ex1957 c 10 s 8]

216.62 [Repealed, Ex1957 c 10 s 8]

216.63 [Repealed, 1949 c 440 s 7; Ex1957 c 10 s 8]

216.64 [Repealed, 1949 c 440 s 7; Ex1957 c 10 s 8]

216.65 [Repealed, 1967 c 864 s 10]

216.66 [Repealed, Ex1957 c 10 s 8]

216.67 [Repealed, 1967 c 864 s 10]

216.68 [Repealed, Ex1957 c 10 s 8]

CHAPTER 216A

PUBLIC UTILITIES REGULATORS

216A.01	DEPARTMENT AND COMMISSION; POWERS AND DUTIES.	216A.04	EXECUTIVE SECRETARY; COMMISSION EMPLOYEES.
216A.02	DEFINITIONS.	216A.05	COMMISSION FUNCTIONS AND POWERS.
216A.03	PUBLIC UTILITIES COMMISSION.	216A.07	COMMISSIONER POWERS AND DUTIES.
216A.035	CONFLICT OF INTEREST.	216A.08	CONTINUATION OF RULES OF PUBLIC SERVICE DEPARTMENT.
216A.036	EMPLOYMENT RESTRICTIONS; CIVIL PENALTY.	216A.09	ACTIONS.
216A.037	EX PARTE COMMUNICATIONS; CODE OF CONDUCT; RULES.	216A.095	COOPERATION BETWEEN DEPARTMENT AND COMMISSION.

216A.01 DEPARTMENT AND COMMISSION; POWERS AND DUTIES.

The Department of Commerce shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter. The Public Utilities Commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter and those formerly vested by law in the Railroad and Warehouse Commission.

History: 1967 c 864 s 1; 1969 c 1031 s 1; 1980 c 614 s 103; 1Sp2001 c 4 art 6 s 27

216A.02 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Legislative function.** "Legislative function" means the establishment and promulgation of all rules, orders and directives of general or particular applicability, governing the conduct of the regulated persons or businesses, together with such investigative procedures as are incident thereto and all other valid acts and procedures which are historically or functionally legislative in character.

Subd. 3. **Administrative function.** "Administrative function" means all duties and procedures concerning the execution and enforcement of the laws, rules, orders, directives, duties, and obligations imposed for the control and government of the persons or businesses regulated, together with investigative activities incident thereto and procedures inherently administrative or executive in character.

Subd. 4. **Quasi-judicial function.** "Quasi-judicial function" means the promulgation of all orders and directives of particular applicability governing the conduct of the regulated persons or businesses, together with procedures inherently judicial.

History: 1967 c 864 s 2; 1977 c 364 s 1

216A.03 PUBLIC UTILITIES COMMISSION.

Subdivision 1. **Members.** The Public Utilities Commission shall consist of five members. The terms of members shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. At least one commissioner must have been domiciled

at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after July 31, 1986, does not consist of at least one member domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners. The governor when selecting commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting, property and utility valuation, finance, physical or natural sciences, production agriculture, or natural resources as well as being representative of the general public.

For purposes of this subdivision, "seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

Subd. 1a. **Removal; vacancy.** The removal of members, and filling of vacancies on the commission shall be as provided in section 15.0575.

Subd. 2. [Repealed, 1976 c 134 s 79]

Subd. 3. **Chair.** The governor shall select one of the commissioners to serve as the chair for a term concurrent with that of the governor.

If a vacancy occurs in the position of chair, the governor shall select a new chair to complete the unexpired term.

Subd. 3a. **Powers and duties of chair.** The chair shall be the principal executive officer of the commission and shall preside at meetings of the commission. The chair shall organize the work of the commission and may make assignments to commission members, appoint committees and give direction to the commission staff through the executive secretary subject to the approval of the commission.

Subd. 4. **Oath.** Before entering upon the duties of office, each commissioner shall take and file with the secretary of state the following oath:

"I do solemnly swear that I will support the Constitution of the United States, the Constitution of this state; that I will faithfully discharge my duties as commissioner of the Public Utilities Commission according to the best of my ability; and that I am not in the employ of or holding any official relation to or pecuniarily interested in any individual proprietorship, firm, copartnership, corporation or association, the activities of which are wholly or partially subject to regulation by the Public Utilities Commission; nor do I serve on or under any committee of any political party."

Subd. 5. **Quorum.** A majority of the commission shall constitute a quorum, and the act or decision of a majority of commissioners present, if at least a quorum is present, shall be the act or decision of the commission. If a vacancy exists on the commission a majority of the remaining commissioners constitutes a quorum.

Subd. 6. **Record of proceedings.** An audio magnetic or audio electronic recording device shall be used to keep a record of all proceedings before the commission.

Subd. 6a. **Hearing reporter.** The commission may delegate to the executive secretary authority to require hearing reporter services. The cost of hearing reporter services must be borne by the utility, telephone company, or telecommunications carrier that is the subject of the proceeding. If more than one company is the subject of a proceeding, the commission or, if the commission so delegates, the executive secretary, shall determine how the hearing reporter costs are to be allocated for the proceeding.

Subd. 7. **Filing approved without hearing.** A filing with the commission may be deemed approved by the commission after 60 days of filing, unless the commission, a commissioner, or any other person requests the filing be set aside for action by the commission. The commission may designate, by standing order, categories or types of filings that are eligible for approval under this subdivision. Complaint filings, petitions for rulemakings, or petitions to increase rates are not eligible for designation. The commission must publish a weekly notice of the filings that are approved without other action by the commission, and shall issue a written order approving the filing upon passage of the 60-day term. Orders approved under this subdivision are subject to reconsideration, as provided in section 216B.27 or the commission's rules of practice and procedure, and nothing in this subdivision affects the rights of any entity under section 216B.17 or 237.081.

Subd. 8. **Delegations to commission subcommittees.** (a) The commission may create and appoint members to standing or ad hoc subcommittees of the commission consisting of at least one commissioner. The commission, at a regularly scheduled agenda hearing, may delegate any of the commission's legislative, administrative, or quasi-judicial functions, as defined in section 216A.02, to a subcommittee of the commission.

(b) Upon objection by a party, a participant, or a commissioner, a decision by a subcommittee must be referred to the full commission. Subcommittee decisions for which no objection is filed with the commission within ten days from the date of receipt of the written decision of the subcommittee are deemed decisions of the full commission. If referred to the full commission, the full commission may rely on the record developed by the subcommittee but shall treat the subcommittee decision as advisory.

(c) In either their initial or reply filings with the commission, a party or a participant may request that the commission not delegate the proceeding to a commission subcommittee. The request must be granted.

(d) For the purposes of this subdivision:

(1) a "party" means a person by or against whom a proceeding before the commission is commenced or a person permitted to intervene in a proceeding under this chapter; and

(2) a "participant" means a person who files comments or appears to present views without becoming a party in a proceeding, other than public hearings held in contested cases and other commission proceedings conducted to receive general public comments.

Subd. 9. **Lead commissioner; designation, powers, duties.** The commission may designate a commissioner to be the lead commissioner for a docket, a type of docket, or for a particular subject area. The commission shall allow interested persons to be heard on a proposed designation prior to making the designation. The lead commissioner is authorized to exercise the commission's authority to develop an evidentiary record for a proceeding, including holding hearings and requesting written or oral comments. At the request of the commission, the lead commissioner shall provide the commission and the service list for the proceeding with a written summary of the evidentiary record developed by the lead commissioner for the case, including any recommendations of the commissioner. Any findings of fact, conclusions of law, or recommendations of the lead commissioner are advisory only and are not binding on the commission. The commission may delegate its authority to designate lead commissioners to the chair. Nothing in this subdivision affects a person's opportunity to request a contested case proceeding under chapter 14.

History: 1967 c 864 s 3; 1974 c 429 s 65; 1976 c 134 s 50,51; 1977 c 364 s 2; 1980 c 614 s 104,105,123; 1986 c 409 s 1,2; 1986 c 444; 1994 c 641 art 4 s 1; 1999 c 125 s 1-4; 2002 c 398 s 7; 1Sp2005 c 1 art 4 s 124; 2009 c 110 s 4,5

216A.035 CONFLICT OF INTEREST.

(a) No person, while a member of the Public Utilities Commission, while acting as executive secretary of the commission, or while employed in a professional capacity by the commission, shall receive any income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission.

(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.

(c) No person who is an employee of the Department of Commerce shall participate in any manner in any decision or action of the commission where that person has a direct or indirect financial interest. Each commissioner or employee of the department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public utility, telephone company, or telecommunications company regulation shall report to the Campaign Finance and Public Disclosure Board annually before April 15 any interest in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the Campaign Finance and Public Disclosure Board and the Public Utilities Commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.

(d) A professional employee of the commission or department must immediately disclose to the commission or to the commissioner of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.

History: 1974 c 429 s 66; 1979 c 206 s 1; 1980 c 614 s 123; 1981 c 210 s 51; 1984 c 462 s 27; 1986 c 409 s 3; 1986 c 444; 1987 c 186 s 15; 1997 c 202 art 2 s 63; 1Sp2001 c 4 art 6 s 28

216A.036 EMPLOYMENT RESTRICTIONS; CIVIL PENALTY.

(a) A person who serves as (1) a commissioner of the Public Utilities Commission, (2) commissioner of commerce, or (3) deputy commissioner of commerce, shall not, while employed with or within one year after leaving the commission or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner of the Public Utilities Commission, the commissioner of commerce, or the deputy commissioner of commerce, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

History: 1986 c 409 s 4; 1987 c 186 s 15; 1Sp2001 c 4 art 6 s 29

216A.037 EX PARTE COMMUNICATIONS; CODE OF CONDUCT; RULES.

Subdivision 1. **Ex parte communications prohibitions; rules.** (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications, directly or indirectly, between a commissioner and a participant or party under the commission's rules of practice and procedure relating to:

- (1) a material issue during a pending contested case proceeding;
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;
- (3) a material issue in a disputed formal petition; and
- (4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the Office of Administrative Hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

Subd. 2. **Conflict-of-interest communications prohibited.** A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.

Subd. 3. **Code of conduct rules.** Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.

Subd. 4. **Complaint procedure; hearing; sanctions.** (a) Any person seeking sanctions for alleged violations of the rules adopted under this section may file a complaint with the commission.

(b) A complaint seeking sanctions must include the following information: the name and address of the complainant; the name and address of complainant's counsel, if any; the name and address of each person alleged to have violated the ex parte prohibition (respondents); the name and address of each respondent's counsel, if known; the facts constituting the alleged violation; and the sanctions sought by the complainant.

(c) A complaint filed under this section must be filed with the commission and mailed to each respondent, the department, the Office of the Attorney General, and all persons on the commission's service list for the proceeding.

(d) Within seven days of service of the complaint, a respondent shall file an answer with the commission and serve it on the complainant, the department, the Office of the Attorney General, and all persons on the commission's service list for the proceeding.

(e) The commission shall refer the complaint and any reply to the Office of Administrative Hearings.

(f) The administrative law judge assigned to the ex parte complaint proceeding by the Office of Administrative Hearings shall conduct a hearing investigation and shall issue a report within 30 days after the matter is referred. If the administrative law judge determines that the report cannot be properly completed within that time period, the judge shall report that fact to the commission within the 30-day period and shall file a final report within a reasonable time thereafter, no later than 60 days after the referral to the Office of Administrative Hearings.

(g) The report of the administrative law judge shall describe the relevant facts of the case and shall set forth the judge's findings as to whether ex parte violations occurred. The findings and decisions of the judge as to whether ex parte violations have occurred are binding on the commission. The judge shall also discuss and make recommendations regarding the imposition of sanctions in accordance with paragraph (h). The judge shall include in the report a discussion of the recusal of any commissioner or the removal of decision-making personnel from this case.

(h) In the report under paragraph (g), the administrative law judge may only recommend that the commission impose one of the following sanctions if the judge finds that the condition specified for the sanction is met:

(1) dismiss the proceeding if the prohibited ex parte communication has so prejudiced the proceeding that the commission cannot consider it impartially;

(2) issue an adverse ruling on a pending issue that is the subject of the prohibited ex parte communication if other parties are prejudiced by the prohibited ex parte communication;

(3) strike evidence or pleadings if the evidence or pleadings are tainted by the prohibited ex parte communication; or

(4) issue a public statement of censure, if the prohibited ex parte communication is determined to be part of a continuing pattern of improper ex parte communication or if the prohibited ex parte violation consists of a single prohibited communication and mitigating circumstances exist that:

(i) negate the need for a more severe sanction;

(ii) do not prejudice the proceeding to the extent that the commission is unable to consider it impartially;

(iii) do not prejudice other parties; or

(iv) do not taint the evidence or pleadings.

(i) If the administrative law judge finds the complainant's allegation of an ex parte violation was interposed for any improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of the proceeding, the judge may recommend that the commission issue an appropriate sanction against the complainant.

History: 1986 c 409 s 5; 1996 c 305 art 2 s 37; 2000 c 487 s 1; 2007 c 88 s 1

216A.04 EXECUTIVE SECRETARY; COMMISSION EMPLOYEES.

Subdivision 1. **Selection of executive secretary.** The commission shall appoint an executive secretary, not a member, who shall be in the unclassified service of the state and shall serve at the pleasure of the commission. The executive secretary shall take, subscribe, and file an oath similar to that required of the commissioners, and shall be subject to the same disqualifications as commissioners.

Subd. 1a. **Powers and duties of executive secretary.** The executive secretary shall:

- (1) cause to be kept full and correct records of all transactions and proceedings of the commission;
- (2) appoint, subject to chapter 43A and the approval of the commission, all other classified employees of the commission and supervise and direct their activities;
- (3) have custody of the seal of the commission;
- (4) serve as the administrative officer of the commission with responsibility for personnel, budget and other administrative details related to the work of the commission or as required by state law;
- (5) prepare orders, reports, and other materials as assigned by the commission and recommend to the commission such measures as may be appropriate to achieve the objectives of the commission;
- (6) advise the commission of its financial position and recommend a budget for its approval; and
- (7) perform other duties as the commission directs.

Subd. 2. **Acting secretary.** The commission may designate any responsible employee to serve as acting secretary in the absence of the secretary.

Subd. 3. **Officers and employees.** The commission may establish other positions in the unclassified service if the positions meet the criteria of section 43A.08, subdivision 1a, clauses (1) to (7). The commission may employ other persons as may be necessary to carry out its functions.

Subd. 4. **Transcripts of proceedings.** Hearing reporters may provide transcripts of proceedings before the commission to persons requesting transcripts who pay a reasonable charge therefor to the reporter. The amount of the charge shall be fixed by the commission and retained by the reporter, any other law to the contrary notwithstanding.

History: 1967 c 864 s 4; 1971 c 74 s 1; 1971 c 646 s 1; 1973 c 35 s 44; 1980 c 614 s 106-108; 1981 c 210 s 54; 1982 c 560 s 51

216A.05 COMMISSION FUNCTIONS AND POWERS.

Subdivision 1. **Legislative and quasi-judicial functions.** The functions of the commission shall be legislative and quasi-judicial in nature. It may make such investigations and determinations, hold such hearings, prescribe such rules, and issue such orders with respect to the control and conduct of the businesses coming within its jurisdiction as the legislature itself might make but only as it shall from time to time authorize. It may adjudicate all proceedings brought before it in which the violation of any law or rule administered by the Department of Commerce is alleged.

Subd. 2. **Powers generally.** The commission shall, to the extent prescribed by law:

(1) investigate the management of all warehouse operators and telegraph companies, the manner in which their businesses are conducted and the adequacies of the services which they are affording to the public, and make all appropriate orders relating to the continuation, termination, or modification of all services and facilities with a view to properly promoting the security and convenience of the public;

(2) review and ascertain the reasonableness of tariffs of rates, fares, and charges, or any part or classification thereof, and prescribe the form and manner of filing, posting, and publication thereof;

(3) prescribe uniform systems of keeping and rendering accounts and the time within which such systems shall be adopted;

(4) order the issuance of franchises, permits or certificates of convenience and necessity.

Subd. 3. **Manner of fact-finding.** The commission may:

(1) subpoena, in the same manner a district court summons is served, at such time and place as it may designate, any books, papers, or accounts kept by any regulated business within or without the state, or compel production of verified copies in lieu thereof;

(2) prepare all forms or blanks for the purpose of obtaining information which it may deem necessary or useful in the proper exercise of its authority and duties in connection with regulated businesses, and prescribe the time and manner within which such blanks and forms shall be completed and filed with it;

(3) inspect, at all reasonable times, and copy the books, records, memoranda, correspondence, or other documents and records of any business under its jurisdiction;

(4) examine, under oath, any officer, agent, or employee thereof in relation to its business and affairs.

Subd. 4. **Performance of commission functions.** The commission shall exercise each and every legislative function imposed by law on it.

Subd. 5. **Hearing upon petition.** With respect to those matters within its jurisdiction the commission shall receive, hear, and determine all petitions filed with it in accordance with the rules of practice and procedure promulgated by the commission, and may investigate, hold hearings, and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition.

Subd. 6. **Operation with regard to federal law.** The commission is authorized:

(1) to cooperate with all federal agencies for the purpose of harmonizing state and federal regulations within the state to the extent and in the manner deemed advisable;

(2) to conduct joint hearings with any federal agency or commission within or without the state and participate in any proceedings before any federal agency or commission when it considers such participation advisable and in the interest of the people of this state;

(3) to nominate members to any joint board as provided by federal acts.

History: 1967 c 864 s 5; 1969 c 1031 s 2; 1971 c 25 s 67; 1976 c 166 s 10; 1977 c 346 s 11; 1977 c 364 s 3; 1980 c 614 s 109,110; 1986 c 444; 1986 c 468 s 2; 1Sp2001 c 4 art 6 s 30

216A.06 [Repealed, 1Sp2001 c 4 art 6 s 76]

216A.07 COMMISSIONER POWERS AND DUTIES.

Subdivision 1. **Commissioner duties.** The commissioner of commerce has all the rights and powers and shall perform all the duties set forth in this chapter. The commissioner may:

(1) prepare all forms or blanks for the purpose of obtaining information which the commissioner may deem necessary or useful in the proper exercise of the authority and duties of the commissioner in connection with regulated businesses;

(2) prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) inspect at all reasonable times, and copy the books, records, memoranda, and correspondence or other documents and records of any person relating to any regulated business; and

(4) cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Subd. 2. **Enforcement.** The commissioner is responsible for the enforcement of chapters 216A, 216B and 237 and the orders of the commission issued pursuant to those chapters.

Subd. 3. **Intervention in commission proceeding.** The commissioner may intervene as a party in all proceedings before the commission. When intervening in gas or electric hearings, the commissioner shall prepare and defend testimony designed to encourage energy conservation improvements as defined in section 216B.241. The attorney general shall act as counsel in the proceedings.

Subd. 3a. **Regional and national duties.** The Department of Commerce has the duty and power to represent the interests of Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement regional, national, and international energy policy and that regulate and implement regional or national energy planning or infrastructure development. This subdivision does not limit regional, national, or international activities of the Public Utilities Commission.

Subd. 4. **Investigation.** The commissioner may, on the commissioner's own initiative, investigate any matter subject to the jurisdiction of the department or commission.

Subd. 5. **Rulemaking.** The commissioner shall make substantive and procedural rules to implement the provisions of this chapter and chapters 216B and 237. Rules adopted under this authority shall be promulgated pursuant to the Administrative Procedure Act and shall have the force and effect of law.

Subd. 6. **Mission; efficiency; legislative report, recommendations.** It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

History: 1967 c 864 s 7; 1969 c 1031 s 3; 1976 c 166 s 12; 1977 c 364 s 4; 1980 c 614 s 111; 1983 c 179 s 3; 1986 c 444; 1987 c 186 s 15; 1995 c 248 art 11 s 16; 1998 c 366 s 62; 1Sp2001 c 4 art 6 s 31; 2011 c 97 s 4

216A.08 CONTINUATION OF RULES OF PUBLIC SERVICE DEPARTMENT.

All valid rules, orders, and directives heretofore enforced, issued, or promulgated by the Public Service Department under authority of chapter 216, 216A, 216B, 216C, 218, 219, 221, 222, 237, 238, or 239 shall remain and continue in force and effect until repealed, modified, or superseded by duly authorized rules, orders, or directives of the Public Utilities Commission, the commissioner of transportation, or the commissioner of commerce.

History: 1967 c 864 s 8; 1976 c 166 s 13; 1980 c 614 s 123; 1985 c 248 s 70; 1Sp2001 c 4 art 6 s 32

216A.085 [Repealed, 2011 c 97 s 34]

216A.09 ACTIONS.

The commission may sue or be sued in its own name.

History: 1967 c 864 s 9

216A.095 COOPERATION BETWEEN DEPARTMENT AND COMMISSION.

Nothing in this chapter prevents the department or the commission from entering into agreements with each other or with other agencies to coordinate and share services, to conduct joint projects or investigations on matters within the authority and jurisdiction of the parties thereto, or to temporarily assign staff to projects requested by each other or by other agencies. The cooperative agreements may provide for the sharing of costs between the parties thereto or the reimbursement of the department or commission operating budget for expenditures made on behalf of the department or commission or agency. No cooperative effort shall interfere with the independence and integrity of either the commission or the department or any other agency that is a party.

History: 1980 c 614 s 112

216A.10 [Renumbered 174.60]

216A.11 [Renumbered 174.61]

216A.12 [Renumbered 174.62]

216A.13 [Renumbered 174.63]

CHAPTER 216B

PUBLIC UTILITIES

216B.01	LEGISLATIVE FINDINGS.		
216B.02	DEFINITIONS.	216B.12	RIGHT OF ENTRANCE; INSPECTION.
216B.022	SUBMETERING.	216B.13	PRODUCTION AND EXAMINATION OF RECORDS.
MUNICIPALS, COOPERATIVES, DISTRIBUTION UTILITIES		216B.14	INVESTIGATION.
216B.025	MUNICIPAL REGULATION OPTION.		RATE HEARINGS
216B.026	COOPERATIVE ELECTRIC ASSOCIATION; ELECTION ON REGULATION.	216B.15	HEARINGS; EXAMINER.
216B.027	COOPERATIVE ELECTRIC ASSOCIATION STOCKHOLDER RIGHTS.	216B.16	RATE CHANGE; PROCEDURE; HEARING.
216B.029	STANDARDS FOR DISTRIBUTION UTILITIES.		SPECIAL RATES AND PRACTICES
RATES, STANDARDS, AND PRACTICES		216B.161	AREA DEVELOPMENT RATE PLAN.
216B.03	REASONABLE RATE.	216B.1611	INTERCONNECTION OF ON-SITE DISTRIBUTED GENERATION.
216B.04	STANDARD OF SERVICE.	216B.1612	COMMUNITY-BASED ENERGY DEVELOPMENT; TARIFF.
216B.045	REGULATION OF INTRASTATE NATURAL GAS PIPELINE.	216B.1613	STANDARDIZED CONTRACT.
216B.05	FILING SCHEDULES, RULES, AND SERVICE AGREEMENTS.	216B.1614	ELECTRIC VEHICLE CHARGING TARIFF.
216B.06	RECEIVING DIFFERENT COMPENSATION.	216B.162	COMPETITIVE RATE FOR ELECTRIC UTILITY.
216B.07	RATE PREFERENCE PROHIBITED.	216B.1621	ELECTRIC SERVICE AGREEMENT.
216B.075	METER READING; CUSTOMER SCHEDULING NEEDS.	216B.163	FLEXIBLE TARIFF.
COMMISSION RESPONSIBILITIES		216B.1635	RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.
216B.08	DUTIES OF COMMISSION.	216B.1636	RECOVERY OF ELECTRIC UTILITY INFRASTRUCTURE COSTS.
216B.09	STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.	216B.164	COGENERATION AND SMALL POWER PRODUCTION.
RESIDENTIAL PROTECTIONS; DISCONNECTION		216B.1641	COMMUNITY SOLAR GARDEN.
216B.091	MONTHLY REPORTS.	216B.1645	POWER PURCHASE CONTRACT OR INVESTMENT.
216B.0951	PROPANE PREPURCHASE PROGRAM.	216B.1646	RATE REDUCTION; PROPERTY TAX REDUCTION.
216B.096	COLD WEATHER RULE; PUBLIC UTILITY.	216B.166	COGENERATING POWER PLANT.
216B.097	COLD WEATHER RULE; COOPERATIVE OR MUNICIPAL UTILITY.	216B.167	PERFORMANCE-BASED GAS PURCHASING PLAN.
216B.0975	DISCONNECTION DURING EXTREME HEAT CONDITIONS.	216B.1675	PERFORMANCE REGULATION PLAN FOR GAS UTILITY SERVICE.
216B.0976	NOTICE TO CITIES OF UTILITY DISCONNECTION.	216B.1681	CURTAILMENT PAYMENTS.
216B.098	RESIDENTIAL CUSTOMER PROTECTIONS.	216B.169	RENEWABLE AND HIGH-EFFICIENCY ENERGY RATE OPTIONS.
216B.0991	DEFINITIONS.	216B.1691	RENEWABLE ENERGY OBJECTIVES.
216B.0992	PRICE AND FEE DISCLOSURE.	216B.1692	EMISSIONS-REDUCTION RIDER.
216B.0993	BUDGET PAYMENT PLAN.	216B.1694	INNOVATIVE ENERGY PROJECT.
216B.0994	PROPANE PURCHASE CONTRACTS.	216B.1695	ENVIRONMENTAL PROJECTS; ADVANCE DETERMINATION OF PRUDENCE.
216B.0995	TERMS OF SALE.		COMPLAINTS AND HEARINGS
ACCOUNTING, MERCURY COSTS, DEPRECIATION		216B.17	COMPLAINT INVESTIGATION AND HEARING.
216B.10	ACCOUNTING.	216B.18	SERVICE OF NOTICE.
216B.105	CUSTOMER SHARE OF MERCURY CONTROL COSTS.	216B.19	JOINT HEARING AND INVESTIGATION.
216B.11	DEPRECIATION RATES AND PRACTICES.	216B.20	SEPARATE RATE HEARING.

216B.21	SUMMARY INVESTIGATION.		
216B.22	MUNICIPALITY; AMICUS CURIAE AUTHORITY.	216B.361	TOWNSHIP NATURAL GAS UTILITY AGREEMENT TOWNSHIP AGREEMENT WITH NATURAL GAS UTILITY.
216B.23	LAWFUL RATE; REASONABLE SERVICE.		
	ENERGY CONSERVATION; UTILITY CONSTRUCTION		ASSIGNED ELECTRIC SERVICE AREAS
216B.24	CONSTRUCTION OF MAJOR FACILITY; FILING PLANS.	216B.37	ASSIGNED SERVICE AREA; ELECTRIC UTILITY; LEGISLATIVE POLICY.
216B.2401	ENERGY SAVINGS POLICY GOAL.	216B.38	DEFINITIONS.
216B.241	ENERGY CONSERVATION IMPROVEMENT.	216B.39	ASSIGNED SERVICE AREA.
216B.2411	DISTRIBUTED ENERGY RESOURCES.	216B.40	EXCLUSIVE SERVICE RIGHT; SERVICE EXTENSION.
216B.2412	DECOUPLING OF ENERGY SALES FROM REVENUES.	216B.41	EFFECT OF INCORPORATION, ANNEXATION, OR CONSOLIDATION.
	RENEWABLE ENERGY INITIATIVES	216B.42	SERVICE EXTENSION IN CERTAIN SITUATIONS.
216B.2421	DEFINITION OF LARGE ENERGY FACILITY.	216B.421	HOMESTEAD; OPTION OF ELECTRIC SERVICE.
216B.2422	RESOURCE PLANNING; RENEWABLE ENERGY.	216B.43	HEARING ON COMPLAINT.
216B.2423	WIND POWER MANDATE.		MUNICIPAL ACQUISITION OF UTILITY PROPERTY
216B.2424	BIOMASS POWER MANDATE.	216B.44	MUNICIPAL SERVICE TERRITORY EXTENSION.
216B.2425	STATE TRANSMISSION PLAN.	216B.45	MUNICIPAL PURCHASE OF PUBLIC UTILITY.
216B.2426	OPPORTUNITIES FOR DISTRIBUTED GENERATION.	216B.46	MUNICIPAL ACQUISITION PROCEDURES; NOTICE; ELECTION.
	CERTIFICATE OF NEED	216B.465	VOTER RATIFICATION OF MUNICIPAL PURCHASE, LIMITED APPLICATION.
216B.243	CERTIFICATE OF NEED FOR LARGE ENERGY FACILITY.	216B.47	ACQUISITION BY EMINENT DOMAIN.
	MISCELLANY		FINANCIAL ACTIVITIES AND BUSINESS PRACTICES
216B.244	NUCLEAR PLANT CAPACITY REQUIREMENTS.	216B.48	RELATIONS WITH AFFILIATED INTEREST.
216B.2445	DECOMMISSIONING NUCLEAR PLANT; STORING USED FUEL.	216B.49	SECURITIES; PUBLIC FINANCING.
216B.245	PUMP AND STORE HYDROPOWER FACILITY; PROHIBITION.	216B.50	RESTRICTIONS ON PROPERTY TRANSFER AND MERGER.
216B.246	FEDERALLY APPROVED TRANSMISSION LINES; INCUMBENT TRANSMISSION LINEOWNER RIGHTS.	216B.51	STOCK PURCHASE.
	COMMISSION ORDERS; PROCEDURAL RESPONSIBILITIES		VIOLATIONS, PENALTIES, JUDICIAL CONSIDERATIONS
216B.25	FURTHER ACTION ON PREVIOUS ORDER.	216B.52	APPEAL.
216B.26	ORDER; EFFECTIVE DATE.	216B.53	SUSPENSION OF COMMISSION ORDER.
216B.27	REHEARING; CONDITION PRECEDENT TO JUDICIAL REVIEW.	216B.54	LEGAL ACTION AGAINST VIOLATION.
216B.28	SUBPOENA; WITNESS FEE AND MILEAGE.	216B.56	BURDEN OF PROOF.
216B.29	HEARING AND SUBPOENA COMPLIANCE POWERS.	216B.57	PENALTY FOR VIOLATION OF ACT.
216B.30	DEPOSITION.	216B.58	PENALTIES; CONSTRUING ACT, OMISSION, AND FAILURE.
216B.31	TESTIMONY AND PRODUCTION OF RECORDS; PERJURY.	216B.59	CONTINUING VIOLATION.
216B.32	CERTIFIED COPY OF DOCUMENT AS EVIDENCE.	216B.60	PENALTIES CUMULATIVE.
216B.33	COMMISSION RULING WRITTEN, FILED, AND CERTIFIED.	216B.61	ACTIONS TO RECOVER PENALTIES.
216B.34	PUBLIC RECORDS.		ASSESSMENTS
216B.35	TRANSCRIBED RECORD.	216B.62	REGULATORY EXPENSES.
	MUNICIPAL POWERS	216B.63	INTEREST ON ASSESSMENT.
216B.36	MUNICIPAL REGULATORY AND TAXING POWERS.		MISCELLANEOUS
		216B.64	ATTORNEY GENERAL'S RESPONSIBILITIES.
		216B.65	DEPARTMENT TO EMPLOY NECESSARY STAFF.
		216B.66	CONSTRUCTION.
		216B.67	CITATION.

	MERCURY EMISSIONS REDUCTION	216B.688	RELATIONSHIP TO OTHER STATE FINANCIAL REQUIREMENTS.
216B.68	DEFINITIONS; MERCURY EMISSIONS REDUCTION.		PREVENTATIVE MAINTENANCE
216B.681	MONITORING MERCURY EMISSIONS.	216B.79	PREVENTATIVE MAINTENANCE.
216B.682	MERCURY EMISSIONS-REDUCTION PLANS.		HYDROGEN ENERGY
216B.683	MERCURY EMISSIONS REDUCTION; COST RECOVERY, FINANCIAL INCENTIVES.	216B.8109	HYDROGEN ENERGY ECONOMY GOAL.
		216B.811	DEFINITIONS.
216B.684	ENVIRONMENTAL ASSESSMENT OF MERCURY EMISSIONS-REDUCTION PLAN.	216B.812	FOSTERING USE OF HYDROGEN ENERGY.
		216B.813	MINNESOTA RENEWABLE HYDROGEN INITIATIVE.
216B.685	MERCURY EMISSIONS-REDUCTION PLAN APPROVAL.	216B.815	REGIONAL ENERGY RESEARCH AND EDUCATION PARTNERSHIP.
216B.6851	UTILITY OPTION.		LOCAL POWER QUALITY ZONES
216B.686	OTHER ENVIRONMENTAL IMPROVEMENT PLANS.	216B.82	LOCAL POWER QUALITY ZONES.
216B.687	MERCURY EMISSIONS REDUCTION IMPLEMENTATION, OPERATION.		

216B.01 LEGISLATIVE FINDINGS.

It is hereby declared to be in the public interest that public utilities be regulated as hereinafter provided in order to provide the retail consumers of natural gas and electric service in this state with adequate and reliable services at reasonable rates, consistent with the financial and economic requirements of public utilities and their need to construct facilities to provide such services or to otherwise obtain energy supplies, to avoid unnecessary duplication of facilities which increase the cost of service to the consumer and to minimize disputes between public utilities which may result in inconvenience or diminish efficiency in service to the consumers. Because municipal utilities are presently effectively regulated by the residents of the municipalities which own and operate them, and cooperative electric associations are presently effectively regulated and controlled by the membership under the provisions of chapter 308A, it is deemed unnecessary to subject such utilities to regulation under this chapter except as specifically provided herein.

History: 1974 c 429 s 1; 1978 c 795 s 1; 1989 c 356 s 8

216B.013 [Renumbered 216B.8109]

216B.02 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 1a. **Commission.** "Commission" means the Public Utilities Commission.

Subd. 1b. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Commerce.

Subd. 2. **Corporation.** "Corporation" means a private corporation, a public corporation, a municipality, an association, a cooperative whether incorporated or not, a joint stock association, a business trust, or any political subdivision or agency.

Subd. 2a. **Department.** "Department" means the Department of Commerce of the state of Minnesota.

Subd. 2b. **Municipality.** "Municipality" means any city however organized.

Subd. 3. **Person.** "Person" means a natural person, a partnership, or two or more persons having a joint or common interest, and a corporation as hereinbefore defined.

Subd. 4. **Public utility.** "Public utility" means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof but does not include (1) a municipality or a cooperative electric association, organized under the provisions of chapter 308A, producing or furnishing natural, manufactured, or mixed gas or electric service; (2) a retail seller of compressed natural gas used as a vehicular fuel which purchases the gas from a public utility; or (3) a retail seller of electricity used to recharge a battery that powers an electric vehicle, as defined in section 169.011, subdivision 26a, and that is not otherwise a public utility under this chapter. Except as otherwise provided, the provisions of this chapter shall not be applicable to any sale of natural, manufactured, or mixed gas or electricity by a public utility to another public utility for resale. In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility. No person shall be deemed to be a public utility if it furnishes its services only to tenants or cooperative or condominium owners in buildings owned, leased, or operated by such person. No person shall be deemed to be a public utility if it furnishes service to occupants of a manufactured home or trailer park owned, leased, or operated by such person. No person shall be deemed to be a public utility if it produces or furnishes service to less than 25 persons.

Subd. 5. **Rate.** "Rate" means every compensation, charge, fare, toll, tariff, rental, and classification, or any of them, demanded, observed, charged, or collected by any public utility for any service and any rules, practices, or contracts affecting any such compensation, charge, fare, toll, rental, tariff, or classification.

Subd. 6. **Service.** "Service" means natural, manufactured, or mixed gas and electricity; the installation, removal, or repair of equipment or facilities for delivering or measuring such gas and electricity.

Subd. 6a. **Submetering.** "Submetering" means measuring, by a building's owner, through mechanical or electronic devices, the use of electricity by occupants in multiple-unit residential or commercial buildings to fairly apportion the entire electrical costs for the building among its occupants.

Subd. 7. [Renumbered subd 1a]

Subd. 8. [Renumbered subd 2a]

Subd. 9. [Renumbered subd 2b]

Subd. 10. **Transmission company.** "Transmission company" means persons, corporations, or other legal entities and their lessees, trustees, and receivers, engaged in the business of owning, operating, maintaining, or controlling in this state equipment or facilities for furnishing electric transmission service in Minnesota, but does not include public utilities, municipal electric utilities, municipal power agencies, cooperative electric associations, or generation and transmission cooperative power associations.

History: 1974 c 429 s 2; 1978 c 795 s 2; 1980 c 614 s 123; 1981 c 17 s 1; 1981 c 144 s 1; 1981 c 365 s 9; 1983 c 366 s 1,2; 1984 c 428 s 1; 1985 c 248 s 70; 1989 c 356 s 9; 1Sp2001 c 4 art 6 s 34-36; 2005 c 97 art 1 s 1; 2009 c 134 s 4; 2011 c 97 s 5

216B.022 SUBMETERING.

Nothing in this chapter grants the commission or a public utility the authority to limit the availability of submetering to a building occupant when the building is served by a public utility's master meter which measures the total electric energy delivered to the building.

History: 1983 c 366 s 3

MUNICIPALS, COOPERATIVES, DISTRIBUTION UTILITIES**216B.025 MUNICIPAL REGULATION OPTION.**

A municipality may elect to become subject to regulation by the commission pursuant to sections 216B.10 and 216B.11. An election for regulation may be effected by resolution of the governing body requesting regulation and filed with the commission.

History: 1981 c 142 s 1

216B.026 COOPERATIVE ELECTRIC ASSOCIATION; ELECTION ON REGULATION.

Subdivision 1. **Election.** A cooperative electric association may elect to become subject to rate regulation by the commission pursuant to sections 216B.03 to 216B.23. The election shall be approved by a majority of members or stockholders voting by mail ballot initiated by petition of not less than five percent of the members or stockholders of the association, as determined by membership figures submitted by the association to the Rural Electric Administration for the month in which the petition was submitted.

Subd. 2. **Petition contents; verification.** The petition form shall be prescribed by the department and sample forms shall be available from the department and electric cooperative associations. Petitions shall include a uniform statement that petition signers are requesting a balloting of the association membership on the question of regulation of electric rates of the association by the commission. The department shall, upon receipt, transmit the prescribed form of petition to the appropriate association for validation of petition signatures in accordance with agreed procedures between the association and the department. When the association rejects any signature on a petition as invalid, it shall provide the department with a written statement as to the reason the cooperative deems the signature invalid. The department may challenge the association's decisions on the validity of signatures and may appeal to the commission for a resolution of the issue through informal proceedings before the commission after notice to all parties.

Subd. 3. **Voting for members.** Whenever a vote or petition of members or stockholders of an association is submitted pursuant to this section, the spouse of the member or stockholder may sign the petition and vote on behalf of the member or stockholder unless the member or stockholder has notified the association in writing otherwise. Such a notification by a member or stockholder shall be provided to the association and to the department for those petition matters pursuant to this section.

Subd. 4. **Election procedure; effect.** If the department determines that the petition meets the percent requirement of subdivision 1, a balloting of members on the question of regulation of electric rates by the commission shall be supervised by the department. The ballot to be used for the election shall be approved by the board of directors of the association and the department. In the event of a dispute on balloting procedures, the dispute shall be resolved through informal proceedings before the commission after notice to all parties. The association shall mail ballots to the association's members who shall return the ballots to the department. The department shall keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a

majority of the association's members or spouses who vote, elect to become subject to rate regulation by the commission, the election shall be effective 30 days after certified copies of the resolutions approving the election are filed with the commission. These provisions also apply to associations that wish to be deregulated. Any cooperative that is regulated by the commission, pursuant to sections 216B.03 to 216B.23 may follow the procedures set forth above. Any association subject to regulation of rates by the commission shall be exempt from the provisions of sections 216B.48, 216B.49, 216B.50, and 216B.51.

Subd. 5. **Member due process.** Section 216B.027, granting rights to stockholders, applies to the exercise of stockholders' rights regardless of whether a referendum has been held as required by section 216B.027, subdivision 7. Notwithstanding section 216B.027, subdivision 6, a cooperative shall pay the costs of including stockholders' positions on issues as provided under section 216B.027, subdivision 6. This subdivision applies only to elections that require no less than one percent of members to initiate pursuant to subdivision 1.

History: 1981 c 144 s 2; 2000 c 292 s 1-3; 2011 c 97 s 6

216B.027 COOPERATIVE ELECTRIC ASSOCIATION STOCKHOLDER RIGHTS.

Subdivision 1. **Intent.** It is the intent of this section to specify those rights which shall be extended to stockholders of cooperative electric associations. The guarantee of these rights, as specified herein, is intended to further the active participation of stockholders in any and all matters pertaining to the prudent operation of their organization.

Subd. 2. **Scope.** Cooperative associations organized under chapter 308A for the purpose of providing rural electrification at retail to ultimate consumers shall comply with the provisions of this section in addition to other applicable provisions of chapter 308A and other applicable state and federal laws.

Subd. 3. **Business records.** The provisions of section 302A.461 and any amendments or successor requirements to it shall apply to every wholesale or retail cooperative electric association. The rights granted to wholesale and retail electric cooperative stockholders in this section shall apply also to the spouse of the stockholder. In addition to the requirements of section 302A.461, a wholesale or retail electric cooperative shall maintain records of all proceedings of meetings of stockholders and directors during the previous three-year period including the vote of each director on roll call votes. Roll call votes are required on actions which directly establish service charge and rate schedules. Roll call voting is also required on any matter upon the request of one or more directors. Every duly elected director of a retail cooperative electric association shall have the right to inspect under section 302A.461, in person and at any reasonable time, the business records required by this subdivision and maintained by the wholesale cooperative electric association from which it purchases the majority of its electric requirements.

Subd. 4. **Open meeting; notice.** Meetings of the board of directors of any retail cooperative electric association must be open to the stockholders of the cooperative and the stockholders' spouses. Stockholders must be given notice of all regularly scheduled meetings except those of an emergency nature. Duly elected directors of retail cooperative associations must be given notice, through their retail cooperative associations, of all meetings of the board of directors of the wholesale cooperative association, except those of an emergency nature, from which the retail cooperative purchases the majority of its electric requirements. Portions of meetings relating to labor negotiations, current litigation, personnel matters, and nonpayment of customer accounts are excluded from the provisions of this subdivision.

Subd. 5. **Petitions; voting.** Notwithstanding the provisions of sections 308A.611 and 308A.615, upon receipt of a written petition concerning governance matters signed by at least 500 stockholders or five

percent of the stockholders, whichever is less, of a retail cooperative electric association, the matter in the petition must be presented to the stockholders of the cooperative for a vote at the next annual meeting. Petitions must be received by the cooperative electric association 60 days prior to the scheduled annual meeting. For purposes of this section, "governance matters" means matters properly contained in the articles of incorporation or bylaws by adopting, amending, or repealing bylaws or the articles of incorporation.

Subd. 6. **Equal time; petitioner.** Whenever the directors of a retail cooperative electric association provide information to stockholders to influence their vote on a matter to be decided by a vote of the stockholders pursuant to a successful petition submitted under the provisions of subdivision 5 or section 216B.026, subdivision 4, the directors shall provide the organizers of the petition or person presenting the petition the opportunity to include their position on the matter to the stockholders in a substantially similar mode and range of distribution. The organizers of the petition shall pay the costs of such inclusion.

Subd. 7. **Optional referendum.** No cooperative shall be bound by the provisions of this section unless adoption has been approved at referendum using the petition and election procedures in section 216B.026. Within 60 days of May 19, 1983, the board of directors of each cooperative electric association shall notify the stockholders of the provisions of this section and shall explain the process for ratification by petition and election as provided in this subdivision.

History: 1983 c 162 s 1; 1989 c 144 art 2 s 3; 1989 c 356 s 10

216B.029 STANDARDS FOR DISTRIBUTION UTILITIES.

Subdivision 1. **Standards.** (a) The commission and each cooperative electric association and municipal utility shall adopt standards for safety, reliability, and service quality for distribution utilities. Standards for cooperative electric associations and municipal utilities should be as consistent as possible with the commission standards.

(b) Reliability standards must be based on the system average interruption frequency index, system average interruption duration index, and customer average interruption duration index measurement indices. Service quality standards must specify, if technically and administratively feasible:

- (1) average call center response time;
- (2) customer disconnection rate;
- (3) meter-reading frequency;
- (4) complaint resolution response time;
- (5) service extension request response time;
- (6) recording of service and circuit interrupter data;
- (7) summary reporting;
- (8) historical reliability performance reporting;
- (9) notices of interruptions of bulk power supply facilities and other interruptions of power; and
- (10) customer complaints.

(c) Minimum performance standards developed under this section must treat similarly situated distribution systems similarly and recognize differing characteristics of system design and hardware.

(d) Electric distribution utilities shall comply with all applicable governmental and industry standards required for the safety, design, construction, and operation of electric distribution facilities, including section 326B.35.

Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) The "system average interruption frequency index" is the average number of interruptions per customer per year. It is determined by dividing the total annual number of customer interruptions by the average number of customers served during the year.

(b) The "system average interruption duration index" is the average customer-minutes of interruption per customer. It is determined by dividing the annual sum of customer-minutes of interruption by the average number of customers served during the year.

(c) The "customer average interruption duration index" is the average customer-minutes of interruption per customer interruption. It approximates the average length of time required to complete service restoration. It is determined by dividing the annual sum of all customer-minutes of interruption durations by the annual number of customer interruptions.

History: 2001 c 212 art 6 s 1; 2007 c 140 art 5 s 32; art 13 s 4

RATES, STANDARDS, AND PRACTICES

216B.03 REASONABLE RATE.

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

History: 1974 c 429 s 3; 1983 c 179 s 4; 1987 c 312 art 1 s 10 subd 1

216B.04 STANDARD OF SERVICE.

Every public utility shall furnish safe, adequate, efficient, and reasonable service; provided that service shall be deemed adequate if made so within 90 days after a person requests service. Upon application by a public utility, and for good cause shown, the commission may extend the period for not to exceed another 90 days.

History: 1974 c 429 s 4

216B.045 REGULATION OF INTRASTATE NATURAL GAS PIPELINE.

Subdivision 1. **Definition of intrastate pipeline.** For the purposes of this section "intrastate pipeline" means a pipeline wholly within the state of Minnesota which transports or delivers natural gas received

from another person at a point inside or at the border of the state, which is delivered at a point within the state to another, provided that all the natural gas is consumed within the state. An intrastate pipeline does not include a pipeline owned or operated by a public utility, unless a public utility files a petition requesting that a pipeline or a portion of a pipeline be classified as an intrastate pipeline and the commission approves the petition.

Subd. 2. Reasonable rate. Every rate and contract relating to the sale or transportation of natural gas through an intrastate pipeline shall be just and reasonable. No owner or operator of an intrastate pipeline shall provide intrastate pipeline services in a manner which unreasonably discriminates among customers receiving like or contemporaneous services.

Subd. 3. Transportation rate; discrimination. Every owner or operator of an intrastate pipeline shall offer intrastate pipeline transportation services by contract on an open access, nondiscriminatory basis. To the extent the intrastate pipeline has available capacity, the owner or operator of the intrastate pipeline must provide firm and interruptible transportation on behalf of any customer. If physical facilities are needed to establish service to a customer, the customer may provide those facilities or the owner or operator of the intrastate pipeline may provide the facilities for a reasonable and compensatory charge.

Subd. 4. Contract; commission approval. No contract establishing the rates, terms, and conditions of service and facilities to be provided by intrastate pipelines is effective until it is filed with and approved by the commission. The commission has the authority to approve the contracts and to regulate the types and quality of services to be provided through intrastate pipelines. The approval of a contract for an intrastate pipeline to provide service to a public utility does not constitute a determination by the commission that the prices actually paid by the public utility under that contract are reasonable or prudent nor does approval constitute a determination that purchases of gas made or deliveries of gas taken by the public utility under that contract are reasonable or prudent.

Subd. 5. Complaint. Any customer of an intrastate pipeline, any person seeking to become a customer of an intrastate pipeline, the department, or the commission on its own motion, may bring a complaint regarding the rates, contracts, terms, conditions, and types of service provided or proposed to be provided through an intrastate pipeline, including a complaint that a service which can reasonably be demanded is not offered by the owner or operator of the intrastate pipeline. If a complaint involves the question of whether or not an intrastate pipeline has capacity available, the commission shall after hearing make a determination of the available capacity but shall not impair the owner or operator of the intrastate pipeline contractual obligation to provide firm transportation service. If a complaint concerns the use of available capacity by one or more customers of an intrastate pipeline, the commission shall after hearing determine the reasonable use of the available capacity by the customers. The commission shall not require an owner or operator of an intrastate pipeline to expand its available capacity but may require the owner or operator to maintain a reasonable quality of service. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest. Complaints brought under this subdivision shall be governed by section 216B.17.

Subd. 6. Records; reports; inspections; cost assessments. Sections 216B.10, subdivisions 1 and 4, 216B.12, 216B.13, and 216B.62, subdivisions 2, 4, and 6, shall apply to owners and operators of intrastate pipelines.

Subd. 7. Natural gas emergency. The commission may declare a natural gas supply emergency if it finds that a severe natural gas shortage endangering the health or safety of the citizens of the state exists or is imminent in the state. If the commission declares that a natural gas supply emergency exists, it may for the duration of the emergency order the suspension of any contract providing for the sale and transportation

of natural gas through an intrastate pipeline, and may for the duration of the emergency order an owner or operator of the intrastate pipeline to furnish such transportation services as are required by the public interest. The owner or operator of the intrastate pipeline shall be compensated for its services furnished under an emergency order issued under this section, and the commission shall determine the just and reasonable compensation for the services required to be provided during the emergency.

History: *1987 c 9 s 1; 1990 c 370 s 1; 1992 c 478 s 1*

216B.05 FILING SCHEDULES, RULES, AND SERVICE AGREEMENTS.

Subdivision 1. **Public rate filing.** Every public utility shall file with the commission schedules showing all rates, tolls, tariffs, and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

Subd. 2. **Schedule and rules filing.** Every public utility shall file with and as a part of the filings under subdivision 1, all rules that, in the judgment of the commission, in any manner affect the service or product, or the rates charged or to be charged for any service or product, as well as any contracts, agreements, or arrangements relating to the service or product or the rates to be charged for any service or product to which the schedule is applicable as the commission may by general or special order direct; provided that contracts and agreements for electric service must be filed as required by subdivision 2a.

Subd. 2a. **Electric service contract.** A contract for electric service entered into between a public utility and one of its customers, in which the public utility and the customer agree to customer-specific rates, terms, or service conditions not already contained in the approved schedules, tariffs, or rules of the utility, must be filed for approval by the commission pursuant to the commission's rules of practice. Contracts between public utilities and customers that are necessitated by specific statutes in this chapter must be filed for approval under those statutes and any rules adopted by the commission pursuant to those statutes.

Subd. 3. **Public inspection.** Every public utility shall keep copies of the filings under subdivisions 1, 2, and 2a open to public inspection under rules as the commission may prescribe.

History: *1974 c 429 s 5; 1985 c 248 s 70; 1997 c 191 art 1 s 1*

216B.06 RECEIVING DIFFERENT COMPENSATION.

No public utility shall directly or indirectly, by any device whatsoever, or in any manner, charge, demand, collect, or receive from any person a greater or less compensation for any service rendered or to be rendered by the utility than that prescribed in the schedules of rates of the public utility applicable thereto when filed in the manner provided in Laws 1974, chapter 429, nor shall any person knowingly receive or accept any service from a public utility for a compensation greater or less than that prescribed in the schedules, provided that all rates being charged and collected by a public utility upon January 1, 1975, may be continued until schedules are filed.

History: *1974 c 429 s 6; 1978 c 795 s 3*

216B.07 RATE PREFERENCE PROHIBITED.

No public utility shall, as to rates or service, make or grant any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage.

History: *1974 c 429 s 7*

216B.075 METER READING; CUSTOMER SCHEDULING NEEDS.

Notwithstanding any other provision of rule or policy to the contrary, every public utility providing natural gas or electricity at retail shall make a reasonable effort to obtain readings at least once every 18 months from nonaccessible meters. Readings shall be obtained at times that meet the needs of customer schedules. Utilities shall make a reasonable effort to provide evening and Saturday or Sunday meter reading service at no extra charge to a customer whose work or other schedule makes a business hour reading of meters a hardship. Utilities may refuse to read a customer's meter during nondaylight hours if such activity could threaten the safety of the utility meter-reading employee.

A utility may also allow a customer to self-read the customer's meter for periods of time not to exceed 18 months, provided that the customer is reminded periodically of the potentially serious financial consequences of errors in self-reading.

A utility may terminate service to a customer who refuses to allow a utility company employee access to a nonaccessible meter for a period of 18 months or more.

History: 1983 c 176 s 1

COMMISSION RESPONSIBILITIES**216B.08 DUTIES OF COMMISSION.**

The commission is hereby vested with the powers, rights, functions, and jurisdiction to regulate in accordance with the provisions of Laws 1974, chapter 429 every public utility as defined herein. The exercise of such powers, rights, functions, and jurisdiction is prescribed as a duty of the commission. The commission is authorized to make rules in furtherance of the purposes of Laws 1974, chapter 429.

History: 1974 c 429 s 8; 1985 c 248 s 70

216B.09 STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.

Subdivision 1. **Commission authority, generally.** The commission, on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished.

Subd. 2. **Electric service, rules, measurement standards, grounding.** The commission, on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix adequate and reasonable standards for the measurement of the quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the service; prescribe reasonable rules for the examination and testing of the service and for the measurement thereof; establish or approve reasonable rules, specifications, and standards to secure the accuracy of all meters, instruments, and equipment used for the measurement of any service of any public utility. In this subdivision, service standards or requirements governing any current or voltage originating from the practice of grounding of electrical systems apply to cooperative associations and municipal utilities providing or furnishing retail electric service to agricultural customers.

Subd. 3. **Filings.** Any standards, classifications, rules, or practices now or hereafter observed or followed by any public utility may be filed by it with the commission, and the same shall continue in force until amended by the public utility or until changed by the commission as herein provided.

The commission may require the filing of all rates, including rates charged to and by public utilities.

Subd. 4. **Appearance before federal agency.** The commission is empowered to appear before the Federal Energy Regulatory Commission to offer evidence and to seek appropriate relief in any case in which the rates charged consumers within the state of Minnesota may be affected.

History: 1974 c 429 s 9; 1985 c 248 s 70; 1993 c 327 s 3

RESIDENTIAL PROTECTIONS; DISCONNECTION

216B.091 MONTHLY REPORTS.

(a) Each public utility must report the following data on residential customers to the commission monthly, in a format determined by the commission:

(1) number of customers;

(2) number and total amount of accounts past due;

(3) average customer past due amount;

(4) total revenue received from the low-income home energy assistance program and other sources contributing to the bills of low-income persons;

(5) average monthly bill;

(6) total sales revenue;

(7) total write-offs due to uncollectible bills;

(8) number of disconnection notices mailed;

(9) number of accounts disconnected for nonpayment;

(10) number of accounts reconnected to service; and

(11) number of accounts that remain disconnected, grouped by the duration of disconnection, as follows:

(i) 1-30 days;

(ii) 31-60 days; and

(iii) more than 60 days.

(b) Monthly reports for October through April must also include the following data:

(1) number of cold weather protection requests;

(2) number of payment arrangement requests received and granted;

(3) number of right to appeal notices mailed to customers;

(4) number of reconnect request appeals withdrawn;

(5) number of occupied heat-affected accounts disconnected for 24 hours or more for electric and natural gas service separately;

(6) number of occupied non-heat-affected accounts disconnected for 24 hours or more for electric and gas service separately;

- (7) number of customers granted cold weather rule protection;
- (8) number of customers disconnected who did not request cold weather rule protection; and
- (9) number of customers disconnected who requested cold weather rule protection.

(c) The data reported under paragraphs (a) and (b) is presumed to be accurate upon submission and must be made available through the commission's electronic filing system. A monthly report must be filed with the commission no later than 45 days after the last day of the month for which data is reported.

History: 2007 c 57 art 2 s 11; 2008 c 162 s 1

216B.095 [Repealed, 2007 c 57 art 2 s 42,43]

216B.0951 PROPANE PREPURCHASE PROGRAM.

Subdivision 1. **Establishment.** The commissioner of commerce shall operate, or contract to operate, a propane fuel prepurchase fuel program. The commissioner may contract at any time of the year to purchase the lesser of one-third of the liquid propane fuel consumed by low-income home energy assistance program recipients during the previous heating season or the amount that can be purchased with available funds. The propane fuel prepurchase program must be available statewide through each local agency that administers the energy assistance program. The commissioner may decide to limit or not engage in prepurchasing if the commissioner finds that there is a reasonable likelihood that prepurchasing will not provide fuel-cost savings.

Subd. 2. **Hedge account.** The commissioner may establish a hedge account with realized program savings due to prepurchasing. The account must be used to compensate program recipients an amount up to the difference in cost for fuel provided to the recipient if winter-delivered fuel prices are lower than the prepurchase or summer-fill price. No more than ten percent of the aggregate prepurchase program savings may be used to establish the hedge account.

Subd. 3. **Report.** The Department of Commerce shall issue a report by June 30, 2008, made available electronically on its Web site and in print upon request, that contains the following information:

- (1) the cost per gallon of prepurchased fuel;
- (2) the total gallons of fuel prepurchased;
- (3) the average cost of propane each month between October and the following April;
- (4) the number of energy assistance program households receiving prepurchased fuel; and
- (5) the average savings accruing or benefit increase provided to energy assistance households.

History: 2007 c 57 art 2 s 12

216B.096 COLD WEATHER RULE; PUBLIC UTILITY.

Subdivision 1. **Scope.** This section applies only to residential customers of a utility.

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October 15 through April 15 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(f) "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

(g) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(h) "Summary of rights and responsibilities" means a commission-approved notice that contains, at a minimum, the following:

(1) an explanation of the provisions of subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(3) a third-party notice;

(4) ways to avoid disconnection;

(5) information regarding payment agreements;

(6) an explanation of the customer's right to appeal a determination of income by the utility and the right to appeal if the utility and the customer cannot arrive at a mutually acceptable payment agreement; and

(7) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the utility.

(i) "Third-party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the customer's primary residence.

(l) "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

Subd. 3. **Utility obligations before cold weather period.** Each year, between September 1 and October 15, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

Subd. 4. **Notice before disconnection during cold weather period.** Before disconnecting utility heating service during the cold weather period, a utility must provide, personally or by first class mail, a commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

Subd. 5. **Cold weather rule.** (a) During the cold weather period, a utility may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the utility that is based on the financial resources and circumstances of the household; provided that, a utility may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

(b) A utility may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

(c) The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

(d) The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the utility.

(e) Each utility shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

Subd. 6. **Verification of income.** (a) In verifying a customer's household income, a utility may:

- (1) accept the signed statement of a customer that the customer is income eligible;
- (2) obtain income verification from a local energy assistance provider or a government agency;
- (3) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(v) other documentation that supports the customer's declaration of income eligibility.

(b) A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income

is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

Subd. 7. **Prohibitions and requirements.** (a) This subdivision applies during the cold weather period.

(b) A utility may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the commission under subdivision 8.

(c) A utility may not disconnect service during the following periods:

(1) during the pendency of any appeal under subdivision 8;

(2) earlier than ten working days after a utility has deposited in first class mail, or seven working days after a utility has personally served, the notice required under subdivision 4 to a customer in an occupied dwelling;

(3) earlier than ten working days after the utility has deposited in first class mail the notice required under subdivision 4 to the recorded billing address of the customer, if the utility has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(4) on a Friday, unless the utility makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(5) on a Saturday, Sunday, holiday, or the day before a holiday;

(6) when utility offices are closed;

(7) when no utility personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(8) when commission offices are closed.

(d) A utility may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the utility to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the utility must attempt a second contact during nonbusiness hours. If personal contact is made, the utility representative must provide notice required under subdivision 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

(e) Each utility must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the commission because the customer and the utility are unable to agree on a payment agreement.

Subd. 8. **Disputes; customer appeals.** (a) A utility must provide the customer and any designated third party with a commission-approved written notice of the right to appeal:

(1) a utility determination that the customer's household income is more than 50 percent of state median household income; or

(2) when the utility and customer are unable to agree on the establishment or modification of a payment agreement.

(b) A customer's appeal must be filed with the commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the utility has deposited a first class mail appeal notice.

(c) The commission must determine all customer appeals on an informal basis, within 20 working days of receipt of a customer's written appeal. In making its determination, the commission must consider one or more of the factors in subdivision 6.

(d) Notwithstanding any other law, following an appeals decision adverse to the customer, a utility may not disconnect utility heating service for seven working days after the utility has personally served a disconnection notice, or for ten working days after the utility has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

Subd. 9. Cooperative and municipal disputes. Complaints in connection with utility heating service during the cold weather period filed against a municipal or a cooperative electric association with the commission under section 216B.17, subdivision 6 or 6a, are governed by section 216B.097.

Subd. 10. Customers above 50 percent of state median income. During the cold weather period, a customer whose household income is above 50 percent of state median income:

(1) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(2) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by a utility.

Subdivision 7, paragraph (b), does not apply to customers whose household income is above 50 percent of state median income.

Subd. 11. Reporting. Annually on November 1, a utility must electronically file with the commission a report, in a format specified by the commission, specifying the number of utility heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, a utility must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of utility heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of utility heating service customers that are reconnected to service each week. The utility may discontinue weekly reporting if the number of utility heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

The data reported under this subdivision are presumed to be accurate upon submission and must be made available through the commission's electronic filing system.

History: 2007 c 57 art 2 s 13,43; 2008 c 162 s 2,3; 2011 c 97 s 7

216B.097 COLD WEATHER RULE; COOPERATIVE OR MUNICIPAL UTILITY.

Subdivision 1. Application; notice to residential customer. (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer

during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

(1) The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.

(2) A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

(3) A customer receives referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 each year, notify all residential customers of the provisions of this section.

Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting service to a residential customer during the period between October 15 and April 15, a municipal utility or cooperative electric association must provide the following information to a customer:

(1) a notice of proposed disconnection;

(2) a statement explaining the customer's rights and responsibilities;

(3) a list of local energy assistance providers;

(4) forms on which to declare inability to pay; and

(5) a statement explaining available time payment plans and other opportunities to secure continued utility service.

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected between October 15 and April 15 for failure to comply with subdivision 1, the disconnection must not occur:

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Subd. 4. **Application to service limiters.** For the purposes of this section, "disconnection" includes a service or load limiter or any device that limits or interrupts electric service in any way.

History: 1991 c 235 art 2 s 1; 2001 c 212 art 4 s 2; 1Sp2003 c 11 art 3 s 2; 2007 c 57 art 2 s 14,15

216B.0975 DISCONNECTION DURING EXTREME HEAT CONDITIONS.

A utility may not effect an involuntary disconnection of residential services in affected counties when an excessive heat watch, heat advisory, or excessive heat warning issued by the National Weather Service is in effect. For purposes of this section, "utility" means a public utility providing electric service, municipal utility, or cooperative electric association.

History: 1Sp2003 c 11 art 3 s 3

216B.0976 NOTICE TO CITIES OF UTILITY DISCONNECTION.

Subdivision 1. **Notice required.** Notwithstanding section 13.685 or any other law or administrative rule to the contrary, a public utility, cooperative electric association, or municipal utility must provide notice to a statutory city or home rule charter city, as prescribed by this section, of disconnection of a customer's gas or electric service. Upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, a report must be made available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, daily reports must be made available of the address and date of any newly disconnected properties.

A city provided notice under this section must provide the information on disconnection to the police and fire departments of the city within three business days of receipt of the notice.

For the purpose of this section, "disconnection" means a cessation of services initiated by the public utility, cooperative electric association, or municipal utility that affects the primary heat source of a residence and service is not reconnected within 24 hours.

Subd. 2. **Data.** Data on customers that are provided to cities under subdivision 1 are private data on individuals or nonpublic data, as defined in section 13.02.

History: 2008 c 253 s 2

216B.098 RESIDENTIAL CUSTOMER PROTECTIONS.

Subdivision 1. **Applicability.** The provisions of this section apply to residential customers of public utilities, municipal utilities, and cooperative electric associations. Each municipal utility and cooperative electric association may establish terms and conditions for the plans and agreements required under subdivisions 2 and 3.

Subd. 2. **Budget billing plans.** A utility shall offer a customer a budget billing plan for payment of charges for service, including adequate notice to customers prior to changing budget payment amounts. Municipal utilities having 3,000 or fewer customers are exempt from this requirement. Municipal utilities having more than 3,000 customers shall implement this requirement before July 1, 2003.

Subd. 3. **Payment agreements.** A utility shall offer a payment agreement for the payment of arrears. Payment agreements must consider a customer's financial circumstances and any extenuating circumstances of the household. No additional service deposit may be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement.

Subd. 4. **Undercharges.** (a) A utility shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the utility, except that the duration of a payment agreement offered by a utility to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household.

(b) No interest or delinquency fee may be charged as part of an undercharge agreement under this subdivision.

(c) If a customer inquiry or complaint results in the utility's discovery of the undercharge, the utility may bill for undercharges incurred after the date of the inquiry or complaint only if the utility began investigating the inquiry or complaint within a reasonable time after when it was made.

Subd. 5. **Medically necessary equipment.** (a) A utility shall reconnect or continue service to a customer's residence where a medical emergency exists or where medical equipment requiring electricity necessary to sustain life is in use, provided that the utility receives written certification, or initial certification by telephone and written certification within five business days, that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household.

(b) Certification of the necessity for service is required. Certification may be provided by:

(1) a licensed medical doctor;

(2) a licensed physician assistant;

(3) an advanced practice registered nurse, as defined in section 148.171; or

(4) a registered nurse, but only to the extent of verifying the current diagnosis or prescriptions made by a licensed medical doctor for the customer or member of the customer's household.

(c) Except as provided in paragraph (d), a certification may not extend beyond six months from the date of written certification.

(d) If a utility determines that a longer certification is appropriate given a particular customer's circumstances, the utility may, at its sole discretion, extend the duration of a certification for up to 12 months.

(e) A certification may be renewed, provided that the renewal complies with this subdivision. A certification may be renewed by the same or another medical professional who meets the qualifications of paragraph (b).

(f) A customer whose account is in arrears must contact and enter into a payment agreement with the utility. The payment agreement must consider a customer's financial circumstances and any extenuating circumstances of the household. The payment agreement may, at the discretion of the utility, contain a provision by which the utility forgives all or a portion of the amount in which the account is in arrears, which, if implemented, extinguishes individual liability for the amount forgiven.

Subd. 6. **Commission authority.** In addition to any other authority, the commission has the authority to resolve customer complaints against a public utility, as defined in section 216B.02, subdivision 4, whether or not the complaint involves a violation of this chapter. The commission may delegate this authority to commission staff as it deems appropriate.

History: 2001 c 212 art 4 s 3; 2002 c 379 art 1 s 54; 2007 c 57 art 2 s 16; 2008 c 162 s 4; 2014 c 254 s 2

216B.0991 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 216B.0991 to 216B.0995, the terms defined in this section have the meanings given them.

Subd. 2. **Customer.** "Customer" means a person who has an established relationship with a propane distributor and whose propane system meets the safety guidelines established by the propane distributor for residential heating service.

Subd. 3. **LIHEAP.** "LIHEAP" means the low-income home energy assistance program.

Subd. 4. **Propane distributor.** "Propane distributor" means a person who sells propane at retail to customers as their primary residential heat source; propane distributors are not public utilities.

Subd. 5. **Residential heating service.** "Residential heating service" means the provision of the primary source of heat for the interior of a residential structure.

History: 2014 c 254 s 3

216B.0992 PRICE AND FEE DISCLOSURE.

A propane distributor must provide a document listing the current per-gallon price of propane and all additional charges, fees, and discounts that pertain to residential heating service. The document must be:

- (1) made available to the general public upon request; and
- (2) provided to new customers before residential heating service is initiated.

History: 2014 c 254 s 4

216B.0993 BUDGET PAYMENT PLAN.

(a) A propane distributor who offers customers a budget payment plan must make that same plan available to all customers, including those who participate in the LIHEAP program.

(b) A budget payment plan must equalize a customer's estimated annual propane bill by dividing it into equal monthly payments. Any budget plan started after the propane distributor's traditional budget plan start date will be divided by the remaining months in the budget plan year. Any positive balance remaining at the end of a year may, at the customer's discretion, be provided to the customer as a cash payment or carried over as a credit on the customer's bill for the next year.

(c) A propane distributor must notify a customer on a budget payment plan of a price or fee change that may affect the monthly amount due under the budget payment plan by more than 20 percent.

(d) A propane distributor may alter or terminate the plan if a customer has failed to pay two monthly payments during the period of the budget payment plan. In lieu of the requirements of this section, the parties may enter into a mutually agreeable plan.

History: 2014 c 254 s 5

216B.0994 PROPANE PURCHASE CONTRACTS.

A propane distributor is prohibited from adding any service, distribution, transportation, or similar fees to customer billings for those customers who have entered into a contract for prepurchasing or capitated pricing of propane for the period of the contract provided that:

(1) the customer has met all obligations of that contract; and

(2) the propane distributor can receive product from its contracted supply points and a force majeure has not been declared by the propane distributor's supplier.

History: 2014 c 254 s 6

216B.0995 TERMS OF SALE.

Subdivision 1. **Cash sales.** A propane distributor with an available supply of propane must not refuse to sell propane to a customer who:

(1) pays the distributor's established price upon delivery in cash, by certified or cashier's check, or by commercial money order or its equivalent; or

(2) receives energy assistance from LIHEAP or a governmental or private agency that has funds available to pay for a delivery.

Subd. 2. **LIHEAP participation; delivery.** A propane distributor who accepts LIHEAP payments must, upon request, make available to its customers information regarding LIHEAP, including income eligibility and contact information for organizations accepting LIHEAP applications.

Subd. 3. **Third-party credit disclosure.** A propane distributor must not make known the names of past or present delinquent customers to other propane distributors, except in the course of a routine credit check performed when a prospective customer applies for credit privileges.

History: 2014 c 254 s 7

ACCOUNTING, MERCURY COSTS, DEPRECIATION

216B.10 ACCOUNTING.

Subdivision 1. **System of accounts.** The commission shall establish a system of accounts to be kept by public utilities subject to its jurisdiction. A public utility which maintains its accounts in accordance with the system of accounts prescribed by a federal agency or authority shall be deemed to be in compliance with the system of accounts prescribed by the commission. Where optional accounting is prescribed by a federal agency or authority, the commission may prescribe which option is to be followed.

Subd. 2. **Other business of public utility.** Every public utility engaged directly or indirectly in any other business than that of the production, transmission or furnishing of natural gas or electric service shall, if required by the commission, keep and render separately to the commission in like manner and form the accounts of all the other business, in which case all the provisions of Laws 1974, chapter 429 shall apply to the books, accounts, papers, and records of the other business.

Subd. 3. **Manner and form.** Every public utility is required to keep and render its books, accounts, papers, and records accurately and faithfully in the manner and form prescribed by the commission, and to comply with all directions of the commission relating to these books, accounts, papers, and records.

Subd. 4. **Reports.** The commission may require any public utility to file annual reports in the form and content, having regard for the provisions of this section, as the commission may require, and special reports concerning any matter about which the commission is authorized to inquire or to keep itself informed. The commission may require the reports to be verified. The basic financial statements in the annual report of a public utility may, at the direction of the public utilities commission, be examined by an independent certified public accountant and the accountant's opinion thereof included in the annual report filed with the commission.

Subd. 5. **Audit.** The commission may require the examination and audit of all accounts, and all items shall be allocated to the accounts in the manner prescribed by the commission.

Subd. 6. [Repealed, 1981 c 142 s 3]

History: 1974 c 429 s 10; 1980 c 614 s 123; 1986 c 444

216B.105 CUSTOMER SHARE OF MERCURY CONTROL COSTS.

A utility selling electricity at retail shall report in a biannual bill insert the amount of the customer's total bill that represents the utility's capital and operating costs to control mercury emissions to the atmosphere as required under sections 216B.68 to 216B.688.

History: 2006 c 201 s 3

216B.11 DEPRECIATION RATES AND PRACTICES.

The commission shall fix proper and adequate rates and methods of depreciation, amortization, or depletion in respect of utility property, and every public utility shall conform its depreciation, amortization or depletion accounts to the rates and methods fixed by the commission.

History: 1974 c 429 s 11; 1981 c 142 s 2

INVESTIGATORY REQUIREMENTS

216B.12 RIGHT OF ENTRANCE; INSPECTION.

Subdivision 1. **Authority of commission and department.** The commissioners and the duly authorized officers and employees of the department, during business hours, may enter upon any premises occupied by any public utility for the purpose of making examinations and tests and to inspect the accounts, books, papers, and documents of any public utility for the purpose of exercising any power provided for in Laws 1974, chapter 429, and may set up and use on the premises any apparatus and appliance necessary therefor. Such public utility shall have the right to be represented at the making of the examinations, tests, and in-

spections. The public utility, its officers and employees, shall facilitate the examinations, tests, and inspections by giving every reasonable aid to the commissioners and any person or persons designated by the department for the duties aforesaid.

Subd. 2. [Repealed, 1981 c 142 s 3]

History: 1974 c 429 s 12

216B.13 PRODUCTION AND EXAMINATION OF RECORDS.

Subdivision 1. **Authority of commission.** The commission may require, by order served on any public utility in the manner provided herein for the service of orders, the production within this state at a reasonable time and place as the commission may designate, of any books, accounts, papers, or records of the public utility relating to its business or affairs within the state, pertinent to any lawful inquiry and kept by said public utility in any office or place within or without this state, or, at its option, verified or photostatic copies in lieu thereof, so that an examination thereof may be made by the commission or under its direction.

Subd. 2. [Repealed, 1981 c 142 s 3]

History: 1974 c 429 s 13

216B.14 INVESTIGATION.

The commission upon complaint or upon its own initiative and whenever it may deem it necessary in the performance of its duties may investigate and examine the condition and operation of any public utility or any part thereof. In conducting the investigations the commission may proceed either with or without a hearing as it may deem best, but it shall make no order without affording the affected parties a hearing.

History: 1974 c 429 s 14

RATE HEARINGS

216B.15 HEARINGS; EXAMINER.

The commission may, in addition to the hearings specifically provided for by Laws 1974, chapter 429, conduct any other hearings as may reasonably be required in the administration of the powers and duties conferred upon it by Laws 1974, chapter 429. The commission may designate one of its members to act as an examiner for the purpose of holding any hearing which the commission has the power or authority to hold or in the event parties to the hearing so stipulate the commission may designate a qualified commission employee as the examiner. Reasonable notice of all hearings shall be given the persons interested therein as determined by the commission.

History: 1974 c 429 s 15

216B.16 RATE CHANGE; PROCEDURE; HEARING.

Subdivision 1. **Notice.** Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved energy conservation improvement plan on file with the department, it shall also include in its notice an energy conservation

plan pursuant to section 216B.241. A filing utility subject to rate regulation under section 216B.026 shall reference in its notice the energy conservation improvement plans of the generation and transmission cooperative providing energy conservation improvement programs to members of the filing utility pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Subd. 1a. **Settlement.** (a) When a public utility submits a general rate filing, the Office of Administrative Hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the Office of Administrative Hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. The Office of Administrative Hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the Office of Administrative Hearings to conduct a contested case hearing. The commission may accept the settlement on finding that to do so is in the public interest and is supported by substantial evidence. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

Subd. 2. **Suspension of proposed rate; hearing; final determination defined.** (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in this subdivision or subdivision 1a.

(b) During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the department can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the Office of Administrative Hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section.

(c) The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission.

(d) All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the Department of Commerce.

(e) If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under paragraph (f) or subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(f) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make a final determination of any pending case involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to allow up to a total of 90 additional calendar days to make the final determination. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(g) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Subd. 3. **Interim rate.** (a) Notwithstanding any order of suspension of a proposed increase in rates, the commission shall order an interim rate schedule into effect not later than 60 days after the initial filing date. The commission shall order the interim rate schedule ex parte without a public hearing. Notwithstanding the provisions of sections 216.25, 216B.27, and 216B.52, no interim rate schedule ordered by the commission pursuant to this subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination.

(b) Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.

(c) If, at the time of its final determination, the commission finds that the interim rates are in excess of the rates in the final determination, the commission shall order the utility to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission. The utility shall commence distribution of the refund to its customers within 120 days of the final order, not subject to rehearing or appeal. If, at the time of its final determination, the commission finds that the interim rates are less than the rates in the final determination, the commission shall prescribe a method by which the utility will recover the difference in revenues between the date of the final determination and the date the new rate schedules are put into effect. In addition, when an extension is granted for settlement discussions under subdivision 1a, the commission shall allow the utility to also recover the difference in revenues for a length of time equal to the length of the extension.

(d) If the public utility fails to make refunds within the period of time prescribed by the commission, the commission shall sue therefor and may recover on behalf of all persons entitled to a refund. In addition to the amount of the refund and interest due, the commission shall be entitled to recover reasonable attorney's fees, court costs and estimated cost of administering the distribution of the refund to persons entitled to it. No suit under this subdivision shall be maintained unless instituted within two years after the end of the period of time prescribed by the commission for repayment of refunds.

(e) The commission shall not order an interim rate schedule in a general rate case into effect as provided by this subdivision until at least four months after it has made a final determination concerning any previously filed change of the rate schedule or the change has otherwise become effective under subdivision 2, unless:

(1) the commission finds that a four-month delay would unreasonably burden the utility, its customers, or its shareholders and that an earlier imposition of interim rates is therefore necessary; or

(2) the utility files a second general rate case at least 12 months after it has filed a previous general rate case for which the commission has extended the suspension period under subdivision 2.

Subd. 4. **Burden of proof.** The burden of proof to show that the rate change is just and reasonable shall be upon the public utility seeking the change.

Subd. 5. **Determination after finding rate unacceptable.** If, after the hearing, the commission finds the rates to be unjust or unreasonable or discriminatory, the commission shall determine the rates to be charged or applied by the utility for the service in question and shall fix them by order to be served upon the utility. The rates shall thereafter be observed until changed, as provided by this chapter. In no event shall the rates exceed the level of rates requested by the public utility, except that individual rates may be adjusted upward or downward. Rate design changes shall be prospective from the effective date of the new rate schedules approved by the commission.

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value.

Subd. 6a. **Construction work in progress.** To the extent that construction work in progress is included in the rate base, the commission shall determine in its discretion whether and to what extent the income used in determining the actual return on the public utility property shall include an allowance for funds used during construction, considering the following factors:

(1) the magnitude of the construction work in progress as a percentage of the net investment rate base;

(2) the impact on cash flow and the utility's capital costs;

- (3) the effect on consumer rates;
- (4) whether it confers a present benefit upon an identifiable class or classes of customers; and
- (5) whether it is of a short-term nature or will be imminently useful in the provision of utility service.

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

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

(c) The commission may permit a public utility to file rate schedules providing for annual recovery of the costs of energy conservation improvements. These rate schedules may be applicable to less than all the customers in a class of retail customers if necessary to reflect the requirements of section 216B.241. The commission shall allow a public utility, without requiring a general rate filing under this section, to reduce the electric rates applicable to large customer facilities that have been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), and to reduce the gas rate applicable to a large energy facility, a large customer facility or commercial customer facility that has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b) or (c), or by the commission under section 216B.241, subdivision 2, by an amount that reflects the elimination of energy conservation improvement investments or expenditures for those facilities. In the event that the commission has set electric or gas rates based on the use of an accounting methodology that results in the cost of conservation improvements being recovered from utility customers over a period of years, the rate reduction may occur in a series of steps to coincide with the recovery of balances due to the utility for conservation improvements made by the utility on or before December 31, 2007.

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

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

- (b) In approving incentive plans, the commission shall consider:
- (1) whether the plan is likely to increase utility investment in cost-effective energy conservation;
 - (2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

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

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

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

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

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

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

Subd. 6d. **Wind energy; property tax.** An owner of a wind energy conversion facility which is required to pay property taxes under section 272.02, subdivision 22, or production taxes under section 272.029, and any related or successor provisions, or a public utility regulated by the Public Utilities Commission which purchases the wind-generated electricity may petition the commission to include in any power purchase agreement between the owner of the facility and the public utility the amount of property taxes and production taxes paid by the owner of the facility. The Public Utilities Commission shall require the public utility to amend the power purchase agreement to include the property taxes and production taxes paid by the owner of the facility in the price paid by the utility for wind-generated electricity if the commission finds:

(1) the owner of the facility has paid the property taxes or production taxes required by this subdivision;

(2) the power purchase agreement between the public utility and the owner does not already require the utility to pay the amount of property taxes or production taxes the owner has paid under this subdivision or, in the case of a power purchase agreement entered into prior to 1997, the amount of property or production taxes paid by the owner in any year of the power purchase agreement exceeds the amount of such property or production taxes included in the price paid by the utility to the owner, as reflected in the owner's bid documents; and

(3) the commission has approved a rate schedule containing provisions for the automatic adjustment of charges for utility service in direct relation to the charges ordered by the commission under section 272.02, subdivision 22, or 272.029.

Subd. 7. **Energy and emission control products cost adjustment.** Notwithstanding any other provision of this chapter, the commission may permit a public utility to file rate schedules containing provisions for the automatic adjustment of charges for public utility service in direct relation to changes in:

(1) federally regulated wholesale rates for energy delivered through interstate facilities;

(2) direct costs for natural gas delivered;

(3) costs for fuel used in generation of electricity or the manufacture of gas; or

(4) prudent costs incurred by a public utility for sorbents, reagents, or chemicals used to control emissions from an electric generation facility, provided that these costs are not recovered elsewhere in rates.

The utility must track and report annually the volumes and costs of sorbents, reagents, or chemicals using separate accounts by generating plant.

Subd. 7a. **Performance-based gas purchasing adjustment.** The commission may permit a public utility to file rate schedules providing for annual adjustments reflecting rewards or penalties provided for in performance-based gas purchasing plans approved by the commission under section 216B.167.

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(5) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(6) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(7) allocates project costs appropriately between wholesale and retail customers;

(8) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(9) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

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

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

(2) a schedule for implementation of applicable projects;

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

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

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

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

Subd. 7c. Transmission assets transfer. (a) Public utility owners of transmission facilities may, subject to Public Utilities Commission approval, transfer operational control or ownership of those transmission assets to a transmission company subject to Federal Energy Regulatory Commission jurisdiction. For transmission asset transfers by a public utility, the Public Utilities Commission must review the request to transfer either in the context of a general rate case under this section or by initiating other proceedings it determines provide adequate review of the transmission asset transfer. The Public Utilities Commission may limit, in whole or in part, the transfer of transmission assets or the timing of those transfers by a public utility if it finds the limitation in the public interest. The commission may only approve a transfer if it finds that the transfer is consistent with the public interest. In assessing the public interest, the commission shall evaluate, among other things, whether the transfer:

(1) facilitates the development of transmission infrastructure necessary to ensure reliability, encourages the development of renewable resources, and accommodates energy transfers within and between states;

(2) protects Minnesota ratepayers against the subsidization of wholesale transactions through retail rates;

(3) ensures, in the case of operational control of transmission assets, that the state retains jurisdiction over the transferring utility for all aspects of service under this chapter;

(4) impacts Minnesota retail rates; and

(5) protects Minnesota ratepayers from paying capital costs for transmission assets that have already been recovered.

(b) A transfer of operational control or ownership of transmission assets by a public utility under this subdivision is subject to section 216B.50. The relationship between a public utility transferring operational control of transmission assets to another entity under this subdivision is subject to the provisions of section 216B.48. If a public utility transfers ownership of its transmission assets to a transmission provider subject to the jurisdiction of the Federal Energy Regulatory Commission, the Public Utilities Commission may permit the utility to file a rate schedule providing for the automatic adjustment of charges to recover the cost of transmission services purchased under tariff rates approved by the Federal Energy Regulatory Commission.

(c) A municipal utility, a municipal power agency, or a joint venture pursuant to section 452.25 may transfer operational control or ownership of transmission assets to a transmission company, or make investments in a transmission company, if the governing body of the municipal utility, municipal power agency, or joint venture finds that the transfer or investment is consistent with the public interest and will facilitate the development of infrastructure necessary to ensure reliability.

Subd. 7d. **Central Corridor utility zone cost adjustment.** (a) The Central Corridor utility zone is the area extending from the Union Depot Station in St. Paul to the proposed multimodal station in Minneapolis along the route of the light rail transit project connecting those two points, and an area extending approximately one-quarter mile from that route and including the entire University of Minnesota, Minneapolis campus.

(b) A public utility that provides retail electric service within the Central Corridor utility zone and that is required to replace, relocate, construct, or install new facilities, may apply to the commission for approval of new facilities in the Central Corridor utility zone and facilities outside the zone that the utility demonstrates must be changed as a direct result of changes within the zone. Facilities proposed under this subdivision may include transmission facilities, distribution facilities, generation facilities, advanced technology-assisted efficiency devices, and energy storage facilities not otherwise subject to section 216B.243, or chapter 216E, 216F, or 216G. Upon approval under paragraph (c), the utility may construct and install the facilities.

(c) The commission may approve the construction and installation of facilities in the Central Corridor mass transit utility zone proposed by a utility under paragraph (b) upon a finding:

(1) that the facilities:

(i) are necessary to provide electric service;

(ii) assist future development of renewable energy, conservation, electric vehicles, and advanced technology-assisted efficiency programs and devices; or

(iii) are exploratory, experimental, or research facilities to advance the use of renewable energy, conservation, electric vehicles, and advanced technology-assisted efficiency programs and devices;

(2) that the utility has engaged in a cooperative process with affected local and state government agencies in the design, planning, or construction of the Central Corridor utility zone project and changes to utility facilities;

(3) that the utility and local units of government have made reasonable efforts to seek federal, state, or private funds that may be available to mass transit and energy projects;

(4) that the utility has made reasonable efforts to minimize the project costs and maximize the value of the facilities to customers;

(5) that the utility has a plan to offer a comprehensive array of programs for residential, commercial, and industrial customers located within the mass transit zone;

(6) that the utility directs existing and planned solar energy programs to develop solar energy along the mass transit utility zone; and

(7) that the utility has made reasonable efforts to apply for federal funds to develop technology-assisted efficiency programs and devices within the mass transit utility zone.

(d) Upon request of the commission, the utility shall submit periodic reports to the commission reviewing the cost and benefits of the facilities constructed within the Central Corridor utility zone and their potential applicability to other areas outside the Central Corridor utility zone.

(e) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for automatic adjustment of charges for new, replaced, or relocated facilities installed under this subdivision in a manner consistent with this subdivision and the standards and procedures contained in subdivision 7b, except that no approval under section 216B.243 or certification under section 216B.2425 is required unless otherwise required by law. This section does not authorize a city-requested facilities surcharge.

(f) For the purpose of this subdivision, "technology-assisted efficiency programs and devices" includes, but is not limited to, infrastructure that integrates digital information and controls technology to improve the reliability, security, and efficiency of the electric grid.

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

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

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

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

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

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

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

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

(2) is designed to promote safety; or

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

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

Subd. 9. **Charitable contribution.** The commission shall allow as operating expenses only those charitable contributions that the commission deems prudent and that qualify under section 300.66, subdivision 3. Only 50 percent of the qualified contributions are allowed as operating expenses.

Subd. 10. **Intervenor compensation.** (a) A nonprofit organization or an individual granted formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to compensate all or part of an eligible intervenor's reasonable costs of participation in a general rate case that comes before the commission when the commission finds that the intervenor has materially assisted the commission's deliberation and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed \$50,000 for a single intervenor in any proceeding. For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, among other factors, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;

(2) proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;

(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

Subd. 11. Pipeline safety programs. All costs of a public utility that are necessary to comply with state pipeline safety programs under sections 216D.01 to 216D.07, 299F.56 to 299F.64, or 299J.01 to 299J.17 must be recognized and included by the commission in the determination of just and reasonable rates as if the costs were directly incurred by the utility in furnishing utility service.

Subd. 12. Exemption for small gas utility franchise. (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of 2,000 customers.

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

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

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

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

Subd. 12a. **Exemption for small electric utility franchise.** (a) An electric utility, operating as such in a bordering state and having fewer than 200 customers in Minnesota, is exempt from this section if the utility:

- (1) charges Minnesota customers the same rates as those charged to customers in the bordering state;
- (2) provides 60-day notice to the commission of rate increases for its Minnesota customers;
- (3) provides individual, written notice of rate increases to its Minnesota customers;
- (4) provides the commission with schedules of rates and tariffs charged in the bordering state and revenues by class under the former and proposed rates; and
- (5) maintains an up-to-date tariff book with the department.

(b) The commission may initiate an investigation under section 216B.17, on its own motion or upon customer complaint with respect to the utility's rates and practices in Minnesota.

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the expenses incurred for economic and community development.

Subd. 14. **Low-income electric rate discount.** A public utility shall fund an affordability program for low-income customers at a base annual funding level of \$8,000,000. The annual funding level shall increase in the calendar years subsequent to each commission approval of a rate increase for the public utility's residential customers by the same percentage as the approved residential rate increase. Costs for the program shall be included in the utility's base rate. For the purposes of this subdivision, "low-income" describes a customer who is receiving assistance from the federal low-income home energy assistance program. The affordability program must be designed to target participating customers with the lowest incomes and highest energy costs in order to lower the percentage of income they devote to energy bills, increase their payments, lower utility service disconnections, and decrease costs associated with collection activities on their accounts. For low-income customers who are 62 years of age or older or disabled, the program must include a \$15 discount in each billing period. For the purposes of this subdivision, "public utility" includes only those public utilities with more than 200,000 residential electric service customers. The commission may issue orders necessary to implement, administer, and recover the costs of the program on a timely basis.

Subd. 15. **Low-income affordability programs.** (a) The commission must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. A public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability

program with the commission. For purposes of this subdivision, "low-income residential ratepayers" means ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP).

(b) Any affordability program the commission orders a utility to implement must:

- (1) lower the percentage of income that participating low-income households devote to energy bills;
- (2) increase participating customer payments over time by increasing the frequency of payments;
- (3) decrease or eliminate participating customer arrears;
- (4) lower the utility costs associated with customer account collection activities; and

(5) coordinate the program with other available low-income bill payment assistance and conservation resources.

(c) In ordering affordability programs, the commission may require public utilities to file program evaluations that measure the effect of the affordability program on:

- (1) the percentage of income that participating households devote to energy bills;
- (2) service disconnections; and
- (3) frequency of customer payments, utility collection costs, arrearages, and bad debt.

(d) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

(e) Public utilities may use information collected or created for the purpose of administering energy assistance to administer affordability programs.

Subd. 16. **Performance regulation plan tariffs.** A public utility providing natural gas services that has a performance regulation plan approved pursuant to section 216B.1675 shall file tariff provisions incorporating the provisions of that plan. Changes in the cost recovery of natural gas supplies must not be included within the plan.

Subd. 17. **Travel, entertainment, and related employee expenses.** (a) The commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the commission deems unreasonable and unnecessary for the provision of utility service. In order to assist the commission in evaluating the travel, entertainment, and related employee expenses that may be allowed for ratemaking purposes, a public utility filing a general rate case petition shall include a schedule separately itemizing all travel, entertainment, and related employee expenses as specified by the commission, including but not limited to the following categories:

- (1) travel and lodging expenses;
- (2) food and beverage expenses;
- (3) recreational and entertainment expenses;

(4) board of director-related expenses, including and separately itemizing all compensation and expense reimbursements;

(5) expenses for the ten highest paid officers and employees, including and separately itemizing all compensation and expense reimbursements;

(6) dues and expenses for memberships in organizations or clubs;

(7) gift expenses;

(8) expenses related to owned, leased, or chartered aircraft; and

(9) lobbying expenses.

(b) To comply with the requirements of paragraph (a), each applicable expense incurred in the most recently completed fiscal year must be itemized separately, and each itemization must include the date of the expense, the amount of the expense, the vendor name, and the business purpose of the expense. The separate itemization required by this paragraph may be provided using standard accounting reports already utilized by the utility involved in the rate case, in a written format or an electronic format that is acceptable to the commission. For expenses identified in response to paragraph (a), clauses (1) and (2), the utility shall disclose the total amounts for each expense category and provide separate itemization for those expenses incurred by or on behalf of any employee at the level of vice president or higher and for board members. The petitioning utility shall also provide a one-page summary of the total amounts for each expense category included in the petitioning utility's proposed test year.

(c) Except as otherwise provided in this paragraph, data submitted to the commission under paragraph (a) are public data. The commission or an administrative law judge assigned to the case may treat the salary of one or more of the ten highest paid officers and employees, other than the five highest paid, as private data on individuals as defined in section 13.02, subdivision 12, or issue a protective order governing release of the salary, if the utility establishes that the competitive disadvantage to the utility that would result from release of the salary outweighs the public interest in access to the data. Access to the data by a government entity that is a party to the rate case must not be restricted.

Subd. 18. Election or ballot question expenses. The commission may not allow a public utility to recover from ratepayers expenses resulting from a contribution or expenditure incurred to promote or defeat a candidate for public office or to advocate approval or defeat of a ballot question. This subdivision does not prohibit a public utility from engaging in political activity or making a contribution or expenditure otherwise permitted by law.

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

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

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

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

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

History: 1974 c 429 s 16; 1977 c 359 s 1-6; 1977 c 364 s 5; 1978 c 694 s 1; 1980 c 579 s 16; 1980 c 614 s 123; 1980 c 615 s 60; 1981 c 357 s 70; 1Sp1981 c 4 art 4 s 15; 1982 c 414 s 1-6; 1982 c 424 s 130; 1983 c 179 s 5; 1983 c 247 s 95; 1983 c 289 s 104; 1986 c 346 s 1; 1986 c 409 s 6,7; 1987 c 353 s 6; 1988 c 457 s 1-3; 1991 c 147 s 1; 1991 c 184 s 1; 1991 c 235 art 1 s 1; art 6 s 1; 1993 c 49 s 1; 1993 c 327 s 4-7; 1994 c 483 s 1; 1994 c 641 art 4 s 2,3; 1994 c 644 s 2; 1995 c 17 s 2; 1995 c 125 s 1; 1995 c 224 s 74,75; 1997 c 25 s 1,3; 1997 c 231 art 2 s 5; 1999 c 140 s 1; 2001 c 212 art 4 s 4; 1Sp2001 c 4 art 6 s 37-40; 2004 c 138 s 4; 2004 c 216 s 2; 2005 c 97 art 1 s 2,3; art 12 s 1; 2007 c 57 art 2 s 18,19; 2007 c 136 art 2 s 1,2; 2008 c 296 art 1 s 5; 2009 c 110 s 6-9; 2010 c 328 s 2; 2010 c 361 art 5 s 5,6; 2010 c 397 s 19; 2011 c 97 s 8-12; 2013 c 85 art 7 s 1; 2013 c 125 art 1 s 38; 2014 c 254 s 8

SPECIAL RATES AND PRACTICES

216B.161 AREA DEVELOPMENT RATE PLAN.

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

(2) buildings in need of substantial rehabilitation or in substandard condition; or

(3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the Iron Range Resources and Rehabilitation Board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the

metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Subd. 2. **Area development rate.** The commission may allow gas or electric public utilities to offer area development rates. The program must be designed to assist industrial revitalization projects located within the service area of the participating utility.

Subd. 3. **Terms and conditions of rate.** An area development rate offered under this section must:

- (1) be offered for a specified length of time to be determined by the commission;
- (2) be offered as a supplement to other development incentives offered by the authority or municipality in which the rate is available;
- (3) be available only to new or expanding manufacturing or wholesale trade customers;
- (4) be designed to recover at least the incremental cost of providing service to the participating customers;
- (5) be offered in a fixed number of area development zones; and
- (6) include a provision that the utility provide participating customers with an energy audit and inform those customers of all existing energy conservation programs available from the utility.

Recovery of costs under clause (4) must not be from residential customers. A utility within a general rate case, may seek recovery of the difference in revenue collected under the area development plan rate and what would have been collected under the standard tariff.

Subd. 4. [Repealed by amendment, 1995 c 9 s 1]

History: 1990 c 370 s 2,7; 1995 c 9 s 1,2; 1996 c 471 art 7 s 2; 2013 c 125 art 1 s 107

216B.1611 INTERCONNECTION OF ON-SITE DISTRIBUTED GENERATION.

Subdivision 1. **Purpose.** The purpose of this section is to:

- (1) establish the terms and conditions that govern the interconnection and parallel operation of on-site distributed generation;
- (2) provide cost savings and reliability benefits to customers;
- (3) establish technical requirements that will promote the safe and reliable parallel operation of on-site distributed generation resources;
- (4) enhance both the reliability of electric service and economic efficiency in the production and consumption of electricity; and
- (5) promote the use of distributed resources in order to provide electric system benefits during periods of capacity constraints.

Subd. 2. **Distributed generation; generic proceeding.** (a) The commission shall initiate a proceeding within 30 days of July 1, 2001, to establish, by order, generic standards for utility tariffs for the interconnection and parallel operation of distributed generation fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than ten megawatts of interconnected capacity. At a minimum, these tariff standards must:

(1) to the extent possible, be consistent with industry and other federal and state operational and safety standards;

(2) provide for the low-cost, safe, and standardized interconnection of facilities;

(3) take into account differing system requirements and hardware, as well as the overall demand load requirements of individual utilities;

(4) allow for reasonable terms and conditions, consistent with the cost and operating characteristics of the various technologies, so that a utility can reasonably be assured of the reliable, safe, and efficient operation of the interconnected equipment; and

(5) establish (i) a standard interconnection agreement that sets forth the contractual conditions under which a company and a customer agree that one or more facilities may be interconnected with the company's utility system, and (ii) a standard application for interconnection and parallel operation with the utility system.

(b) The commission may develop financial incentives based on a public utility's performance in encouraging residential and small business customers to participate in on-site generation.

Subd. 3. **Distributed generation tariff.** Within 90 days of the issuance of an order under subdivision 2:

(1) each public utility providing electric service at retail shall file a distributed generation tariff consistent with that order, for commission approval or approval with modification; and

(2) each municipal utility and cooperative electric association shall adopt a distributed generation tariff that addresses the issues included in the commission's order.

Subd. 3a. **Project information.** (a) Beginning July 1, 2014, each electric utility shall request an applicant for interconnection of distributed renewable energy generation to provide the following information, in a format prescribed by the commissioner:

(1) the nameplate capacity of the facility in the application;

(2) the preincentive installed cost and cost components of the generation system at the facility;

(3) the energy source of the facility; and

(4) the zip code in which the facility is to be located.

(b) The commissioner shall develop or identify a system to collect and process the information under this subdivision for each utility, and make non-project-specific data available to the public on a periodic basis as determined by the commissioner, and in a format determined by the commissioner. The commissioner may solicit proposals from outside parties to develop the system. The commissioner may only collect data authorized in paragraph (a), and may not require submission of any additional data that could be used to personally identify any individual applicant or utility customer.

(c) Electric utilities collecting and transferring data under this subdivision are not responsible for the accuracy, completeness, or quality of the information under this subdivision.

(d) Except as provided in paragraph (b), any information provided by an applicant to the commissioner under this subdivision is nonpublic data as defined in section 13.02, subdivision 9.

Subd. 4. **Reporting requirements.** (a) Each electric utility shall maintain records concerning applications received for interconnection and parallel operation of distributed generation. The records must include the date each application is received, documents generated in the course of processing each application, correspondence regarding each application, and the final disposition of each application.

(b) Every electric utility shall file with the commissioner a distributed generation interconnection report for the preceding calendar year that identifies each distributed generation facility interconnected with the utility's distribution system. The report must list the new distributed generation facilities interconnected with the system since the previous year's report, any distributed generation facilities no longer interconnected with the utility's system since the previous report, the capacity of each facility, and the feeder or other point on the company's utility system where the facility is connected. The annual report must also identify all applications for interconnection received during the previous one-year period, and the disposition of the applications.

History: 2001 c 212 art 3 s 1; 2014 c 254 s 9

216B.1612 COMMUNITY-BASED ENERGY DEVELOPMENT; TARIFF.

Subdivision 1. **Tariff establishment.** A tariff shall be established to optimize local, regional, and state benefits from renewable energy development and to facilitate widespread development of community-based renewable energy projects throughout Minnesota.

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "C-BED tariff" or "tariff" means a community-based energy development tariff.

(c) "Qualifying beneficiary" means:

(1) a Minnesota resident individually or as a member of a Minnesota limited liability company organized under chapter 322B and formed for the purpose of developing a C-BED project;

(2) a Minnesota nonprofit organization organized under chapter 317A;

(3) a Minnesota cooperative association organized under chapter 308A or 308B, including a rural electric cooperative association or a generation and transmission cooperative on behalf of and at the request of a member distribution utility;

(4) a Minnesota political subdivision or local government including, but not limited to, a municipal electric utility, or a municipal power agency on behalf of and at the request of a member distribution utility; the office of the commissioner of Iron Range resources and rehabilitation; a county, statutory or home rule charter city, town, school district, or public or private higher education institution; or any other local or regional governmental organization such as a board, commission, or association;

(5) a tribal council; or

(6) a legal entity (i) formed for a purpose other than to participate in C-BED projects; (ii) whose principal place of business or principal executive office is located in Minnesota; and (iii) that provides labor, services, equipment, components, or debt financing to a C-BED project.

A public utility, as defined in section 216B.02, subdivision 4, is not a qualifying beneficiary.

(d) "Qualifying revenue" includes, but is not limited to:

(1) royalties, distributions, dividends, and other payments flowing directly or indirectly to individuals who are qualifying beneficiaries;

(2) reasonable fees for consulting, development, professional, construction, and operations and maintenance services paid to qualifying beneficiaries;

(3) interest and fees paid to financial institutions that are qualifying beneficiaries;

(4) the value-added portion of payments for goods manufactured in Minnesota; and

(5) production taxes.

(e) "Discount rate" means the ten-year United States Treasury Yield as quoted in the Wall Street Journal as of the date of application for determination under subdivision 10, plus five percent; except that the discount rate applicable to any qualifying revenues contingent upon an equity investor earning a specified internal rate of return is the ten-year United States Treasury Yield, plus eight percent.

(f) "Standard reliability criteria" means:

(1) can be safely integrated into and operated within the utility's grid without causing any adverse or unsafe consequences; and

(2) is consistent with the utility's resource needs as identified in its most recent resource plan submitted under section 216B.2422.

(g) "Renewable" refers to a technology listed in section 216B.1691, subdivision 1, paragraph (a).

(h) "Community-based energy development project" or "C-BED project" means a new renewable energy project that either as a stand-alone project or part of a partnership under subdivision 8:

(1) has no single qualifying beneficiary, including any parent company or subsidiary of the qualifying beneficiary, owning more than 15 percent of a C-BED wind energy project unless: (i) the C-BED wind energy project consists of only one or two turbines; or (ii) the qualifying beneficiary is a public entity listed under paragraph (c), clause (4);

(2) demonstrates that at least 51 percent of the net present value of the gross revenues from a power purchase agreement over the life of the project are qualifying revenues; and

(3) has a resolution of support adopted by the county board of each county in which the project is to be located, or in the case of a project located within the boundaries of a reservation, the tribal council for that reservation.

(i) "Value-added portion" means the difference between the total sales price and the total cost of components, materials, and services purchased from or provided outside of Minnesota.

Subd. 3. **Tariff rate.** (a) The tariff described in subdivision 4 must provide for a rate that is higher in the first ten years of the power purchase agreement than in the last ten years.

(b) The commission shall consider mechanisms to encourage the aggregation of C-BED projects.

(c) The commission shall require that C-BED projects provide sufficient security to secure performance under the power purchase agreement, and shall prohibit transfer of a C-BED project during the initial term of a power purchase agreement if the transfer will result in the project no longer qualifying under subdivision 2, paragraph (h).

Subd. 4. **Utilities to offer tariff.** By December 1, 2007, each public utility providing electric service at retail shall file for commission approval a community-based energy development tariff consistent with subdivision 3. Within 90 days of the first commission approval order under this subdivision, each municipal power agency and generation and transmission cooperative electric association shall adopt a community-based energy development tariff as consistent as possible with subdivision 3.

Subd. 5. **Priority for C-BED projects.** (a) A utility subject to section 216B.1691 that needs to construct new generation, or purchase the output from new generation, as part of its plan to satisfy its good faith objective and standard under that section must take reasonable steps to determine if one or more C-BED projects are available that meet the utility's cost and reliability requirements, applying standard reliability criteria, to fulfill some or all of the identified need at minimal impact to customer rates.

Nothing in this section shall be construed to obligate a utility to enter into a power purchase agreement under a C-BED tariff developed under this section.

(b) Each utility shall include in its resource plan submitted under section 216B.2422 a description of its efforts to purchase energy from C-BED projects, including a list of the projects under contract and the amount of C-BED energy purchased.

(c) The commission shall consider the efforts and activities of a utility to purchase energy from C-BED projects when evaluating its good faith effort towards meeting the renewable energy objective under section 216B.1691.

(d) A municipal power agency or generation and transmission cooperative shall, when issuing a request for proposals for C-BED projects to satisfy its standard obligation under section 216B.1691, provide notice to its member distribution utilities that they may propose, in partnership with other qualifying beneficiaries, a C-BED project for the consideration of the municipal power agency or generation and transmission cooperative.

Subd. 6. **Property owner participation.** To the extent feasible, a developer of a C-BED project must provide, in writing, an opportunity to invest in the C-BED project to each property owner on whose property a high-voltage transmission line is constructed that will transmit the energy generated by the C-BED project to market. This subdivision applies if the property is located and the owner resides in the county where the C-BED project is located.

Subd. 7. **Other C-BED tariff issues.** (a) A community-based project developer and a utility shall negotiate the rate and power purchase agreement terms consistent with the tariff established under subdivision 4.

(b) At the discretion of the developer, a community-based project developer and a utility may negotiate a power purchase agreement with terms different from the tariff established under subdivision 4.

(c) A C-BED project may be jointly developed with a non-C-BED project. However, the terms of the C-BED tariff may only apply to the portion of the energy production of the total project that is directly proportional to the energy produced by the C-BED project. A project that is operating under a power purchase agreement under a C-BED tariff is not eligible for net energy billing under section 216B.164, subdivision 3, or for production incentives under section 216C.41.

(d) A public utility must receive commission approval of a power purchase agreement for a C-BED tariffed project. The commission shall provide the utility's ratepayers an opportunity to address the reasonableness of the proposed power purchase agreement. Unless a party objects to a contract within 30 days of submission of the contract to the commission the contract is deemed approved.

Subd. 8. Community energy partnerships. A utility providing electric service to retail or wholesale customers in Minnesota and an independent power producer may, subject to the limits specified in this section, participate in a community-based energy project, including as an owner, equity partner, or provider of technical or financial assistance.

Subd. 9. Local government and political subdivision powers. A Minnesota political subdivision or local government may plan, develop, purchase, acquire, construct, and own a C-BED project and may sell output from that project as provided for in this section. A Minnesota political subdivision or local government may not acquire property under this subdivision through eminent domain. A Minnesota political subdivision or local government may operate, maintain, improve, and expand the C-BED project subject to any restrictions in this section.

Subd. 10. C-BED eligibility determination. (a) A developer of a C-BED project may seek a predetermination of C-BED eligibility from the commissioner of commerce at any time, and must obtain a determination of C-BED eligibility from the commissioner of commerce, based on the project's final financing terms, before construction may begin. In seeking a determination of eligibility under this subdivision, a developer of a C-BED project must submit to the commissioner of commerce detailed financial projections demonstrating that, based on a net present value analysis, and applying the discount rate to qualifying revenues and gross revenues from a power purchase agreement, the project meets the requirements of subdivision 2, paragraph (h), clause (2).

(b) A project is not required to obtain a determination of C-BED eligibility under paragraph (a) if it has received, prior to May 18, 2010, an opinion letter from the commissioner indicating that the project qualifies as a C-BED project under this section.

(c) The commissioner's determination of C-BED eligibility of a project that obtained its initial opinion letter regarding C-BED eligibility from the commissioner or written notification from the Midwest Independent Systems Operator (MISO) that the project retains a position in the interconnection queue before May 18, 2010, must be based on the laws applicable at the time the initial opinion letter of C-BED eligibility was issued or the Midwest Independent System Operator interconnection queue position was obtained. A project subject to this paragraph may elect to have the determination of eligibility governed by the law in effect at the time of the determination.

History: 2005 c 97 art 2 s 1; 2006 c 212 art 1 s 11; 2007 c 136 art 4 s 1-7; 2008 c 303 s 1; 2009 c 78 art 6 s 21; 2010 c 358 s 1-5

216B.1613 STANDARDIZED CONTRACT.

Within 60 days of May 20, 2009, each utility, as defined in section 216B.1691, subdivision 1, paragraph (b), shall file with the commission a standardized contract form for the purchase of electricity from projects

with a nameplate capacity of five megawatts or less. The standardized contract form must be similar in all material respects to the standard contract form previously filed with the commission under section 216B.2423, subdivision 3, including any revisions to that contract on file with the commission as of May 20, 2009. After consultation with wind developers and producers, a utility governed by this section may modify the standardized contract currently on file under section 216B.2423 prior to submitting its standard contract form under this section if the modifications are reasonably necessary to account for circumstances that are unique to that particular utility. The commission shall not approve a contract that is not in compliance with this section.

History: 2009 c 110 s 10

216B.1614 ELECTRIC VEHICLE CHARGING TARIFF.

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(c) "Public utility" has the meaning given in section 216B.02, subdivision 4.

(d) "Renewable energy" has the meaning given in section 216B.169, subdivision 2, paragraph (d).

Subd. 2. **Required tariff.** (a) By February 1, 2015, each public utility selling electricity at retail must file with the commission a tariff that allows a customer to purchase electricity solely for the purpose of recharging an electric vehicle. The tariff must:

(1) contain either a time-of-day or off-peak rate, as elected by the public utility;

(2) offer a customer the option to purchase electricity:

(i) from the utility's current mix of energy supply sources; or

(ii) entirely from renewable energy sources, subject to the conditions established under section 216B.169, subdivision 2, paragraph (b), and subdivision 3, paragraph (a); and

(3) be made available to the residential customer class.

(b) The public utility may, at its discretion, offer the tariff to other customer classes.

(c) The commission shall, after notice and opportunity for public comment, approve, modify, or reject the tariff. The commission may approve the tariff if the public utility has demonstrated that the tariff:

(1) appropriately reflects off-peak versus peak cost differences in the rate charged;

(2) includes a mechanism to allow the recovery of costs reasonably necessary to comply with this section, including costs to inform and educate customers about the financial, energy conservation, and environmental benefits of electric vehicles and to publicly advertise and promote participation in the customer-optional tariff;

(3) provides for clear and transparent customer billing statements including, but not limited to, the amount of energy consumed under the tariff; and

(4) incorporates the cost of metering or submetering within the rate charged to the customer.

(d) Within 60 days of commission approval of a public utility's tariff filed under this section, the public utility shall make the tariff available to customers.

(e) The utility may at any time propose revisions to a tariff filed under this subdivision based on changing costs or conditions.

Subd. 3. **Data reporting.** Each public utility providing a tariff under this section shall periodically report to the commission, as established by the commission and on a form prescribed by the commission, the following information, organized on a per-quarter basis:

- (1) the number of customers who have arranged to purchase electricity under the tariff;
- (2) the total amount of electricity sold under the tariff; and
- (3) other data required by the commission.

History: 2014 c 254 s 10

216B.162 COMPETITIVE RATE FOR ELECTRIC UTILITY.

Subdivision 1. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Effective competition" means a market situation in which an electric utility serves a customer that:

- (1) is located within the electric utility's assigned service area determined under section 216B.39; and
- (2) has the ability to obtain its energy requirements from an energy supplier that is not regulated by the commission under section 216B.16.

(c) "Competitive rate schedule" means a rate schedule under which an electric utility may set or change the price for its service to an individual customer or group of customers subject to effective competition.

(d) "Competitive rate" means the actual rate offered by the utility, and approved by the commission, to a customer subject to effective competition.

(e) "Discretionary rate reduction" means a specific reduction to an existing rate, offered voluntarily by the utility to an individual customer or group of customers and approved by the commission in accordance with subdivisions 10 and 11.

Subd. 2. **Competitive rate schedule permitted.** (a) Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall approve a competitive rate schedule when:

- (1) the provision of service to a customer or a class of customers is subject to effective competition; and
- (2) the schedule applies only to customers requiring electric service with a connected load of at least 2,000 kilowatts.

(b) The commission may approve a competitive rate schedule that applies to customers subject to effective competition and requiring electric service with a connected load less than 2,000 kilowatts.

(c) The commission shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

Subd. 3. **Establishing or changing competitive rate schedule.** The commission shall establish or change a competitive rate schedule through a miscellaneous or general rate filing by the utility.

Subd. 4. **Rates and terms of competitive rate schedule.** When the commission authorizes a competitive rate schedule for a customer class, it shall set the terms and conditions of service for that schedule, which must include:

(1) that the minimum rate for the schedule recover at least the incremental cost of providing the service, including the cost of additional capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak differential;

(2) that the maximum possible rate reduction under a competitive rate schedule does not exceed the difference between the electric utility's applicable standard tariff and the cost to the customer of the lowest cost competitive energy supply;

(3) that the electric utility, within a general rate case, be allowed to seek recovery of the difference between the standard tariff and the competitive rate times the usage level during the test year period;

(4) a determination that a rate within a competitive rate schedule meets the conditions of section 216B.03, for other customers in the same customer class;

(5) that the rate does not compete with district heating or cooling provided by a district heating utility as defined by section 216B.166, subdivision 2, paragraph (c); and

(6) that the rate may not be offered to a customer in which the utility has a financial interest greater than 50 percent.

Subd. 5. **Competitive rate offered.** Within its own assigned service territory, the utility, at its discretion and using its best judgment at the time, may offer a competitive rate to a customer subject to effective competition.

Subd. 6. **Interim competitive rate.** Notwithstanding section 216B.16, subdivision 3, a proposed competitive rate takes effect on an interim basis after filing the proposed rate with the commission and on the date established by the electric utility. While an interim competitive rate is in effect, the difference between rates under the competitive rate and rates under the standard tariff for that class are not subject to recovery or refund. If the commission does not approve the competitive rate, the electric utility may seek to recover the difference in revenues between the interim competitive rate and the standard tariff from the customer that was offered the competitive rate.

Subd. 7. **Commission determination.** (a) Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision. The filing must be served on the department and the Office of the Attorney General at the same time as it is served on the commission.

(b) In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; and

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

(c) If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30 days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.

Subd. 8. **Energy efficiency improvement; expense recovery.** If the commission approves a competitive rate or the parties agree to a modified rate, the commission may require the electric utility to provide the customer with an energy audit and assist in implementing cost-effective energy efficiency improvements to assure that the customer's use of electricity is efficient. An investment in cost-effective energy conservation improvements required under this section must be treated as an energy conservation improvement program and included in the department's determination of significant investments under section 216B.241. The utility shall recover energy conservation improvement expenses in a rate proceeding under section 216B.16 or 216B.17 in the same manner as the commission authorizes for the recovery of conservation expenditures made under section 216B.241.

Subd. 9. [Repealed, 1995 c 6 s 2]

Subd. 10. **Discretionary rate reduction permitted.** Notwithstanding sections 216B.03, 216B.06, 216B.07, and 216B.16, a public utility whose rates are regulated under this chapter may, at its discretion, offer a reduced rate for tariffed electric services to eligible customers. The commission may approve a discretionary rate reduction provided that:

(1) the reduction is offered to customers who are located within the exclusive service territory of the public utility that offers discretionary rate reductions or to potential customers who are not customers of a Minnesota electric utility, as defined in section 216B.38, but who propose to be located within the exclusive service territory of the public utility;

(2) the reduction applies to customers requiring electric service with a connected load of at least 2,000 kilowatts;

(3) the reduced rate recovers at least the incremental cost of providing the service, including the cost of additional capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak differential;

(4) in the event the commission has approved unbundled rates, the reduction is not offered for any unbundled service other than generation, unless the unbundled service is available to the customer from a competitive supplier;

(5) the reduced rate does not compete with district heating or cooling services provided by a district heating utility as defined by section 216B.166, subdivision 2, paragraph (c); and

(6) the reduced rate does not compete with a natural gas service provided by a natural gas utility and regulated by the commission.

Subd. 11. **Commission determination.** (a) Proposals for discretionary rate reductions offered by utilities must be filed with the commission, with copies of the filing served upon the department and the office of attorney general at the same time it is served upon the commission. The commission shall review the proposals according to procedures developed under section 216B.05, subdivision 2a. The commission shall not approve discretionary rate reductions offered by public utilities that do not have an accepted resource plan on file with the commission. The commission shall not approve discretionary rate reductions unless the utility has made the customer aware of all cost-effective opportunities for energy efficiency improvements offered by the utility.

(b) Public utilities that provide service under discretionary rate reductions shall not, through increased revenue requirements or through prospective rate design changes, recover any revenues forgone due to the discretionary rate reductions, nor shall the commission grant such recovery.

History: 1990 c 370 s 3,7; 1993 c 190 s 1; 1995 c 6 s 1; 1997 c 191 art 1 s 2-5; 1Sp2001 c 4 art 6 s 41,42

216B.1621 ELECTRIC SERVICE AGREEMENT.

Subdivision 1. **Agreement.** When a retail customer of a public utility proposes to acquire power from or construct a new electric power generation facility in the assigned service area of the utility serving the retail customer to provide all or part of the customer's electric service needs, the public utility may negotiate with and enter into an agreement with the customer to supply electric power to the customer in order to defer construction of the facility until the utility has need of power generated by the proposed facility, if the Public Utilities Commission approves the agreement under subdivision 2.

Subd. 2. **Commission approval.** (a) The commission shall approve an agreement under this section upon finding that:

(1) the proposed electric service power generation facility could reasonably be expected to qualify for a market value exclusion under section 272.0211;

(2) the public utility has a contractual option to purchase electric power from the proposed facility; and

(3) the public utility can use the output from the proposed facility to meet its future need for power as demonstrated in the most recent resource plan filed with and approved by the commission under section 216B.2422.

(b) Sections 216B.03, 216B.05, 216B.06, 216B.07, 216B.16, 216B.162, and 216B.23 do not apply to an agreement under this section.

History: 1996 c 444 s 1

216B.163 FLEXIBLE TARIFF.

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

(b) "Effective competition" means that a customer of a gas utility who either receives interruptible service or whose daily requirement exceeds 50,000 cubic feet maintains or plans on acquiring the capability

to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, and cellulosic materials, at comparable prices from a supplier not regulated by the commission.

(c) "Flexible tariff" means a rate schedule under which a gas utility may set or change the price for its service to an individual customer or group of customers without prior approval of the commission within a range of prices determined by the commission to be just and reasonable.

Subd. 2. **Flexible tariff permitted.** Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission may approve a flexible tariff for any class of customers of a gas utility when provision of service, including the sale or transportation of gas, to any customers within the class is subject to effective competition. Upon application of a gas utility, the commission shall find that effective competition exists for a class of customers taking interruptible service at a level exceeding 199,000 cubic feet per day. A gas utility may apply a flexible tariff only to a customer that is subject to effective competition and a gas utility may not apply a flexible tariff or otherwise reduce its rates to compete with indigenous biomass energy supplies. Customers of a gas utility whose only alternative source of energy is gas from a supplier not regulated by the commission and who must use the gas utility's system to transport the gas are not subject to effective competition unless the customers have or can reasonably acquire the capability to bypass the gas utility's system to obtain gas from a supplier not regulated by the commission. A customer subject to effective competition may elect to take service either under the flexible tariff or under the appropriate nonflexible tariff for that class of service set in accordance with section 216B.03, provided that a customer that uses an alternative energy supply or service from a supplier not regulated by the commission for reasons of price are deemed to have elected to take service under the flexible tariff.

Subd. 2a. [Expired]

Subd. 3. **Establishing or changing flexible tariff.** The commission may establish a flexible tariff through a miscellaneous rate filing only if the filing does not seek to recover revenues the utility expects to lose by implementing flexible tariffs from customers who do not take service under the flexible tariff, nor to change another rate. If a gas utility requests authority to establish a flexible tariff and as part of that request seeks to recover revenues the utility expects to lose by implementing flexible tariffs from customers who do not take service under the flexible tariff or to change other rates, the commission may only establish that flexible tariff within a general rate case for that gas utility.

Subd. 4. **Rates and terms of service.** Whenever the commission authorizes a flexible tariff, it shall set the terms, and conditions of service for that tariff, including:

(1) the minimum rate for the tariff, which must recover at least the incremental cost of providing the service;

(2) the maximum rate for the tariff; and

(3) a requirement that a customer who elects to take service under the flexible tariff remain on that tariff for a reasonable period of time.

The commission may set the terms and conditions of service for a flexible tariff in a gas utility proceeding, a miscellaneous filing, or a complaint proceeding under section 216B.17.

Subd. 5. **Recovery of revenues.** In a general rate case that establishes a flexible tariff for a gas utility, and in each general rate case of a gas utility for which a flexible tariff has been authorized, the commission shall

determine a projected level of revenues and expenses from services under that tariff and use the projection to determine the utility's overall rates. That method used to establish a level of projected revenues may not limit the gas utility's ability or right to set rates for a customer taking service under the flexible tariff.

Subd. 6. **Interim flexible tariff.** Notwithstanding section 216B.16, subdivision 3, if a gas utility files with the commission to establish or change a flexible tariff the commission shall permit the proposed flexible tariff to take effect on an interim basis no later than 30 days after filing. If any customers receive an increase in rates during the period that an interim flexible tariff is in effect, the increase is subject to refund as provided in section 216B.16, subdivision 3. The gas utility shall provide ten days' written notice, or other notice as may be established by contract not to exceed 30 days, to a customer before implementing an interim rate change for that customer under this section.

Subd. 7. **Final determination.** The commission shall make a final determination in a proceeding begun under this section for approval of a flexible tariff, other than a filing made within a general rate case, within 180 days of the filing by the gas utility.

Subd. 8. MS 2002 [Obsolete]

History: 1987 c 371 s 1,4; 1990 c 593 s 1,2

216B.1635 RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.

Subdivision 1. **Definitions.** (a) "Gas utility" means a public utility as defined in section 216B.02, subdivision 4, that furnishes natural gas service to retail customers.

(b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility projects that:

(1) do not serve to increase revenues by directly connecting the infrastructure replacement to new customers;

(2) are in service but were not included in the gas utility's rate base in its most recent general rate case, or are planned to be in service during the period covered by the report submitted under subdivision 2, but in no case longer than the one-year forecast period in the report; and

(3) do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency, as evidenced by specific documentation, an order, or other similar requirement from the government entity requiring the replacement or modification of infrastructure.

(c) "Gas utility projects" means:

(1) replacement of natural gas facilities located in the public right-of-way required by the construction or improvement of a highway, road, street, public building, or other public work by or on behalf of the United States, the state of Minnesota, or a political subdivision; and

(2) replacement or modification of existing natural gas facilities, including surveys, assessments, re-assessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is required by a federal or state agency.

Subd. 2. **Gas infrastructure filing.** A public utility submitting a petition to recover gas infrastructure costs under this section must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition for rate recovery of only incremental costs associated with

projects under subdivision 1, paragraph (c). The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 5. The report must be for a forecast period of one year.

Subd. 3. Gas infrastructure project plan report. The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in-service date.

Subd. 4. Cost recovery petition for utility's facilities. Notwithstanding any other provision of this chapter, the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section 216B.16 is subject to the following:

- (1) a gas utility may submit a filing under this section no more than once per year; and
- (2) a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:
 - (i) the information required to be included in the gas infrastructure project plan report under subdivision 3;
 - (ii) the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;
 - (iii) a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;
 - (iv) a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred;
 - (v) calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;
 - (vi) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;
 - (vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;
 - (viii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and
 - (ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.

Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for cost recovery under subdivision 2 and assessment and verification under subdivision 4, the commission may approve the annual GUIC rate adjustments provided that, after notice and comment, the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.

Subd. 6. **Rate of return.** The return on investment for the rate adjustment shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

Subd. 7. **Commission authority; rules.** The commission may issue orders and adopt rules necessary to implement and administer this section.

History: 2005 c 97 art 10 s 1,3; 2013 c 85 art 7 s 2,9

NOTE: This section expires June 30, 2023. Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9.

216B.1636 RECOVERY OF ELECTRIC UTILITY INFRASTRUCTURE COSTS.

Subdivision 1. **Definitions.** (a) "Electric utility" means a public utility as defined in section 216B.02, subdivision 4, that furnishes electric service to retail customers.

(b) "Electric utility infrastructure costs" or "EUIC" means costs for electric utility infrastructure projects that were not included in the electric utility's rate base in its most recent general rate case.

(c) "Electric utility infrastructure projects" means projects owned by an electric utility that:

(1) replace or modify existing electric utility infrastructure, including utility-owned buildings, if the replacement or modification is shown to conserve energy or use energy more efficiently, consistent with section 216B.241, subdivision 1c; or

(2) conserve energy or use energy more efficiently by using waste heat recovery converted into electricity as defined in section 216B.241, subdivision 1, paragraph (n).

Subd. 2. **Filing.** (a) The commission may approve an electric utility's petition for a rate schedule to recover EUIC under this section. An electric utility may petition the commission to recover a rate of return, income taxes on the rate of return, incremental property taxes, if any, plus incremental depreciation expense associated with EUIC.

(b) The filing is subject to the following:

(1) an electric utility may submit a filing under this section no more than once per year; and

(2) an electric utility must file sufficient information to satisfy the commission regarding the proposed EUIC or be subject to denial by the commission. The information includes, but is not limited to:

(i) the location, description, and costs associated with the project;

(ii) evidence that the electric utility infrastructure project will conserve energy or use energy more efficiently than similar utility facilities currently used by the electric utility;

- (iii) the proposed schedule for implementation;
 - (iv) a description of the costs, and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;
 - (v) the proposed rate design and an explanation of why the proposed rate design is in the public interest;
 - (vi) the magnitude and timing of any known future electric utility projects that the utility may seek to recover under this section;
 - (vii) the magnitude of EUIC in relation to the electric utility's base revenue as approved by the commission in the electric utility's most recent general rate case, exclusive of fuel cost adjustments;
 - (viii) the magnitude of EUIC in relation to the electric utility's capital expenditures since its most recent general rate case;
 - (ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case;
 - (x) documentation supporting the calculation of the EUIC; and
 - (xi) a cost and benefit analysis showing that the electric utility infrastructure project is in the public interest.
- (c) Upon approval of the proposed projects and associated EUIC rate schedule, the utility may implement the electric utility infrastructure projects.

Subd. 3. **Commission authority; orders.** The commission may issue orders necessary to implement and administer this section.

History: 2007 c 136 art 2 s 3

216B.1637 [Repealed, 2013 c 85 art 13 s 6]

216B.164 COGENERATION AND SMALL POWER PRODUCTION.

Subdivision 1. **Scope and purpose.** This section shall at all times be construed in accordance with its intent to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the ratepayers and the public.

Subd. 2. **Applicability.** This section as well as any rules promulgated by the commission to implement this section or the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, shall, unless otherwise provided in this section, apply to all Minnesota electric utilities, including cooperative electric associations and municipal electric utilities.

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

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

(c) "Capacity" means the number of megawatts alternating current (AC) at the point of interconnection between a distributed generation facility and a utility's electric system.

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 3. Purchases; small facilities. (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c) or (d).

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

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

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

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

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

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

(1) of 100 kilowatts or less capacity; or

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

Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered facilities under subdivision 3a, if interconnected to a cooperative electric association or municipal utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility,

whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Subd. 4a. **Aggregation of meters.** (a) For the purpose of measuring electricity under subdivisions 3 and 3a, a public utility must aggregate for billing purposes a customer's designated meter with one or more aggregated meters if a customer requests that it do so. To qualify for aggregation under this subdivision, a meter must be owned by the customer requesting the aggregation, must be located on contiguous property owned by the customer requesting the aggregation, and the total of all aggregated meters must be subject to the size limitation in this section.

(b) A public utility must comply with a request by a customer-generator to aggregate additional meters within 90 days. The specific meters must be identified at the time of the request. In the event that more than one meter is identified, the customer must designate the rank order for the aggregated meters to which the net metered credits are to be applied. At least 60 days prior to the beginning of the next annual billing period, a customer may amend the rank order of the aggregated meters, subject to this subdivision.

(c) The aggregation of meters applies only to charges that use kilowatt-hours as the billing determinant. All other charges applicable to each meter account shall be billed to the customer.

(d) A public utility will first apply the kilowatt-hour credit to the charges for the designated meter and then to the charges for the aggregated meters in the rank order specified by the customer. If the net metered facility supplies more electricity to the public utility than the energy usage recorded by the customer-generator's designated and aggregated meters during a monthly billing period, the public utility shall apply credits to the customer's next monthly bill for the excess kilowatt-hours.

(e) With the commission's prior approval, a public utility may charge the customer-generator requesting to aggregate meters a reasonable fee to cover the administrative costs incurred in implementing the costs of this subdivision, pursuant to a tariff approved by the commission for a public utility.

Subd. 4b. **Limiting cumulative generation.** The commission may limit the cumulative generation of net metered facilities under subdivisions 3 and 3a. A public utility may request the commission to limit the cumulative generation of net metered facilities under subdivisions 3 and 3a upon a showing that such generation has reached four percent of the public utility's annual retail electricity sales. The commission may limit additional net metering obligations under this subdivision only after providing notice and opportunity for public comment. In determining whether to limit additional net metering obligations under this subdivision, the commission shall consider:

- (1) the environmental and other public policy benefits of net metered facilities;
- (2) the impact of net metered facilities on electricity rates for customers without net metered systems;
- (3) the effects of net metering on the reliability of the electric system;

- (4) technical advances or technical concerns; and
- (5) other statutory obligations imposed on the commission or on a utility.

The commission may limit additional net metering obligations under clauses (2) to (4) only if it determines that additional net metering obligations would cause significant rate impact, require significant measures to address reliability, or raise significant technical issues.

Subd. 4c. Individual system capacity limits. (a) A public utility that provides retail electric service may require customers with a facility of 40-kilowatt capacity or more and participating in net metering and net billing to limit the total generation capacity of individual distributed generation systems by either:

(1) for wind generation systems, limiting the total generation system capacity kilowatt alternating current to 120 percent of the customer's on-site maximum electric demand; or

(2) for solar photovoltaic and other distributed generation, limiting the total generation system annual energy production kilowatt hours alternating current to 120 percent of the customer's on-site annual electric energy consumption.

(b) Limits under paragraph (a) must be based on standard 15-minute intervals, measured during the previous 12 calendar months, or on a reasonable estimate of the average monthly maximum demand or average annual consumption if the customer has either:

- (i) less than 12 calendar months of actual electric usage; or
- (ii) no demand metering available.

Subd. 5. Dispute; resolution. In the event of disputes between an electric utility and a qualifying facility, either party may request a determination of the issue by the commission. In any such determination, the burden of proof shall be on the utility. The commission in its order resolving each such dispute shall require payments to the prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of the utility only if the commission finds that the claims of the qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

Subd. 6. Rules and uniform contract. (a) The commission shall promulgate rules to implement the provisions of this section. The commission shall also establish a uniform statewide form of contract for use between utilities and a net metered or qualifying facility having less than 1,000-kilowatt capacity if interconnected to a public utility or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility.

(b) The commission shall require the qualifying facility to provide the utility with reasonable access to the premises and equipment of the qualifying facility if the particular configuration of the qualifying facility precludes disconnection or testing of the qualifying facility from the utility side of the interconnection with the utility remaining responsible for its personnel.

(c) The uniform statewide form of contract shall be applied to all new and existing interconnections established between a utility and a net metered or qualifying facility having less than 40-kilowatt capacity, except that existing contracts may remain in force until terminated by mutual agreement between both parties.

Subd. 7. [Repealed, 1994 c 465 art 1 s 27]

Subd. 8. **Interconnection required; obligation for costs.** (a) Utilities shall be required to interconnect with a qualifying facility that offers to provide available energy or capacity and that satisfies the requirements of this section.

(b) Nothing contained in this section shall be construed to excuse the qualifying facility from any obligation for costs of interconnection and wheeling in excess of those normally incurred by the utility for customers with similar load characteristics who are not cogenerators or small power producers, or from any fixed charges normally assessed such nongenerating customers.

Subd. 9. **Municipal electric utility.** For purposes of this section only, except subdivision 5, and with respect to municipal electric utilities only, the term "commission" means the governing body of each municipal electric utility that adopts and has in effect rules implementing this section which are consistent with the rules adopted by the Minnesota Public Utilities Commission under subdivision 6. As used in this subdivision, the governing body of a municipal electric utility means the city council of that municipality; except that, if another board, commission, or body is empowered by law or resolution of the city council or by its charter to establish and regulate rates and days for the distribution of electric energy within the service area of the city, that board, commission, or body shall be considered the governing body of the municipal electric utility.

Subd. 10. **Alternative tariff; compensation for resource value.** (a) A public utility may apply for commission approval for an alternative tariff that compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources interconnected to the utility system and operated by customers primarily for meeting their own energy needs.

(b) If approved, the alternative tariff shall apply to customers' interconnections occurring after the date of approval. The alternative tariff is in lieu of the applicable rate under subdivisions 3 and 3a.

(c) The commission shall after notice and opportunity for public comment approve the alternative tariff provided the utility has demonstrated the alternative tariff:

(1) appropriately applies the methodology established by the department and approved by the commission under this subdivision;

(2) includes a mechanism to allow recovery of the cost to serve customers receiving the alternative tariff rate;

(3) charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;

(4) credits the customer for all electricity generated by the solar photovoltaic device at the distributed solar value rate established under this subdivision;

(5) applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;

(6) complies with the size limits specified in subdivision 3a;

(7) complies with the interconnection requirements under section 216B.1611; and

(8) complies with the standby charge requirements in subdivision 3a, paragraph (b).

(d) A utility must provide to the customer the meter and any other equipment needed to provide service under the alternative tariff.

(e) The department must establish the distributed solar value methodology in paragraph (c), clause (1), no later than January 31, 2014. The department must submit the methodology to the commission for approval. The commission must approve, modify with the consent of the department, or disapprove the methodology within 60 days of its submission. When developing the distributed solar value methodology, the department shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.

(f) The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors.

(g) The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components identified in paragraph (f).

(h) The utility shall recalculate the alternative tariff on an annual cycle, and shall file the recalculated alternative tariff with the commission for approval.

(i) Renewable energy credits for solar energy credited under this subdivision belong to the electric utility providing the credit.

(j) The commission may not authorize a utility to charge an alternative tariff rate that is lower than the utility's applicable retail rate until three years after the commission approves an alternative tariff for the utility.

(k) A utility must enter into a contract with an owner of a solar photovoltaic device receiving an alternative tariff rate under this section that has a term of at least 20 years, unless a shorter term is agreed to by the parties.

(l) An owner of a solar photovoltaic device receiving an alternative tariff rate under this section must be paid the same rate per kilowatt-hour generated each year for the term of the contract.

History: 1981 c 237 s 1; 1983 c 301 s 166-171; 1984 c 640 s 32; 1991 c 315 s 1; 1993 c 356 s 1; 1996 c 305 art 2 s 38; 2013 c 85 art 9 s 1-10; 2013 c 125 art 1 s 39; 2013 c 132 s 1

216B.1641 COMMUNITY SOLAR GARDEN.

(a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The

community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

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

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

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. The purchase shall be at the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under either section 116C.7792 or section 216C.415. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

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

- (1) reasonably allow for the creation, financing, and accessibility of community solar gardens;
- (2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;
- (3) not apply different requirements to utility and nonutility community solar garden facilities;
- (4) be consistent with the public interest;
- (5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;
- (6) include a program implementation schedule;
- (7) identify all proposed rules, fees, and charges; and
- (8) identify the means by which the program will be promoted.

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

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

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

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

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

History: 2013 c 85 art 10 s 2

216B.1645 POWER PURCHASE CONTRACT OR INVESTMENT.

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable energy objectives and standards set forth in section 216B.1691, including reasonable investments and expenditures made to:

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

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

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

Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the approved contract or useful life of the investment and expenditures made pursuant to section 116C.779 shall be recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

Subd. 2a. **Cost recovery for utility's renewable facilities.** (a) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with facilities constructed, owned, or operated by a utility to satisfy the requirements of section 216B.1691, provided those facilities were previously approved by the commission under section 216B.2422 or 216B.243, or were determined by the commission to be reasonable

and prudent under section 216B.243, subdivision 9. For facilities not subject to review by the commission under section 216B.2422 or 216B.243, a utility shall petition the commission for eligibility for cost recovery under this section prior to requesting cost recovery for the facility. The commission may approve, or approve as modified, a rate schedule that:

(1) allows a utility to recover directly from customers on a timely basis the costs of qualifying renewable energy projects, including:

(i) return on investment;

(ii) depreciation;

(iii) ongoing operation and maintenance costs;

(iv) taxes; and

(v) costs of transmission and other ancillary expenses directly allocable to transmitting electricity generated from a project meeting the specifications of this paragraph;

(2) provides a current return on construction work in progress, provided that recovery of these costs from Minnesota ratepayers is not sought through any other mechanism;

(3) allows recovery of other expenses incurred that are directly related to a renewable energy project, including expenses for energy storage, provided that the utility demonstrates to the commission's satisfaction that the expenses improve project economics, ensure project implementation, advance research and understanding of how storage devices may improve renewable energy projects, or facilitate coordination with the development of transmission necessary to transport energy produced by the project to market;

(4) allocates recoverable costs appropriately between wholesale and retail customers;

(5) terminates recovery when costs have been fully recovered or have otherwise been reflected in a utility's rates.

(b) A petition filed under this subdivision must include:

(1) a description of the facilities for which costs are to be recovered;

(2) an implementation schedule for the facilities;

(3) the utility's costs for the facilities;

(4) a description of the utility's efforts to ensure that costs of the facilities are reasonable and were prudently incurred; and

(5) a description of the benefits of the project in promoting the development of renewable energy in a manner consistent with this chapter.

Subd. 3. **Applicability to recovery of other costs.** Nothing in this section shall be construed to determine the manner or extent to which revenues derived from other generation facilities of the utility may be considered in determining the recovery of the approved cost or expenses associated with the mandated contracts, investments, or expenditures in the event there is retail competition for electric energy.

Subd. 4. **Settlement with Mdewakanton Dakota Tribal Council at Prairie Island.** The commission shall approve a rate schedule providing for the automatic adjustment of charges to recover the costs or expenses of a settlement between the public utility that owns the Prairie Island nuclear generation facility and the Mdewakanton Dakota Tribal Council at Prairie Island, resolving outstanding disputes regarding the provisions of Laws 1994, chapter 641, article 1, section 4. The settlement must provide for annual payments, not to exceed \$2,500,000 annually, by the public utility to the Prairie Island Indian Community, to be used for, among other purposes, acquiring up to 1,500 contiguous or noncontiguous acres of land in Minnesota within 50 miles of the tribal community's reservation at Prairie Island to be taken into trust by the federal government for the benefit of the tribal community for housing and other residential purposes. The legislature acknowledges that the intent to purchase land by the tribe for relocation purposes is part of the settlement agreement and Laws 2003, First Special Session chapter 11. However, the state, through the governor, reserves the right to support or oppose any particular application to place land in trust status.

History: 1997 c 176 s 1; 1998 c 345 s 1; 1999 c 200 s 2; 2001 c 212 art 8 s 1; 1Sp2003 c 11 art 1 s 3; 2005 c 97 art 2 s 2; 2007 c 136 art 4 s 8; 2008 c 296 art 1 s 6-8; 2009 c 110 s 11

216B.1646 RATE REDUCTION; PROPERTY TAX REDUCTION.

(a) The commission shall, by any method the commission finds appropriate, reduce the rates each electric utility subject to rate regulation by the commission charges its customers to reflect, on an ongoing basis, the amount by which each utility's property tax on the personal property of its electric system from taxes payable in 2001 to taxes payable in 2002 is reduced. The commission must ensure that, to the extent feasible, each dollar of personal property tax reduction allocated to Minnesota consumers retroactive to January 1, 2002, results in a dollar of savings to the utility's customers. A utility may voluntarily pass on any additional property tax savings allocated in the same manner as approved by the commission under this paragraph.

(b) By April 10, 2002, each utility shall submit a filing to the commission containing:

(1) certified information regarding the utility's property tax savings allocated to Minnesota retail customers; and

(2) a proposed method of passing these savings on to Minnesota retail customers.

The utility shall provide the information in clause (1) to the commissioner of revenue at the same time. The commissioner shall notify the commission within 30 days as to the accuracy of the property tax data submitted by the utility.

(c) For purposes of this section, "personal property" means tools, implements, and machinery of the generating plant. It does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that are part of an electric substation, wherever located.

History: 1Sp2001 c 5 art 3 s 11; 2002 c 377 art 4 s 3; 2002 c 398 s 2; 2002 c 400 s 12

216B.165 [Repealed, 2007 c 136 art 3 s 7]

216B.166 COGENERATING POWER PLANT.

Subdivision 1. **Findings.** The legislature finds and declares that significant public benefits may be derived from the cogeneration of electrical and thermal energy and that cogenerated district heating may

result in improved utilization and conservation of fuel, the substitution of coal for scarce oil and natural gas, the substitution of domestic fuel for imported fuel, and the establishment of a reliable, competitively priced heat source. Since the cost of cogenerated thermal energy is dependent upon the method used to allocate costs between the production of electric and thermal energy at a power plant, and because the method of cost allocation can be a significant factor in determining investment in district heating, it is necessary to develop cost allocation methods rapidly.

Subd. 2. **Definitions.** For the purpose of this section, the following terms shall have the meanings given.

(a) "Cogeneration" means a combined process whereby electrical and thermal energy are simultaneously produced by a public utility power plant.

(b) "District heating" means a process whereby thermal energy is distributed within a community for use as a primary heat source.

(c) "District heating utility" means any person, corporation, or other legal entity which owns and operates a facility for district heating.

Subd. 3. **Cost allocation.** The methods used to allocate or assign costs between electrical and thermal energy produced by cogeneration power plants owned by public utilities shall be consistent with the following principles:

(a) The method used shall result in a cost per unit of electricity which is no greater than the cost per unit which would exist if the power plants owned by the public utility had been normally constructed and operated without cogenerating capability.

(b) Costs which the public utility incurs for the exclusive benefit of the district heating utility, including but not limited to backup and peaking facilities, shall be assigned to thermal energy produced by cogeneration.

(c) The methods and procedures may be different for retrofitted than for new cogeneration power plants.

(d) The methods should encourage cogeneration while preventing subsidization by electric consumers so that both heating and electricity consumers are treated fairly and equitably with respect to the costs and benefits of cogeneration.

History: 1981 c 334 s 9

216B.167 PERFORMANCE-BASED GAS PURCHASING PLAN.

Subdivision 1. **Plan approval; commission findings.** A public utility that furnishes natural gas may petition the commission for approval of a performance-based gas purchasing plan under this section. The commission may approve a plan if it finds that:

(1) the plan provides incentives for the utility to achieve lower natural gas costs than would have been achieved in the absence of the plan, as measured by the benchmarks established in clause (3), by linking financial rewards and penalties to natural gas costs;

(2) the potential benefits of the plan apply, at a minimum, to each customer class purchasing firm natural gas service from the utility;

(3) the plan establishes one or more benchmarks against which actual natural gas costs will be measured and the benchmarks reflect relevant market conditions and represent reasonable and achievable natural gas costs in Minnesota for the term of the plan; and

(4) the plan provides that the utility cannot curtail or interrupt service to any customer class purchasing firm natural gas service during the term of the plan except for causes outside the reasonable control of the utility or causes not directly related to the gas purchasing practices of the utility.

Subd. 2. **Sharing mechanism.** A plan must include a mechanism through which the utility shares with its customers the difference between actual natural gas costs and the plan's benchmark costs during the term of the plan. A plan must provide details of the sharing mechanism and may include an allowed level of costs above and below the benchmark before any sharing is to take place. The commission must determine an appropriate percentage of the difference between the benchmark and actual natural gas costs to be shared between customers and the utility. The sharing mechanism shall be implemented annually under section 216B.16, subdivision 7a. Financial rewards or penalties under the plan shall not be considered in the determination of the utility's revenue requirements in a general rate case pursuant to section 216B.16.

Subd. 3. **Reliability of service.** A plan must allow for the imposition of penalties if the standard for reliability of service established in subdivision 1, clause (4), is not met.

Subd. 4. **Plan evaluation.** A plan must include an evaluation process and mechanism that is reasonable and capable of supporting a full review of the utility's performance under the plan. The commission shall evaluate the various customer and utility impacts of a plan based on this evaluation process and mechanism, including the impact on customer bills over time, the impact on utility revenues, and the effectiveness of the plan in meeting the purposes contained in subdivision 1. The evaluation must occur within a reasonable time following the end of the plan.

Subd. 5. **Annual report.** The utility shall provide an annual report to the commission documenting its performance in meeting the requirements of the plan. Upon review of this report, the commission shall determine and approve rewards or penalties as provided in the plan.

Subd. 6. **Adoption.** A plan may be filed and approved within a miscellaneous tariff filing pursuant to section 216B.16. The commission may approve, reject, or modify the plan in a manner which meets the requirements of this section. An approved plan is effective for a period of not less than two years unless:

- (1) the plan is withdrawn by the utility within 30 days of a final appealable order approving the plan; or
- (2) the commission, after notice and hearing, rescinds or amends its order approving the plan.

Subd. 7. [Repealed, 1999 c 21 s 1]

Subd. 8. [Repealed, 1999 c 21 s 1]

History: 1995 c 17 s 1

216B.1675 PERFORMANCE REGULATION PLAN FOR GAS UTILITY SERVICE.

Subdivision 1. **Purpose.** Performance-based regulation plans for public utilities offering natural gas services are authorized in order to provide quality service at rates that can reasonably and reliably be expected to be materially lower than rates would be under current regulation and to reduce the cost of

regulation. Performance-based regulation plans are intended to provide the utility with increased earnings for efficient performance and decreased earnings for inefficient performance.

Subd. 2. **Petition.** A public utility that furnishes natural gas service may petition and file with the commission for its approval a performance regulation plan pursuant to this section. The plan applies to the utility's rates for providing natural gas distribution service, excluding the portion of the rates recovering the cost of natural gas supplies. If adopted, the plan must apply to all of the utility's customers, except that nothing in this section requires the utility to adjust the rates collected from customers receiving service under tariffs authorized by sections 216B.16, subdivision 15, and 216B.163. A petition may be filed:

(1) as part of a general rate filing pursuant to section 216B.16, in which case the time provided for the commission to suspend rates and make a final determination shall be extended by two months; or

(2) as a miscellaneous tariff filing pursuant to section 216B.16, in which case the commission shall, within 120 days of the date of the filing, determine whether the utility's current rates are reasonable based on financial information for the most recent calendar year, amended to reflect appropriate regulatory adjustments. If the commission cannot resolve all material issues concerning the reasonableness of the utility's current rates to its satisfaction, it shall dismiss the filing. If the filing is not dismissed, the commission shall issue its decision on the plan within ten months from the date of the filing. The rates at the beginning of the plan shall be the same as the rates on file with the commission prior to the filing.

Subd. 3. **Plan contents.** The commission may approve a performance regulation plan for natural gas distribution services upon finding that the plan:

(1) contains a benchmark or measure of gas distribution costs that is a reasonable and reliable predictor of the utility's rates for gas distribution service under cost-of-service regulation;

(2) ensures that rates for gas distribution services to customers under the plan will be materially lower than the rates would be under cost-of-service regulation as predicted by the benchmark in clause (1);

(3) links the utility's earnings to its performance by permitting higher utility earnings than under cost-of-service regulation only when the utility's performance is more efficient than the benchmark;

(4) can be reasonably and reliably expected to offer lower administrative costs than would otherwise be experienced under cost-of-service regulation;

(5) contains a reasonable limit on utility earnings;

(6) has adequate provisions to prevent the degradation of service quality; and

(7) provides for gathering of relevant data and evaluation of the plan's effect on rates, service quality, utility earnings, competition in providing natural gas, and regulatory costs.

Subd. 4. **Rate change.** The initial rate adjustment under the plan may not be implemented for a minimum of 18 months following the final determination by the commission on the plan. The plan shall provide a methodology and procedures for changing rates thereafter not more frequently than on an annual basis. The commission may allow the utility to change rates to reflect material changes in cost due to compliance with government mandates provided that the cost is one that the commission would otherwise allow to be recovered in rates. Increases or decreases in revenues under the plan shall be applied on an equal percentage basis to each customer class, excluding the portion of the rate recovering the cost of natural gas supplies. Miscellaneous rate changes may be approved outside the operation of the plan.

Subd. 5. **Acceptance of petition for full review.** Interested parties have, unless the commission otherwise orders, 45 days from the date a petition containing a proposed plan is filed to submit comments on whether the plan, as proposed, addresses each of the requirements of this section sufficiently to merit further consideration. If the commission does not dismiss the petition proposing a plan as insufficient within 120 days from the date of the filing, the petition shall be deemed accepted for filing. A petition accepted for filing shall not be presumed accepted for final adoption.

Subd. 6. **Plan administration.** A plan must require the filing of information needed to administer the plan.

Subd. 7. **Notice to customer.** The petitioning utility must provide notice of the proposed plan to its customers and to the governing body of each municipality and county in the area affected, along with a summary description of the plan provisions and a notice of the dates, times, and locations of any public meetings scheduled by the commission.

Subd. 8. **Plan review; hearing; discovery.** In reviewing a proposed plan, the commission shall:

- (1) conduct public meetings that it considers appropriate; and
- (2) grant discovery, as appropriate.

Subd. 9. **Commission findings.** The commission shall issue findings concerning the appropriateness of the proposed plan. The commission may approve, reject, or modify the plan in a manner which meets the requirements of this section. An approved or modified plan becomes effective unless the plan is withdrawn by the utility within 30 days of a final appealable order. If the utility withdraws an approved or modified plan, all of the administrative costs related to the plan that are charged by the commission or the department to the utility may not be recovered from ratepayers in current or subsequent rates. A utility that withdraws an approved or modified plan may not file another plan under this section for a period of one year following the withdrawal of the plan.

Subd. 10. **Plan term; renewal.** The plan shall specify its term, which shall not be less than three years. Not less than six months before the completion of the term of an approved plan, the commission shall, at the request of the utility, commence a review of the plan to determine whether to renew the plan for an additional term. The commission may approve, reject, or modify the renewal plan in a manner that meets the requirements of this section. A plan approved or modified under this subdivision becomes effective unless the plan is withdrawn by the utility within 30 days of a final appealable order.

Subd. 11. **Plan termination.** On its own motion or upon the petition of any party other than the utility, the commission may initiate an investigation to determine whether to terminate the plan. The commission shall issue findings on the investigation within 120 days. If the commission finds that the plan has failed to meet the requirements of this section and is inconsistent with the public interest, it shall terminate the plan and may order the utility to initiate any proceedings necessary to correct the failure of the plan, including but not limited to, filing a general rate proceeding under section 216B.16. The utility must be allowed at least 120 days after the date of the commission's order to initiate the general rate proceeding.

Subd. 12. **Plan evaluation.** A plan must include an evaluation process and mechanism that is reasonable and capable of supporting a full review of the utility's performance under the plan. The commission shall evaluate the various customer and utility impacts of a plan based on this evaluation process and mechanism, including the impact on customer bills and service quality, over time, the impact on utility revenues, and

the effectiveness of the plan in meeting the purposes of this section. The evaluation must occur within a reasonable time following the end of the plan.

Subd. 13. **General evaluation.** The commission shall evaluate the effectiveness of all plans approved under this section and submit its findings to the legislature by January 1, 2012.

History: 1997 c 25 s 2,3; 1Sp2001 c 4 art 6 s 43; 2004 c 138 s 1-4

216B.168 [Expired, 1993 c 254 s 1]

216B.1681 CURTAILMENT PAYMENTS.

The commission shall conduct a study of curtailment payments for wind energy projects to assess whether utilities are unduly discriminating among project ownership structures in regard to the contractual availability of curtailment payments. The commission shall submit the study to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy by January 15, 2008.

History: 2007 c 136 art 4 s 9

216B.169 RENEWABLE AND HIGH-EFFICIENCY ENERGY RATE OPTIONS.

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

(a) "Utility" means a public utility, municipal utility, or cooperative electric association providing electric service at retail to Minnesota consumers.

(b) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c).

(c) "High-efficiency, low-emissions, distributed generation" means a distributed generation facility of no more than ten megawatts of interconnected capacity that is certified by the commissioner under subdivision 3 as a high-efficiency, low-emissions facility.

Subd. 2. **Renewable and high-efficiency energy rate options.** (a) A utility may offer its customers one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation such as fuel cells and microturbines fueled by a renewable fuel.

(b) Rates charged to customers must be calculated using the utility's cost of acquiring the energy for the customer and must:

(1) reflect the difference between the cost of generating or purchasing the additional renewable energy and the cost that would otherwise be attributed to the customer for the same amount of energy based on the utility's mix of renewable and nonrenewable energy sources; and

(2) be distributed on a per kilowatt-hour basis among all customers who choose to participate in the program.

(c) The utility may acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received certification of eligible power supply pursuant to subdivision 3.

(d) For the purposes of this section, "renewable energy" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1, paragraph (a), but does not include energy recovered from combustion of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste.

Subd. 3. **Certification and tradable credits.** (a) The commissioner shall certify a power supply or supplies as eligible to satisfy customer requirements under this section upon finding:

(1) the power supply is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation; and

(2) the sales arrangements of energy from the supplies are such that the power supply is only sold once to retail consumers.

(b) To facilitate compliance with this section, the commission may, by order, establish a program for tradable credits for eligible power supplies.

History: 2001 c 212 art 8 s 2; 2007 c 3 s 3; 2009 c 110 s 12,38

216B.1691 RENEWABLE ENERGY OBJECTIVES.

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

(1) solar;

(2) wind;

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

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

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

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

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

Subd. 2. **Eligible energy objectives.** Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service,

so that commencing in 2005, at least one percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by eligible energy technologies and seven percent of the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is generated by eligible energy technologies.

Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in paragraph (b), each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

- | | | |
|-----|------|-------------|
| (1) | 2012 | 12 percent |
| (2) | 2016 | 17 percent |
| (3) | 2020 | 20 percent |
| (4) | 2025 | 25 percent. |

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

- | | | |
|-----|------|-------------|
| (1) | 2010 | 15 percent |
| (2) | 2012 | 18 percent |
| (3) | 2016 | 25 percent |
| (4) | 2020 | 30 percent. |

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

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

- (1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;
- (2) the effects of implementing the standard on the reliability of the electric system;
- (3) technical advances or technical concerns;
- (4) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

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

(6) transmission constraints preventing delivery of service; and

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

The commission may modify or delay implementation of a standard obligation under clauses (1) to (3) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses (4) to (6) only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

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

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

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

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

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

Subd. 2f. Solar energy standard. (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail

electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy. At least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) potential solutions to the obstacles.

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

Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program.

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

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

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

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

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

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

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

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

Subd. 6. [Repealed by amendment, 2007 c 3 s 1]

Subd. 7. **Compliance.** The commission must regularly investigate whether an electric utility is in compliance with its good faith objective under subdivision 2 and standard obligation under subdivision 2a. If the commission finds noncompliance, it may order the electric utility to construct facilities, purchase energy generated by eligible energy technology, purchase renewable energy credits, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing credits. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section

216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other authority of the commission to enforce this section.

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

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

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

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

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

(3) minimizing cost impacts on ratepayers.

History: 2001 c 212 art 8 s 3; 2002 c 398 s 3; 1Sp2003 c 11 art 2 s 3; 2007 c 3 s 1; 2007 c 136 art 4 s 10; art 6 s 1,2; 2008 c 258 s 1; 2009 c 110 s 13; 2010 c 382 s 45; 2011 c 76 art 1 s 30; 2011 c 97 s 14,15; 2013 c 85 art 7 s 3; art 10 s 3

216B.1692 EMISSIONS-REDUCTION RIDER.

Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the emissions reduction-rate rider allowed in this section must:

(1) be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located in the state and that are currently not subject to emissions limitations for new power plants under the federal Clean Air Act, United States Code, title 42, section 7401 et seq.;

(2) not increase the capacity of the existing electric generating power plant more than ten percent or more than 100 megawatts, whichever is greater; and

(3) result in the existing plant either:

(i) complying with applicable new source review standards under the federal Clean Air Act; or

(ii) emitting air contaminants at levels substantially lower than allowed for new facilities by the applicable new source performance standards under the federal Clean Air Act; or

(iii) reducing emissions from current levels at a unit to the lowest cost-effective level when, due to the age or condition of the generating unit, the public utility demonstrates that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

(b) Notwithstanding paragraph (a), a project may be approved for the emission reduction rate rider allowed in this section if the project is to be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located outside the state and are needed to comply with state or federal air quality standards, but only if the project has received an advance determination of prudence from the commission under section 216B.1695.

Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not apply to projects qualifying under subdivision 1, paragraph (b).

Subd. 2. **Proposal submission.** A public utility that intends to submit a proposal for an emissions-reduction rider under this section must submit to the commission, the department, the Pollution Control Agency, and interested parties its plans for emissions-reduction projects at its generating facilities. This submission must be made at least 60 days in advance of a petition for a rider and shall include:

(1) the priority order of emissions-reduction projects the utility plans to pursue at its generating facilities;

(2) the planned schedule for implementation;

(3) the analysis and considerations relied on by the public utility to develop that priority ranking;

(4) the alternative emissions-reduction projects considered, including but not limited to applications of the best available control technology and repowering with natural gas, and reasons for not pursuing them;

(5) the emissions reductions expected to be achieved by the projects and their relation to applicable standards for new facilities under the federal Clean Air Act, United States Code, title 42, section 7401 et seq.; and

(6) the general rationale and conclusions of the public utility in determining the priority ranking.

Subd. 3. **Filing petition to recover project costs.** (a) A public utility may petition the commission for approval of an emissions-reduction rider to recover the costs of a qualifying emissions-reduction project outside of a general rate case proceeding under section 216B.16. In its filing, the public utility shall provide:

(1) a description of the planned emissions-reduction project;

(2) the activities involved in the project;

(3) a schedule for implementation;

(4) any analysis provided to the Pollution Control Agency regarding the project;

(5) an assessment of alternatives to the project, including costs, environmental impact, and operational issues;

- (6) the proposed method of cost recovery;
- (7) any proposed recovery above cost; and
- (8) the projected emissions reductions from the project.

(b) Nothing in this section precludes a public utility or interested party from seeking commission guidelines for emissions-reduction rider filings; however, commission guidelines are not required as a prerequisite to a public utility-initiated filing.

Subd. 4. **Environmental assessment.** The Pollution Control Agency shall evaluate the public utility's emissions-reduction project filing and provide the commission with:

- (1) verification that the emissions-reduction project qualifies under subdivision 1;
- (2) a description of the projected environmental benefits of the proposed project; and
- (3) its assessment of the appropriateness of the proposed project.

Subd. 5. **Proposal approval.** (a) After receiving the Pollution Control Agency's environmental assessment, the commission shall allow opportunity for written and oral comment on the proposed emissions reduction-rate rider proposal. The commission must assess the costs of an emissions-reduction project on a stand-alone basis and may approve, modify, or reject the proposed emissions-reduction rider. In making its determination, the commission shall consider whether the project, proposed cost recovery, and any proposed recovery above cost appropriately achieves environmental benefits without unreasonable consumer costs.

(b) The commission may approve a rider that:

(1) allows the utility to recover costs of qualifying emissions-reduction projects net of revenues attributable to the project;

(2) allows an appropriate return on investment associated with qualifying emissions-reduction projects at the level established in the public utility's last general rate case;

(3) allocates project costs appropriately between wholesale and retail customers;

(4) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the qualifying projects to ensure implementation;

(5) recovers costs from retail customer classes in proportion to class energy consumption; and

(6) terminates recovery once the costs of qualifying projects have been fully recovered.

(c) The commission must not approve an emissions-reduction project and its associated rate rider if:

(1) the emissions-reduction project is needed to comply with new state or federal air quality standards; or

(2) the emissions-reduction project is required as a corrective action as part of any state or federal enforcement action.

(d) The commission may not include any costs of a proposed project in the emissions-reduction rider that are not directly allocable to reduction of emissions.

Subd. 6. **Implementation.** Within 60 days of a final commission order, the public utility shall notify the commission and the Pollution Control Agency whether it will proceed with the project. Nothing in this section commits a public utility to implementing a proposed emissions-reduction project if the proposed project or terms of the emissions-reduction rider have been either modified or rejected by the commission. A public utility implementing a project under this section will not be required for a period of eight years after installation to undertake additional investments to comply with a new state requirement regarding pollutants addressed by the project at the project generating facility. This section does not affect requirements of federal law. The term of the rider shall extend for the period approved by the commission regardless of any subsequent state or federal requirement affecting any pollutant addressed by the approved emissions-reduction project and regardless of the sunset date in subdivision 8.

Subd. 7. **Evaluation and report.** By January 15, 2005, the commission, in consultation with the commissioner of commerce and commissioner of the Pollution Control Agency, shall report to the legislature:

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

(2) the total cost of each project and any associated incentives;

(3) the reduction in air emissions achieved;

(4) rate impacts of the cost recovery mechanisms; and

(5) an assessment of the effectiveness of the cost recovery mechanism in accomplishing power plant emissions reductions in excess of those required by law.

Subd. 8. **Sunset.** This section is effective until December 31, 2020, and applies to plans, projects, and riders approved before that date and modifications made to them after that date.

History: *1Sp2001 c 5 art 3 s 12; 2006 c 201 s 4; 2010 c 325 s 1; 2011 c 76 art 1 s 31,32; 2013 c 85 art 7 s 4-6*

216B.1693 MS 2010 [Expired, 1Sp2003 c 11 art 2 s 4]

216B.1694 INNOVATIVE ENERGY PROJECT.

Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy project" means a proposed energy-generation facility or group of facilities which may be located on up to three sites:

(1) that makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional technologies;

(2) that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and

(3) that is designated by the commissioner of the Iron Range Resources and Rehabilitation Board as a project that is located in the taconite tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Subd. 2. **Regulatory incentives.** (a) An innovative energy project:

(1) is exempted from the requirements for a certificate of need under section 216B.243, for the generation facilities, and transmission infrastructure associated with the generation facilities, but is subject to all applicable environmental review and permitting procedures of chapter 216E;

(2) once permitted and constructed, is eligible to increase the capacity of the associated transmission facilities without additional state review upon filing notice with the commission;

(3) has the power of eminent domain, which shall be limited to the sites and routes approved by the Environmental Quality Board for the project facilities. The project shall be considered a utility as defined in section 216E.01, subdivision 10, for the limited purpose of section 216E.12. The project shall report any intent to exercise eminent domain authority to the board;

(4) shall, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers;

(5) shall make a good faith effort to secure funding from the United States Department of Energy and the United States Department of Agriculture to conduct a demonstration project at the facility for either geologic or terrestrial carbon sequestration projects to achieve reductions in facility emissions or carbon dioxide;

(6) shall be entitled to enter into a contract with a public utility that owns a nuclear generation facility in the state to provide 450 megawatts of base-load capacity and energy under a long-term contract, subject to the approval of the terms and conditions of the contract by the commission. The commission may approve, disapprove, amend, or modify the contract in making its public interest determination, taking into consideration the project's economic development benefits to the state; the use of abundant domestic fuel sources; the stability of the price of the output from the project; the project's potential to contribute to a transition to hydrogen as a fuel resource; and the emissions reductions achieved compared to other solid fuel base-load technologies; and

(7) shall be eligible for a grant from the renewable development account, subject to the approval of the entity administering that account, of \$2,000,000 a year for five years for development and engineering costs, including those costs related to mercury-removal technology; thermal efficiency optimization and emission minimization; environmental impact statement preparation and licensing; development of hydrogen production capabilities; and fuel cell development and utilization.

(b) This subdivision does not apply to nor affect a proposal to add utility-owned resources that is pending on May 29, 2003, before the Public Utilities Commission or to competitive bid solicitations to provide capacity or energy that is scheduled to be on line by December 31, 2006.

Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one site designated as an innovative energy project site under subdivision 1, clause (3), is accorded the regulatory incentives granted to an innovative energy project under subdivision 2, clauses (1) to (3), and may exercise the authorities therein.

(b) Following issuance of a final state or federal environmental impact statement for an innovative energy project that was a subject of contested case proceedings before an administrative law judge:

(1) site and route permits and water appropriation approvals for an innovative energy project must also be deemed valid for a plant meeting the requirements of paragraph (a) and shall remain valid until the earlier of (i) four years from the date the final required state or federal preconstruction permit is issued or (ii) June 30, 2019; and

(2) no air, water, or other permit issued by a state agency that is necessary for constructing an innovative energy project may be the subject of contested case hearings, notwithstanding Minnesota Rules, parts 7000.1750 to 7000.2200.

History: *1Sp2003 c 11 art 4 s 1; 2011 c 97 s 16; 2012 c 187 art 1 s 34*

216B.1695 ENVIRONMENTAL PROJECTS; ADVANCE DETERMINATION OF PRUDENCE.

Subdivision 1. **Qualifying project.** A public utility may petition the commission for an advance determination of prudence for a project undertaken to comply with federal or state air quality standards of states in which the utility's electric generation facilities are located, if the project has an expected jurisdictional cost to Minnesota ratepayers of at least \$10,000,000. A project is undertaken to comply with federal or state air quality standards if it is required:

(1) by the state in which the generation facility is located in a state implementation plan, permit, or order; or

(2) to comply with section 111 or 112 of the federal Clean Air Act, United States Code, title 42, section 7411 or 7412.

Subd. 2. **Regulatory cost assessments and reports.** (a) A utility requesting an advance determination under subdivision 1 must, as part of the evidence required when filing a petition under subdivision 3, provide to the Public Utilities Commission and the Pollution Control Agency an assessment of all anticipated state and federal environmental regulations related to the production of electricity from the utility's facility subject to the filing, including regulations relating to:

(1) air pollution by nitrogen oxide and sulphur dioxide, including an assumption that Minnesota will be included in the federal Clean Air Interstate Rule region, hazardous air pollutants, carbon dioxide, particulates, and ozone;

(2) coal waste; and

(3) water consumption and water pollution.

(b) In addition, the utility shall provide an assessment of the financial and operational impacts of these pending regulations applicable to the generating facility that is the subject of the filing and provide a range of regulatory response scenarios that include, but are not limited to:

(1) the installation of pollution control equipment;

(2) the benefits of the retirement or repowering of the plant that is the subject of the filing with cleaner fuels considering the costs of complying with state and federal environmental regulations; and

(3) the use of pollution allowances to achieve compliance.

(c) The utility shall consult with interested stakeholders in establishing the scope of the regulatory, financial, and operational assessments prior to or during the 60-day period of the notice under subdivision 4.

Subd. 3. **Petition.** A petition filed under this section must include a description of the project, evidence supporting the project's reasonableness, a discussion of project alternatives, a project implementation schedule, a cost estimate and support for the reasonableness of the estimated cost, and a description of the public utility's efforts to ensure the lowest reasonable costs. Following receipt of the Pollution Control Agency's verification under subdivision 4, the commission shall allow opportunity for oral and written comment on the petition. The commission shall make a final determination on the petition within ten months of its filing date. The commission must make findings in support of its determination.

Subd. 4. **Verification.** At least 60 days prior to filing a petition to the commission under subdivision 3, the utility shall file notice with the Pollution Control Agency that describes the project and how it qualifies under subdivision 1. The Pollution Control Agency shall, within 60 days of receipt of the notice, verify that the project qualifies under subdivision 1, and shall forward written verification to the commission.

Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been incurred by the utility in connection with implementation of the project in the next rate case following an advance determination of prudence or in a rider approved under section 216B.1692. The commission shall review the costs incurred by the utility for the project. The utility must show that the project costs are reasonable and necessary, and demonstrate its efforts to ensure the lowest reasonable project costs. Notwithstanding the commission's prior determination of prudence, it may accept, modify, or reject any of the project costs. The commission may determine whether to require an allowance for funds used during construction offset.

Subd. 5a. **Rate of return.** The return on investment in the rider shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

Subd. 6. **Expiration.** A petition for an advance determination of prudence may not be filed after December 31, 2015.

History: 2010 c 361 art 5 s 7; 2010 c 373 s 1; 2013 c 85 art 7 s 7,8

COMPLAINTS AND HEARINGS

216B.17 COMPLAINT INVESTIGATION AND HEARING.

Subdivision 1. **Investigation.** On its own motion or upon a complaint made against any public utility, by the governing body of any political subdivision, by another public utility, by the department, or by any 50 consumers of the particular utility that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

Subd. 2. **Notice of complaint.** The commission shall, prior to any formal hearing, notify the public utility complained of that a complaint has been made, and ten days after the notice has been given the commission may proceed to set a time and place for a hearing and an investigation as provided in this section.

Subd. 3. **Notice of hearing.** The commission shall give the public utility and the complainant ten days' notice of the time and place when and where the hearing will be held and the matters to be considered and

determined. Both the public utility and complainant are entitled to be heard and to be represented by counsel. A hearing under this section is not a contested case under chapter 14.

Subd. 4. **Notice to local governments and interested persons.** Notice shall also be given to the governing bodies of affected municipalities and counties, and to any other persons the commission shall deem necessary.

Subd. 5. **Combined notice.** The notice provided for in subdivisions 2 and 3 may be combined but if combined the notice shall not be less than ten days.

Subd. 6. **Complaint petition.** The commission shall have the power to hear, determine, and adjust complaints made against any municipally owned gas or electric utility with respect to rates and services upon petition of ten percent of the nonresident consumers of the municipally owned utility or 25 such nonresident consumers whichever is less. The hearing of the complaints shall be governed by this section.

Subd. 6a. **Cooperative electric associations.** For the purposes of this section, public utility shall include cooperative electric associations with respect to service standards and practices only.

Subd. 7. **Evidence.** Section 14.60 shall be applicable to all contested cases before the commission.

Subd. 8. **Further action by commission.** If after making an investigation under subdivision 1 and holding a hearing under this section, the commission finds that all significant factual issues raised have not been resolved to its satisfaction:

(1) for investigations concerning the reasonableness of rates of a public utility, if the commission is unable to resolve the complaint with the utility, the commission may order the utility to initiate a rate proceeding under section 216B.16, provided, however, that the utility must be allowed at least 120 days after the date of the commission's order to initiate the proceeding; and

(2) for investigations of other matters, the commission shall order that a contested case proceeding be conducted under chapter 14.

History: 1974 c 429 s 17; 1978 c 795 s 4; 1980 c 614 s 113; 1982 c 424 s 130; 1990 c 370 s 4-6

216B.18 SERVICE OF NOTICE.

Service of notice of all hearings, investigations, and proceedings pending before the commission and of complaints, reports, orders, and other documents must be made personally, by electronic service as provided in section 216.17, or by mail as the commission may direct. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

History: 1974 c 429 s 18; 2007 c 10 s 4; 2013 c 135 art 3 s 20

216B.19 JOINT HEARING AND INVESTIGATION.

In the discharge of its duties under Laws 1974, chapter 429, the commission or the department may cooperate with similar commissions of other states and any federal agency and may hold joint hearings and make joint investigations with other commissions.

History: 1974 c 429 s 19; 1980 c 614 s 114

216B.20 SEPARATE RATE HEARING.

The commission may, in its discretion, when complaint is made of more than one rate or charge, order separate hearings thereon, and may consider and determine the several matters complained of separately and at times it may prescribe.

History: 1974 c 429 s 20

216B.21 SUMMARY INVESTIGATION.

Subdivision 1. **Authority.** Whenever the commission has reason to believe that any rate or charge may be unreasonable or unjustly discriminatory or that any service is inadequate or cannot be obtained or that an investigation of any matter relating to any public utility should for any reason be made, it may on its own motion summarily investigate the same with or without notice.

Subd. 2. **Formal hearing.** If, after making the summary investigation, the commission becomes satisfied that sufficient grounds exist to warrant a formal hearing being ordered as to the matters investigated, it shall set a time and place for a hearing.

Subd. 3. **Notice.** Notice of the time and place for the hearing shall be made as provided in sections 216B.17 and 216B.18.

History: 1974 c 429 s 21

216B.22 MUNICIPALITY; AMICUS CURIAE AUTHORITY.

Any municipality that regulates and controls the exercise of a public utility franchise by reason of its home rule charter on January 1, 1975, is authorized to assist the Public Utilities Commission as amicus curiae in any proceeding brought before the commission with respect to the rates, fares, prices, regulation, or control of any utility operating therein.

History: 1974 c 429 s 22; 1980 c 614 s 123

216B.23 LAWFUL RATE; REASONABLE SERVICE.

Subdivision 1. **Determination as to rate; order.** Whenever upon an investigation made under the provisions of Laws 1974, chapter 429, the commission shall find rates, tolls, charges, schedules or joint rates to be unjust, unreasonable, insufficient, or unjustly discriminatory or preferential or otherwise unreasonable or unlawful, the commission shall determine and by order fix reasonable rates, tolls, charges, schedules, or joint rates to be imposed, observed, and followed in the future in lieu of those found to be unreasonable or unlawful.

Subd. 1a. **Authority to issue refund.** (a) On determining that a public utility has charged a rate in violation of this chapter, a commission rule, or a commission order, the commission, after conducting a proceeding, may require the public utility to refund to its customers, in a manner approved by the commission, any revenues the commission finds were collected as a result of the unlawful conduct. Any refund authorized by this section is permitted in addition to any remedies authorized by section 216B.16 or any other law governing rates. Exercising authority under this section does not preclude the commission from pursuing penalties under sections 216B.57 to 216B.61 for the same conduct.

(b) This section must not be construed as allowing:

(1) retroactive ratemaking;

(2) refunds based on claims that prior or current approved rates have been unjust, unreasonable, unreasonably preferential, discriminatory, insufficient, inequitable, or inconsistent in application to a class of customers; or

(3) refunds based on claims that approved rates have not encouraged energy conservation or renewable energy use, or have not furthered the goals of section 216B.164, 216B.241, or 216C.05.

(c) A refund under this subdivision does not apply to revenues collected more than six years before the date of the notice of the commission proceeding required under this subdivision.

Subd. 2. **Finding as to service; order.** Whenever the commission shall find any regulations, measurements, practices, acts, or service to be unjust, unreasonable, insufficient, preferential, unjustly discriminatory, or otherwise unreasonable or unlawful, or shall find that any service which can be reasonably demanded cannot be obtained, the commission shall determine and by order fix reasonable measurements, regulations, acts, practices, or service to be furnished, imposed, observed and followed in the future in lieu of those found to be unreasonable, inadequate, or otherwise unlawful, and shall make any other order respecting the measurement, regulation, act, practice, or service as shall be just and reasonable.

Subd. 3. **Copy of order served; notice.** A copy of the order shall be served upon the person against whom it runs or the person's attorney, and notice thereof shall be given to the other parties to the proceedings or their attorneys.

History: 1974 c 429 s 23; 1986 c 444; 2009 c 110 s 14

ENERGY CONSERVATION; UTILITY CONSTRUCTION

216B.24 CONSTRUCTION OF MAJOR FACILITY; FILING PLANS.

Subdivision 1. **Major utility facility defined.** The words "major utility facility" means: (1) electric generating plant and associated facilities designed for, or capable of, operation at a capacity of 50 megawatts or more; (2) an electric transmission line and associated facilities of a design capacity of 125 kilovolts or more; and (3) a gas transmission line and associated facilities designed for, or capable of, transporting gas at pressures in excess of 125 pounds per square inch; provided, however, that the words "major utility facility" shall not include electric or gas distribution lines and gas gathering lines and associated facilities as defined by the commission.

Subd. 2. **Construction plan filed; rules.** Under rules as the commission may prescribe, every public utility shall file with the commission, within the time and in the form as the commission may designate, plans showing any contemplated construction of major utility facilities.

Subd. 3. **Applicability to municipalities.** The provisions of this section shall apply to the construction of major utility facilities by a municipally owned gas or electric utility.

History: 1974 c 429 s 24; 1985 c 248 s 70

216B.2401 ENERGY SAVINGS POLICY GOAL.

The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. The legislature further finds that cost-effective energy savings

should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas through cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.

History: 2007 c 136 art 2 s 4; 2010 c 361 art 5 s 8; 2011 c 97 s 17; 2013 c 85 art 12 s 2

216B.241 ENERGY CONSERVATION IMPROVEMENT.

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site co-generation facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Subd. 1a. **Investment, expenditure, and contribution; public utility.** (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each

public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).

(b) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption.

(c) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired or can reasonably acquire the capability to bypass use of the utility's gas distribution system by

obtaining natural gas directly from a supplier not regulated by the commission. The commissioner shall grant the exemption if the commissioner finds that the petitioner has made the demonstration required by this paragraph.

(d) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.

(e) A public utility or owner of a large customer facility may appeal a decision of the commissioner under paragraph (b), (c), or (d) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b), (c), or (d), the commission shall rescind the decision if it finds that the required investments or spending will:

- (1) not result in cost-effective energy conservation improvements; or
- (2) otherwise not be in the public interest.

Subd. 1b. **Conservation improvement by cooperative association or municipality.** (a) This subdivision applies to:

- (1) a cooperative electric association that provides retail service to its members;
- (2) a municipality that provides electric service to retail customers; and
- (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

- (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and
- (2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department. The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]

(i) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to \$850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2017, and may be used for no more than three annual assessments occurring prior to that date.

Subd. 1e. **Applied research and development grants.** (a) The commissioner may, by order, approve and make grants for applied research and development projects of general applicability that identify new technologies or strategies to maximize energy savings, improve the effectiveness of energy conservation programs, or document the carbon dioxide reductions from energy conservation programs. When approving projects, the commissioner shall consider proposals and comments from utilities and other interested parties. The commissioner may assess up to \$3,600,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) The commissioner, as part of the assessment authorized under paragraph (a), shall annually assess and grant up to \$500,000 for the purpose of subdivision 9.

(c) The commissioner, as part of the assessment authorized under paragraph (a), each state fiscal year shall assess \$500,000 for a grant to the partnership created by section 216C.385, subdivision 2. The grant must be used to exercise the powers and perform the duties specified in section 216C.385, subdivision 3.

(d) By February 15 annually, the commissioner shall report to the chairs and ranking minority members of the committees of the legislature with primary jurisdiction over energy policy and energy finance on the assessments made under this subdivision for the previous calendar year and the use of the assessment. The report must clearly describe the activities supported by the assessment and the parties that engaged in those activities.

Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use information for the purposes of establishing energy efficiency benchmarks, tracking building performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement plans programs that facilitate professional engineering verification to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified. The state goal is to achieve certification of 1,000 commercial buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green Globes-certified by December 31, 2010.

(d) The commissioner may assess up to \$500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

Subd. 1g. **Manner of filing and service.** (a) A public utility, generation and transmission cooperative electric association, municipal power agency, cooperative electric association, and municipal utility shall submit filings to the department via the department's electronic filing system. The commissioner may approve an exemption from this requirement in the event an affected utility or association is unable to submit filings via the department's electronic filing system. All other interested parties shall submit filings to the

department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) Submission of a document to the department's electronic filing system constitutes service on the department. Where department rule requires service of a notice, order, or other document by the department, utility, association, or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the service list who have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.

Subd. 2. **Programs.** (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period. Public utilities shall file conservation improvement plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(c) Each public utility subject to subdivision 1a may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

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

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

(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.

Subd. 2a. **Energy and conservation account.** The energy and conservation account is established in the special revenue fund in the state treasury. The commissioner must deposit money assessed or contributed under subdivisions 1d, 1e, 1f, and 7 in the state treasury and credit it to the energy and conservation account in the special revenue fund. Money in the account is appropriated to the commissioner for the purposes of subdivisions 1d, 1e, 1f, and 7. Interest on money in the account accrues to the account.

Subd. 2b. **Recovery of expenses.** The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition, a utility may file annually, or the Public Utilities Commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

Subd. 2c. **Performance incentives.** By December 31, 2008, the commission shall review any incentive plan for energy conservation improvement it has approved under section 216B.16, subdivision 6c, and adjust the utility performance incentives to recognize making progress toward and meeting the energy-savings goals established in subdivision 1c.

Subd. 3. **Ownership of energy conservation improvement.** An energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by the utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of

the utility in case of a loan to the building owner. The utility has no liability for loss, damage or injury caused directly or indirectly by an energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product.

Subd. 4. **Federal law prohibitions.** If investments by public utilities in energy conservation improvements are in any manner prohibited or restricted by federal law and there is a provision under which the prohibition or restriction may be waived, then the commission, the governor, or any other necessary state agency or officer shall take all necessary and appropriate steps to secure a waiver with respect to those public utility investments in energy conservation improvements included in this section.

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high-intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high-intensity discharge lamps under this subdivision are conservation improvement spending under this section.

Subd. 5a. **Qualifying solar energy project.** (a) A utility or association may include in its conservation plan programs for the installation of qualifying solar energy projects as defined by section 216B.2411 to the

extent of the spending allowed for generation projects by section 216B.2411. The cost-effectiveness of a qualifying solar energy project may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines it is in the public interest to do so to encourage solar energy projects. Energy savings from qualifying solar energy projects may not be counted toward the minimum energy-savings goal of at least one percent for energy conservation improvements required under subdivision 1c, but may, if the conservation plan is approved:

(1) be counted toward energy savings above that minimum percentage; and

(2) be eligible for a performance incentive under section 216B.16, subdivision 6c, or 216B.241, subdivision 2c, that is distinct from the incentive for energy conservation and is based on the competitiveness and cost-effectiveness of solar projects in relation to other potential solar projects available to the utility.

(b) Qualifying solar energy projects may not be considered when establishing demand-side management targets under section 216B.2422, 216B.243, or any other section of this chapter.

Subd. 5b. **Biomethane purchases.** (a) A natural gas utility may include in its conservation plan purchases of biomethane, and may use up to five percent of the total amount to be spent on energy conservation improvements under this section for that purpose. The cost-effectiveness of biomethane purchases may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines that doing so is in the public interest in order to encourage biomethane purchases. Energy savings from purchasing biomethane may not be counted toward the minimum energy-savings goal of at least one percent for energy conservation improvements required under subdivision 1c, but may, if the conservation plan is approved:

(1) be counted toward energy savings above that minimum percentage; and

(2) be considered when establishing performance incentives under subdivision 2c.

(b) For the purposes of this subdivision, "biomethane" means biogas produced through anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes, that is cleaned and purified into biomethane that meets natural gas utility quality specifications for use in a natural gas utility distribution system.

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

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

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

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

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

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

(c) A cooperative electric association may include in its conservation plan purchases of electric energy from a project. The cost-effectiveness of project purchases may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines that doing so is in the public interest in order to encourage solar energy. The kilowatt hours of solar energy purchased by a cooperative electric association from a project may count for up to 33 percent of its one percent savings goal under subdivision 1c or up to 22 percent of its 1.5 percent savings goal under that subdivision. Expenditures made by a cooperative association for the purchase of energy from a project may not be used to meet the revenue expenditure requirements of subdivisions 1a and 1b.

Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

(1) "utility" means a public utility, municipal utility, or cooperative electric association that provides electric or natural gas service to retail customers; and

(2) "on-bill repayment program" means a program in which a utility collects on a customer's bill repayment of a loan to the customer by an eligible lender to finance the customer's investment in eligible energy conservation or renewable energy projects, and remits loan repayments to the lender.

(b) A utility may include as part of its conservation improvement plan an on-bill repayment program to enable a customer to finance eligible projects with installment loans originated by an eligible lender. An eligible project is one that is either an energy conservation improvement, or a project installed on the customer's site that uses an eligible renewable energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b), but does not include mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste. An eligible renewable energy source also includes solar thermal technology that collects the sun's radiant energy and uses that energy to heat or cool air or water, and meets the requirements of section 216C.25. To be an eligible lender, a lender must:

(1) have a federal or state charter and be eligible for federal deposit insurance;

(2) be a government entity, including an entity established under chapter 469, that has authority to provide financial assistance for energy efficiency and renewable energy projects;

(3) be a joint venture by utilities established under section 452.25; or

(4) be licensed, certified, or otherwise have its lending activities overseen by a state or federal government agency.

The commissioner must allow a utility broad discretion in designing and implementing an on-bill repayment program, provided that the program complies with this subdivision.

(c) A utility may establish an on-bill repayment program for all customer classes or for a specific customer class.

(d) A public utility that implements an on-bill repayment program under this subdivision must enter into a contract with one or more eligible lenders that complies with the requirements of this subdivision and contains provisions addressing capital commitments, loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance of loans returned due to delinquency or default.

(e) A public utility's contract with a lender must require the lender to comply with all applicable federal and state laws, rules, and regulations related to lending practices and consumer protection; to conform to

reasonable and prudent lending standards; and to provide businesses that sell, maintain, and install eligible projects the ability to participate in an on-bill repayment program under this subdivision on a nondiscriminatory basis.

(f) A public utility's contract with a lender may provide:

(1) for the public utility to purchase loans from the lender with a condition that the lender must purchase back loans in delinquency or default; or

(2) for the lender to retain ownership of loans with the public utility servicing the loans through on-bill repayment as long as payments are current.

The risk of default must remain with the lender. The lender shall not have recourse against the public utility except in the event of negligence or breach of contract by the utility.

(g) If a public utility customer makes a partial payment on a utility bill that includes a loan installment, the partial payment must be credited first to the amount owed for utility service, including taxes and fees. A public utility may not suspend or terminate a customer's utility service for delinquency or default on a loan that is being serviced through the public utility's on-bill repayment program.

(h) An outstanding balance on a loan being repaid under this subdivision is a financial obligation only of the customer who is signatory to the loan, and not to any subsequent customer occupying the property associated with the loan. If the public utility purchases loans from the lender as authorized under paragraph (f), clause (1), the public utility must return to the lender a loan not repaid when a customer borrower no longer occupies the property.

(i) Costs incurred by a public utility under this subdivision are recoverable as provided in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs for billing system modifications necessary to implement and operate an on-bill repayment program and for ongoing costs to operate the program. Costs in a plan approved by the commissioner may be counted toward a utility's conservation spending requirements under subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting from this section may be counted toward satisfying a utility's energy-savings goals under subdivision 1c.

(j) This subdivision does not require a utility to terminate or modify an existing financing program and does not prohibit a utility from establishing an on-bill financing program in which the utility provides the financing capital.

(k) A municipal utility or cooperative electric association that implements an on-bill repayment program shall design the program to address the issues identified in paragraphs (d) through (h) as determined by the governing board of the utility or association.

Subd. 6. MS 2008 [Expired]

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility and association provides low-income programs. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4 percent, of its most recent three-year average gross operating revenue from

residential customers in the state on low-income programs. A utility or association that furnishes electric service must spend at least 0.1 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income persons, including low-income renters, in the service territory of the utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

Subd. 8. **Assessment.** The commission or department may assess utilities subject to this section in proportion to their respective gross operating revenue from sales of gas or electric service within the state during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those assessments are not subject to the cap on assessments provided by section 216B.62, or any other law.

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

(b) The commissioner shall contract with the Center for Sustainable Building Research at the University of Minnesota to coordinate development and implementation of energy-efficiency performance standards, strategic planning, research, data analysis, technology transfer, training, and other activities related to the

purpose of Sustainable Building 2030. The commissioner and the Center for Sustainable Building Research shall, in consultation with utilities, builders, developers, building operators, and experts in building design and technology, develop a Sustainable Building 2030 implementation plan that must address, at a minimum, the following issues:

- (1) training architects to incorporate the performance standards in building design;
- (2) incorporating the performance standards in utility conservation improvement programs; and
- (3) developing procedures for ongoing monitoring of energy use in buildings that have adopted the performance standards.

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

(c) Sustainable Building 2030 energy-efficiency performance standards must be firm, quantitative measures of total building energy use and associated carbon dioxide emissions per square foot for different building types and uses, that allow for accurate determinations of a building's conformance with a performance standard. Performance standards must address energy use by electric vehicle charging infrastructure in or adjacent to buildings as that infrastructure begins to be made widely available. The energy-efficiency performance standards must be updated every three or five years to incorporate all cost-effective measures. The performance standards must reflect the reductions in carbon dioxide emissions per square foot resulting from actions taken by utilities to comply with the renewable energy standards in section 216B.1691. The performance standards should be designed to achieve reductions equivalent to the following reduction schedule, measured against energy consumption by an average building in each applicable building sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025. A performance standard must not be established or increased absent a conclusive engineering analysis that it is cost-effective based upon established practices used in evaluating utility conservation improvement programs.

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

- (1) research, development, and demonstration of new energy-efficiency technologies and techniques suitable for commercial, industrial, and institutional buildings;
- (2) analysis and evaluation of practices in building design, construction, commissioning and operations, and analysis and evaluation of energy use in the commercial, industrial, and institutional sectors;
- (3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable Building 2030 performance standards, conservation improvement programs, and building energy codes;

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

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

(e) The commissioner shall require utilities to develop and implement conservation improvement programs that are expressly designed to achieve energy efficiency goals consistent with the Sustainable Building 2030 performance standards. These programs must include offerings of design assistance and modeling, financial incentives, and the verification of the proper installation of energy-efficient design components in new and substantially reconstructed buildings. A utility's design assistance program must consider the strategic planting of trees and shrubs around buildings as an energy conservation strategy for the designed project. A utility making an expenditure under its conservation improvement program that results in a building meeting the Sustainable Building 2030 performance standards may claim the energy savings toward its energy-savings goal established in subdivision 1c.

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

Subd. 10. **Waste heat recovery; thermal energy distribution.** Demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted towards a utility's natural gas or electric energy savings goals, subject to department approval.

History: 1980 c 579 s 18; 1980 c 614 s 123; 1981 c 356 s 182,248; 1982 c 561 s 4; 1983 c 179 s 6-8; 1989 c 338 s 2,3; 1991 c 235 art 1 s 2; 1992 c 478 s 2,3; 1993 c 249 s 31; 1994 c 483 s 1; 1994 c 641 art 3 s 1; art 4 s 4; 1994 c 644 s 3; 1998 c 273 s 11; 1998 c 350 s 1; 1999 c 140 s 2-7; 2001 c 212 art 8 s 4-7,12; 1Sp2001 c 4 art 6 s 44-46,77; 2003 c 130 s 12; 1Sp2003 c 11 art 2 s 5; art 3 s 4; 2004 c 216 s 3; 2005 c 97 art 7 s 1,2; 2007 c 10 s 5; 2007 c 57 art 2 s 21; 2007 c 136 art 2 s 5; 2008 c 278 s 2,3; 2008 c 296 art 1 s 9; 2009 c 86 art 1 s 31; 2009 c 110 s 15-18; 2009 c 134 s 5; 2010 c 372 s 1; 2011 c 97 s 18-21; 2013 c 85 art 13 s 2-4; 2013 c 132 s 2; 2014 c 254 s 11; 2014 c 312 art 3 s 10

216B.2411 DISTRIBUTED ENERGY RESOURCES.

Subdivision 1. **Generation projects.** (a) Any municipality or rural electric association providing electric service and subject to section 216B.241 may, and each public utility may, use five percent of the total amount to be spent on energy conservation improvements under section 216B.241, on:

(1) projects in Minnesota to construct an electric generating facility that utilizes eligible renewable energy sources as defined in subdivision 2, such as methane or other combustible gases derived from the processing of plant or animal wastes, biomass fuels such as short-rotation woody or fibrous agricultural crops, or other renewable fuel, as its primary fuel source;

(2) projects in Minnesota to install a distributed generation facility of ten megawatts or less of interconnected capacity that is fueled by natural gas, renewable fuels, or another similarly clean fuel; or

(3) projects in Minnesota to install a qualifying solar energy project as defined in subdivision 2.

(b) A municipality, rural electric association, or public utility that offers a program to customers to promote installing qualifying solar energy projects may request authority from the commissioner to exceed

the five percent limit in paragraph (a), but not to exceed ten percent, to meet customer demand for installation of qualifying solar energy projects. In considering this request, the commissioner shall consider customer interest in qualifying solar energy and the impact on other customers. A municipality, rural electric association, or public utility may not participate in a qualifying solar energy project on a property unless it is provided evidence that all reasonable cost-effective conservation investments have previously been made to the property.

(c) For a municipality, rural electric association, or public utility, projects under this section must be considered energy conservation improvements as defined in section 216B.241.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision and section 216B.241, subdivision 1, have the meanings given them.

(b) "Eligible renewable energy sources" means fuels and technologies to generate electricity through the use of any of the resources listed in section 216B.1691, subdivision 1, paragraph (a), except that the incineration of wastewater sludge is not an eligible renewable energy source, "biomass" has the meaning provided under paragraph (c), and "solar" must be from a qualified solar energy project as defined in paragraph (d).

(c) "Biomass" includes:

- (1) methane or other combustible gases derived from the processing of plant or animal material;
- (2) alternative fuels derived from soybean and other agricultural plant oils or animal fats;
- (3) combustion of barley hulls, corn, soy-based products, or other agricultural products;
- (4) wood residue from the wood products industry in Minnesota or other wood products such as short-rotation woody or fibrous agricultural crops;
- (5) landfill gas;
- (6) the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works; and
- (7) mixed municipal solid waste, and refuse-derived fuel from mixed municipal solid waste.

(d) "Qualifying solar energy project" means a qualifying solar thermal project or qualifying solar electric project.

(e) "Qualifying solar thermal project" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water, but does not include equipment used to heat water at a residential property (1) for domestic use if less than one-half of the energy used for that purpose is derived from the sun or (2) for use in a hot tub or swimming pool.

(f) "Qualifying solar electric project" means:

- (1) solar electric equipment that: (i) meets the requirements of section 216C.25; (ii) has a peak generating capacity of 100 kilowatts or less; and (iii) is used to generate electricity for use in a residential, commercial, or publicly owned property or facility; and

(2) if applicable, equipment that is used to store the electricity generated by a qualified solar electric project under clause (1) and that is located proximate to the property or facility using the electricity.

(g) "Residential property" means the principal residence of a homeowner at the time the solar equipment is placed in service.

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

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

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

History: 2001 c 212 art 8 s 13,14; 2002 c 398 s 11; 1Sp2003 c 11 art 2 s 6; 2007 c 136 art 2 s 8; 2008 c 258 s 2; 2008 c 296 art 1 s 10,11; 2009 c 110 s 19,20; 2013 c 85 art 10 s 4

216B.2412 DECOUPLING OF ENERGY SALES FROM REVENUES.

Subdivision 1. **Definition and purpose.** For the purpose of this section, "decoupling" means a regulatory tool designed to separate a utility's revenue from changes in energy sales. The purpose of decoupling is to reduce a utility's disincentive to promote energy efficiency.

Subd. 2. **Decoupling criteria.** The commission shall, by order, establish criteria and standards for decoupling. The commission may establish these criteria and standards in a separate proceeding or in a general rate case or other proceeding in which it approves a pilot program, and shall design the criteria and standards to mitigate the impact on public utilities of the energy-savings goals under section 216B.241 without adversely affecting utility ratepayers. In designing the criteria, the commission shall consider energy efficiency, weather, and cost of capital, among other factors.

Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. The commission shall report on the programs annually to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.

History: 2007 c 136 art 2 s 6; 2009 c 110 s 21

216B.242 [Repealed, 2011 c 97 s 34]

RENEWABLE ENERGY INITIATIVES

216B.2421 DEFINITION OF LARGE ENERGY FACILITY.

Subdivision 1. **Applicability.** The definition in this section applies to this section and sections 216B.2422 and 216B.243.

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

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

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

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

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

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

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

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

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

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

Subd. 3. [Repealed, 2001 c 212 art 7 s 36]

History: 1974 c 307 s 2; 1975 c 170 s 1; 1977 c 381 s 8; Ex1979 c 2 s 11; 1981 c 356 s 248; 1982 c 561 s 1; 1991 c 199 art 2 s 1; 1993 c 327 s 8,9; 1993 c 356 s 2; 2001 c 212 art 7 s 29; 2005 c 97 art 1 s 4

216B.2422 RESOURCE PLANNING; RENEWABLE ENERGY.

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

Subd. 2. Resource plan filing and approval. A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction. As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all new and refurbished capacity needs through a combination of conservation and renewable energy resources.

Subd. 2a. Historical data and advance forecast. Each utility required to file a resource plan under this section shall include in the filing all applicable annual information required by section 216C.17, subdivision 2, and the rules adopted under that section. To the extent that a utility complies with this subdivision, it is not required to file annual advance forecasts with the department under section 216C.17, subdivision 2.

Subd. 2b. Optional integrated resource plan compliance for certain cooperatives. For the purposes of this subdivision, a "cooperative" means a generating and transmission cooperative electric association that has at least 80 percent of its member distribution cooperatives located outside of Minnesota and that provides less than four percent of the electricity annually sold at retail in the state of Minnesota. A cooperative may, in lieu of filing a resource plan under subdivision 2, elect to file a report to the commission under this subdivision. The report must include projected demand levels for the next 15 years and generation resources to meet any projected generation deficiencies. To supply the information required in a report under this subdivision, a cooperative may use reports submitted under section 216C.17, subdivision 2, reports to

regional reliability organizations, or similar reports submitted to other state utility commissions. A report must be submitted annually by July 1, but the commission may extend the time if it finds the extension in the public interest. Presentation of the annual report shall be done in accordance with procedures established by the commission. Data in a report under this subdivision may be aggregate data and need not be separately reported for individual distribution cooperative members of the cooperative. The commission may take whatever action in response to a report under this subdivision that it could take with respect to a report by a cooperative under subdivision 2.

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

Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).

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

Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 in evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

Subd. 6. **Consolidation of resource planning and certificate of need.** A utility shall indicate in its resource plan whether it intends to site or construct a large energy facility. If the utility's resource plan includes a proposed large energy facility and construction of that facility is likely to begin before the utility

files its next resource plan, the commission shall conduct the resource plan proceeding consistent with the requirements of section 216B.243 with respect to the proposed facility. If the commission approves the proposed facility in the resource plan, a separate certificate of need proceeding is not required.

History: 1993 c 356 s 3; 1994 c 644 s 4; 1997 c 176 s 2; 1997 c 198 s 1; 2008 c 258 s 3; 2012 c 268 s 1; 2013 c 132 s 3; 2014 c 254 s 12

216B.2423 WIND POWER MANDATE.

Subdivision 1. **Mandate.** A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate: (1) 225 megawatts of electric energy installed capacity generated by wind energy conversion systems within the state by December 31, 1998; and (2) an additional 200 megawatts of installed capacity so generated by December 31, 2002.

For the purpose of this section, "wind energy conversion system" has the meaning given it in section 216C.06, subdivision 19.

Subd. 2. **Resource planning mandate.** The Public Utilities Commission shall order a public utility subject to subdivision 1, to construct and operate, purchase, or contract to purchase an additional 400 megawatts of electric energy installed capacity generated by wind energy conversion systems by December 31, 2002, subject to resource planning and least cost planning requirements in section 216B.2422.

Subd. 2a. **Site preference.** The Public Utilities Commission shall ensure that a utility subject to the requirements of subdivision 1, clause (2), shall implement that clause with a preference for wind energy conversion systems within the state. This preference shall not prevent the utility from constructing or contracting to construct wind energy conversion systems outside the state, if the Public Utilities Commission determines that selection of a facility within the state conflicts with the requirements of section 216B.03.

Subd. 3. **Standard contract for wind energy conversion systems.** The Public Utilities Commission shall require a public utility subject to subdivision 1 to develop and file in a form acceptable to the commission by October 1, 1997, a standard form contract for the purchase of electricity from wind conversion systems with installed capacity of two megawatts and less. For purposes of applying the two megawatts limit, the installed capacity sold to the public utility from a single seller or affiliated group of sellers shall be cumulated. The standard contract shall include all the terms and conditions for purchasing wind-generated power by the utility, except for price and any other specific terms necessary to ensure system reliability and safety, which shall be separately negotiable.

History: 1994 c 641 art 3 s 2; 1997 c 216 s 123; 1999 c 200 s 3

216B.2424 BIOMASS POWER MANDATE.

Subdivision 1. **Farm-grown closed-loop biomass.** (a) For the purposes of this section, "farm-grown closed-loop biomass" means herbaceous crops, trees, agricultural waste, and aquatic plant matter that is used to generate electricity, but does not include mixed municipal solid waste, as defined in section 115A.03, and that:

(1) is intentionally cultivated, harvested, and prepared for use, in whole or in part, as a fuel for the generation of electricity;

(2) when combusted, releases an amount of carbon dioxide that is less than or approximately equal to the carbon dioxide absorbed by the biomass fuel during its growing cycle; and

(3) is fired in a new or substantially retrofitted electric generating facility that is:

(i) located within 400 miles of the site of the biomass production; and

(ii) designed to use biomass to meet at least 75 percent of its fuel requirements.

(b) The legislature finds that the negative environmental impacts within 400 miles of the facility resulting from transporting and combusting the biomass are offset in that region by the environmental benefits to air, soil, and water of the biomass production.

(c) Among the biomass fuel sources that meet the requirements of paragraph (a), clauses (1) and (2), are poplar, aspen, willow, switch grass, sorghum, alfalfa, cultivated prairie grass, and sustainably managed woody biomass.

(d) For the purpose of this section, "sustainably managed woody biomass" means:

(1) brush, trees, and other biomass harvested from within designated utility, railroad, and road rights-of-way;

(2) upland and lowland brush harvested from lands incorporated into brushland habitat management activities of the Minnesota Department of Natural Resources;

(3) upland and lowland brush harvested from lands managed in accordance with Minnesota Department of Natural Resources "Best Management Practices for Managing Brushlands";

(4) logging slash or waste wood that is created by harvest, by precommercial timber stand improvement to meet silvicultural objectives, or by fire, disease, or insect control treatments, and that is managed in compliance with the Minnesota Forest Resources Council's "Sustaining Minnesota Forest Resources: Voluntary Site-Level Forest Management Guidelines for Landowners, Loggers and Resource Managers" as modified by the requirement of this subdivision; and

(5) trees or parts of trees that do not meet the utilization standards for pulpwood, posts, bolts, or sawtimber as described in the Minnesota Department of Natural Resources Division of Forestry Timber Sales Manual, 1998, as amended as of May 1, 2005, and the Minnesota Department of Natural Resources Timber Scaling Manual, 1981, as amended as of May 1, 2005, except as provided in paragraph (a), clause (1), and this paragraph, clauses (1) to (3).

Subd. 1a. **Municipal waste-to-energy project.** (a) This subdivision applies only to a biomass project owned or controlled, directly or indirectly, by two municipal utilities as described in subdivision 5a, paragraph (b).

(b) Woody biomass from state-owned land must be harvested in compliance with an adopted management plan and a program of ecologically based third-party certification.

(c) The project must prepare a fuel plan on an annual basis after commercial operation of the project as described in the power contract between the project and the public utility, and must also prepare annually certificates reflecting the types of fuel used in the preceding year by the project, as described in the power contract. The fuel plans and certificates shall also be filed with the Minnesota Department of Natural

Resources and the Minnesota Department of Commerce within 30 days after being provided to the public utility, as provided by the power contract. Any person who believes the fuel plans, as amended, and certificates show that the project does not or will not comply with the fuel requirements of this subdivision may file a petition with the commission seeking such a determination.

(d) The wood procurement process must utilize third-party audit certification systems to verify that applicable best management practices were utilized in the procurement of the sustainably managed biomass. If there is a failure to so verify in any two consecutive years during the original contract term, the farm-grown closed-loop biomass requirements of subdivision 2 must be increased to 50 percent for the remaining contract term period; however, if in two consecutive subsequent years after the increase has been implemented, it is verified that the conditions in this subdivision have been met, then for the remaining original contract term the closed-loop biomass mandate reverts to 25 percent. If there is a subsequent failure to verify in a year after the first failure and implementation of the 50 percent requirement, then the closed-loop percentage shall remain at 50 percent for each remaining year of the contract term.

(e) In the closed-loop plantation, no transgenic plants may be used.

(f) No wood may be harvested from any lands identified by the final or preliminary Minnesota County Biological Survey as having statewide significance as native plant communities, large populations or concentrations of rare species, or critical animal habitat.

(g) A wood procurement plan must be prepared every five years and public meetings must be held and written comments taken on the plan and documentation must be provided on why or why not the public inputs were used.

(h) Guidelines or best management practices for sustainably managed woody biomass must be adopted by:

(1) the Minnesota Department of Natural Resources for managing and maintaining brushland and open land habitat on public and private lands, including, but not limited to, provisions of sections 84.941, 84.942, and 97A.125; and

(2) the Minnesota Forest Resources Council for logging slash, using the most recent available scientific information regarding the removal of woody biomass from forest lands, to sustain the management of forest resources as defined by section 89.001, subdivisions 8 and 9, with particular attention to soil productivity, biological diversity as defined by section 89A.01, subdivision 3, and wildlife habitat.

These guidelines must be completed by July 1, 2007, and the process of developing them must incorporate public notification and comment.

(i) The University of Minnesota Initiative for Renewable Energy and the Environment is encouraged to solicit and fund high-quality research projects to develop and consolidate scientific information regarding the removal of woody biomass from forest and brush lands, with particular attention to the environmental impacts on soil productivity, biological diversity, and sequestration of carbon. The results of this research shall be made available to the public.

(j) The two utilities owning or controlling, directly or indirectly, the biomass project described in subdivision 5a, paragraph (b), shall fund or obtain funding from nonstate sources of up to \$150,000 by April 1, 2006, to complete the guidelines or best management practices described in paragraph (h). The expenditures to be funded under this paragraph do not include any of the expenditures to be funded under paragraph (i).

Subd. 2. **Interim exemption.** (a) A biomass project proposing to use, as its primary fuel over the life of the project, short-rotation woody crops, may use as an interim fuel agricultural waste and other biomass which is not farm-grown closed-loop biomass for up to six years after the project's electric generating facility becomes operational; provided, the project developer demonstrates the project will use the designated short-rotation woody crops as its primary fuel after the interim period and provided the location of the interim fuel production meets the requirements of subdivision 1, paragraph (a), clause (3).

(b) A biomass project proposing to use, as its primary fuel over the life of the project, short-rotation woody crops, may use as an interim fuel agricultural waste and other biomass which is not farm-grown closed-loop biomass for up to three years after the project's electric generating facility becomes operational; provided, the project developer demonstrates the project will use the designated short-rotation woody crops as its primary fuel after the interim period.

(c) A biomass project that uses an interim fuel under the terms of paragraph (b) may, in addition, use an interim fuel under the terms of paragraph (a) for six years less the number of years that an interim fuel was used under paragraph (b).

(d) A project developer proposing to use an exempt interim fuel under paragraphs (a) and (b) must demonstrate to the public utility that the project will have an adequate supply of short-rotation woody crops which meet the requirements of subdivision 1 to fuel the project after the interim period.

(e) If a biomass project using an interim fuel under this subdivision is or becomes owned or controlled, directly or indirectly, by two municipal utilities as described in subdivision 5a, paragraph (b), the project is deemed to comply with the requirement under this subdivision to use as its primary fuel farm-grown closed-loop biomass if farm-grown closed-loop biomass comprises no less than 25 percent of the fuel used over the life of the project. For purposes of this subdivision, "life of the project" means 20 years from the date the project becomes operational or the term of the applicable power purchase agreement between the project owner and the public utility, whichever is longer.

Subd. 3. **Fuel exemption.** Over the duration of the contract of a biomass power facility selected to satisfy the mandate in subdivision 5, fuel sources that are not biomass may be used to satisfy up to 25 percent of the fuel requirements of a biomass power facility selected to satisfy the biomass power mandate in subdivision 5, except that agricultural crop wastes, such as oat hulls, may be used to satisfy more than 25 percent of the fuel requirements of a power facility selected to satisfy the biomass power mandate in subdivision 5 if the wastes are co-fired with the fuel authorized for the facility. A biomass power facility selected to satisfy the mandate in subdivision 5 also may use fuel sources that are not biomass during any period when biomass fuel sources are not reasonably available to the facility due to any circumstances constituting an act of God. Fuel sources that are not biomass used during such a period of biomass fuel source unavailability shall not be counted toward the 25 percent exemption provided in this subdivision. For purposes of this subdivision, "act of God" means any natural disaster or other natural phenomenon of an exceptional, inevitable, or irresistible character, including, but not limited to, flood, fire, drought, earthquake, and crop failure resulting from climatic conditions, infestation, or disease.

Subd. 4. **Financial viability.** A biomass project developer must demonstrate to the public utility evidence of sufficient financial viability necessary for the construction and operation of the biomass project.

Subd. 5. **Mandate.** (a) A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity

generated by farm-grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002.

(b) Of the 125 megawatts of biomass electricity installed capacity required under this subdivision, no more than 55 megawatts of this capacity may be provided by a facility that uses poultry litter as its primary fuel source and any such facility:

(1) need not use biomass that complies with the definition in subdivision 1;

(2) must enter into a contract with the public utility for such capacity, that has an average purchase price per megawatt hour over the life of the contract that is equal to or less than the average purchase price per megawatt hour over the life of the contract in contracts approved by the Public Utilities Commission before April 1, 2000, to satisfy the mandate of this section, and file that contract with the Public Utilities Commission prior to September 1, 2000; and

(3) must schedule such capacity to be operational by December 31, 2002.

(c) Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project.

(d) Of the 75 megawatts of biomass electric energy installed capacity required under paragraph (a), clause (2), no more than 33 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1.

(e) The public utility must accept and consider on an equal basis with other biomass proposals:

(1) a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and that proposes to sell the excess capacity to the public utility or to other purchasers; and

(2) a proposal for a new facility to satisfy more than ten but not more than 20 megawatts of the electrical generation requirements by a small business-sponsored independent power producer facility to be located within the northern quarter of the state, which means the area located north of Constitutional Route No. 8 as described in section 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped wood, or brush to generate electricity. A facility described in this clause is not required to utilize biomass complying with the definition in subdivision 1, but must be under construction by December 31, 2005.

(f) If a public utility files a contract with the commission for electric energy installed capacity that uses poultry litter as its primary fuel source, the commission must do a preliminary review of the contract to determine if it meets the purchase price criteria provided in paragraph (b), clause (2). The commission shall perform its review and advise the parties of its determination within 30 days of filing of such a contract by a public utility. A public utility may submit by September 1, 2000, a revised contract to address the commission's preliminary determination.

(g) The commission shall finally approve, modify, or disapprove no later than July 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the mandate set forth in this subdivision.

(h) If a public utility subject to this section exercises an option to increase the generating capacity of a project in a contract approved by the commission prior to April 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the commission by September 1, 2000, that it has exercised the option and include in the notice the amount of additional megawatts to be generated under the option exercised. Any review by the commission of the project after exercise of such an option shall be based on the same criteria used to review the existing contract.

(i) A facility specified in this subdivision qualifies for exemption from property taxation under section 272.02, subdivision 45.

Subd. 5a. **Reduction of biomass mandate.** (a) Notwithstanding subdivision 5, the biomass electric energy mandate must be reduced from 125 megawatts to 110 megawatts.

(b) The Public Utilities Commission shall approve a request pending before the commission as of May 15, 2003, for amendments to and assignment of a power purchase agreement with the owner of a facility that uses short-rotation, woody crops as its primary fuel previously approved to satisfy a portion of the biomass mandate if the owner of the project agrees to reduce the size of its project from 50 megawatts to 35 megawatts, while maintaining an average price for energy in nominal dollars measured over the term of the power purchase agreement at or below \$104 per megawatt-hour, exclusive of any price adjustments that may take effect subsequent to commission approval of the power purchase agreement, as amended. The commission shall also approve, as necessary, any subsequent assignment or sale of the power purchase agreement or ownership of the project to an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, as described in section 161.114, which currently own electric and steam generation facilities using coal as a fuel and which propose to retrofit their existing municipal electrical generating facilities to utilize biomass fuels in order to perform the power purchase agreement.

(c) If the power purchase agreement described in paragraph (b) is assigned to an entity that is, or becomes, owned or controlled, directly or indirectly, by two municipal entities as described in paragraph (b), and the power purchase agreement meets the price requirements of paragraph (b), the commission shall approve any amendments to the power purchase agreement necessary to reflect the changes in project location and ownership and any other amendments made necessary by those changes. The commission shall also specifically find that:

(1) the power purchase agreement complies with and fully satisfies the provisions of this section to the full extent of its 35-megawatt capacity;

(2) all costs incurred by the public utility and all amounts to be paid by the public utility to the project owner under the terms of the power purchase agreement are fully recoverable pursuant to section 216B.1645;

(3) subject to prudence review by the commission, the public utility may recover from its Minnesota retail customers the amounts that may be incurred and paid by the public utility during the full term of the power purchase agreement; and

(4) if the purchase power agreement meets the requirements of this subdivision, it is reasonable and in the public interest.

(d) The commission shall specifically approve recovery by the public utility of any and all Minnesota jurisdictional costs incurred by the public utility to improve, construct, install, or upgrade transmission,

distribution, or other electrical facilities owned by the public utility or other persons in order to permit interconnection of the retrofitted biomass-fueled generating facilities or to obtain transmission service for the energy provided by the facilities to the public utility pursuant to section 216B.1645, and shall disapprove any provision in the power purchase agreement that requires the developer or owner of the project to pay the jurisdictional costs or that permit the public utility to terminate the power purchase agreement as a result of the existence of those costs or the public utility's obligation to pay any or all of those costs.

(e) Upon request by the project owner, the public utility shall agree to amend the power purchase agreement described in paragraph (b) and approved by the commission as required by paragraph (c). The amendment must be negotiated and executed within 45 days of May 14, 2013, and must apply to prices paid after January 1, 2014. The average price for energy in nominal dollars measured over the term of the power purchase agreement must not exceed \$109.20 per megawatt hour. The public utility shall request approval of the amendment by the commission within 30 days of execution of the amended power purchase agreement. The amendment is not effective until approval by the commission. The commission shall act on the amendment within 90 days of submission of the request by the public utility. Upon approval of the amended power purchase agreement, the commission shall allow the public utility to recover the costs of the amended power purchase agreement, as provided in section 216B.1645.

(f) With respect to the power purchase agreement described in paragraph (b), and amended and approved by the commission pursuant to paragraphs (c) and (e), upon request by the project owner, the public utility shall agree to amend the power purchase agreement to include a fuel cost adjustment clause which requires the public utility to reimburse the project owner monthly for all costs incurred by the project owner during the applicable month to procure and transport all fuel used to produce energy for delivery to the public utility pursuant to the power purchase agreement to the extent such costs exceeded \$3.40 per million metric British thermal unit (MMBTU), in addition to the price to be paid for the energy produced and delivered by the project owner. Beginning with 2014, at the end of each calendar year of the term of the power purchase agreement, the project owner shall calculate the amount by which actual fuel costs for the year exceeded \$3.40 per MMBTU, and prior monthly payment for such fuel costs shall be reconciled against actual fuel costs for the applicable calendar year. If such prior monthly fuel payments for the year in the aggregate exceed the amount due based on the annual calculation, the project owner shall credit the public utility for the excess paid. If the annual calculation of fuel costs due exceeds the prior monthly fuel payments for the year in the aggregate, the project owner shall be entitled to be paid for the deficiency with the next invoice to the public utility. The amendment shall be negotiated and executed within 45 days of May 13, 2013, and shall be effective for fuel costs incurred and prices after January 1, 2014. The public utility shall request approval of the amendment by the commission, and the commission shall approve the amendment as reasonable and in the public interest and allow the public utility to recover from its Minnesota retail customers the amounts paid by the public utility to the project owner pursuant to the power purchase agreement during the full term of the power purchase agreement, including the reimbursement of fuel costs pursuant to the power purchase agreement amendment, pursuant to section 216B.1645, or otherwise.

(g) With respect to the power purchase agreement described in paragraph (b) and approved by the commission pursuant to paragraphs (c) and (e), the public utility is prohibited from recovering from the project owner any costs which were not actually and reasonably incurred by the utility, notwithstanding any provision in the power purchase agreement to the contrary. In addition, beginning with 2012, the public utility shall pay for all energy delivered by the project owner pursuant to the power purchase agreement at the full price for such energy in the power purchase agreement approved and amended pursuant to paragraph (e), provided that the project owner does not deliver more than 110 percent of the amount scheduled for delivery in any year of the power purchase agreement, and does not deliver, on average over any five consecutive

years of the power purchase agreement, an amount greater than 105 percent of the amount scheduled for delivery over the five-year period.

Subd. 6. Remaining megawatt compliance process. (a) If there remain megawatts of biomass power generating capacity to fulfill the mandate in subdivision 5 after the commission has taken final action on all contracts filed by September 1, 2000, by a public utility, as amended and assigned, this subdivision governs final compliance with the biomass energy mandate in subdivision 5 subject to the requirements of subdivisions 7 and 8.

(b) To the extent not inconsistent with this subdivision, the provisions of subdivisions 2, 3, 4, and 5 apply to proposals subject to this subdivision.

(c) A public utility must submit proposals to the commission to complete the biomass mandate. The commission shall require a public utility subject to this section to issue a request for competitive proposals for projects for electric generation utilizing biomass as defined in paragraph (f) of this subdivision to provide the remaining megawatts of the mandate. The commission shall set an expedited schedule for submission of proposals to the utility, selection by the utility of proposals or projects, negotiation of contracts, and review by the commission of the contracts or projects submitted by the utility to the commission.

(d) Notwithstanding the provisions of subdivisions 1 to 5 but subject to the provisions of subdivisions 7 and 8, a new or existing facility proposed under this subdivision that is fueled either by biomass or by co-firing biomass with nonbiomass may satisfy the mandate in this section. Such a facility need not use biomass that complies with the definition in subdivision 1 if it uses biomass as defined in paragraph (f) of this subdivision. Generating capacity produced by co-firing of biomass that is operational as of April 25, 2000, does not meet the requirements of the mandate, except that additional co-firing capacity added at an existing facility after April 25, 2000, may be used to satisfy this mandate. Only the number of megawatts of capacity at a facility which co-fires biomass that are directly attributable to the biomass and that become operational after April 25, 2000, count toward meeting the biomass mandate in this section.

(e) Nothing in this subdivision precludes a facility proposed and approved under this subdivision from using fuel sources that are not biomass in compliance with subdivision 3.

(f) Notwithstanding the provisions of subdivision 1, for proposals subject to this subdivision, "biomass" includes farm-grown closed-loop biomass; agricultural wastes, including animal, poultry, and plant wastes; and waste wood, including chipped wood, bark, brush, residue wood, and sawdust.

(g) Nothing in this subdivision affects in any way contracts entered into as of April 25, 2000, to satisfy the mandate in subdivision 5.

(h) Nothing in this subdivision requires a public utility to retrofit its own power plants for the purpose of co-firing biomass fuel, nor is a utility prohibited from retrofitting its own power plants for the purpose of co-firing biomass fuel to meet the requirements of this subdivision.

Subd. 7. Effect on existing projects. The commission may not approve a project proposed after April 25, 2000, which would have an adverse impact on the ability of a project approved before April 25, 2000, to obtain an adequate supply of the fuel source designated for the project.

Subd. 8. Agricultural biomass requirement. Of the 125 megawatts mandated in subdivision 5, or 110 megawatts mandated in subdivision 5a, at least 75 megawatts of the generating capacity must be generated by facilities that use agricultural biomass as the principal fuel source. For purposes of this subdivision, agri-

cultural biomass includes only farm-grown closed-loop biomass and agricultural waste, including animal, poultry, and plant wastes. For purposes of this subdivision, "principal fuel source" means a fuel source that satisfies at least 75 percent of the fuel requirements of an electric power generating facility. Nothing in this subdivision is intended to expand the fuel source requirements of subdivision 5.

History: 1994 c 641 art 3 s 3; 1995 c 224 s 76; 1996 c 450 s 1; 1998 c 345 s 2; 2000 c 443 s 1-5; 2001 c 7 s 46; 1Sp2001 c 5 art 3 s 13; 2002 c 379 art 1 s 55; 2003 c 127 art 2 s 3; 1Sp2003 c 11 art 2 s 7,16; 2005 c 97 art 5 s 1-6; 1Sp2005 c 1 art 2 s 140; 2006 c 259 art 4 s 4; 2008 c 296 art 1 s 12; 2009 c 110 s 22; 2013 c 57 s 1

216B.2425 STATE TRANSMISSION PLAN.

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2. **List development; transmission projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. **List; effect.** Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. **Transmission inventory.** The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

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

(b) MS 2008 [Expired]

History: 2001 c 212 art 7 s 30; 2002 c 379 art 1 s 56; 1Sp2003 c 11 art 2 s 8; 2005 c 97 art 1 s 7; art 2 s 3,7; 2011 c 97 s 22

216B.2426 OPPORTUNITIES FOR DISTRIBUTED GENERATION.

The commission shall ensure that opportunities for the installation of distributed generation, as that term is defined in section 216B.169, subdivision 1, paragraph (c), are considered in any proceeding under section 216B.2422, 216B.2425, or 216B.243.

History: 2005 c 97 art 8 s 1

CERTIFICATE OF NEED

216B.243 CERTIFICATE OF NEED FOR LARGE ENERGY FACILITY.

Subdivision 1. **Assessment of need criteria.** The commission shall, pursuant to chapter 14 and sections 216C.05 to 216C.30 and this section, adopt assessment of need criteria to be used in the determination of need for large energy facilities pursuant to this section.

Subd. 2. **Certificate required.** No large energy facility shall be sited or constructed in Minnesota without the issuance of a certificate of need by the commission pursuant to sections 216C.05 to 216C.30 and this section and consistent with the criteria for assessment of need.

Subd. 3. **Showing required for construction.** No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation;

(7) the policies, rules, and regulations of other state and federal agencies and local governments;

(8) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

(9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;

(10) whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.

Subd. 3a. Use of renewable resource. The commission may not issue a certificate of need under this section for a large energy facility that generates electric power by means of a nonrenewable energy source, or that transmits electric power generated by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated to the commission's satisfaction that it has explored the possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive (including environmental costs) than power generated by a renewable energy source. For purposes of this subdivision, "renewable energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

Subd. 3b. Nuclear power plant; new construction prohibited; relicensing. (a) The commission may not issue a certificate of need for the construction of a new nuclear-powered electric generating plant.

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

Subd. 4. **Application for certificate; hearing.** Any person proposing to construct a large energy facility shall apply for a certificate of need and for a site or route permit under chapter 216E prior to construction of the facility. The application shall be on forms and in a manner established by the commission. In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need and, if a joint hearing is held, a site or route permit. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process. Unless the commission determines that a joint hearing on siting and need under this subdivision and section 216E.03, subdivision 6, is not feasible or more efficient, or otherwise not in the public interest, a joint hearing under those subdivisions shall be held.

Subd. 5. **Approval, denial, or modification.** Within 12 months of the submission of an application, the commission shall approve or deny a certificate of need for the facility. Approval or denial of the certificate shall be accompanied by a statement of the reasons for the decision. Issuance of the certificate may be made contingent upon modifications required by the commission. If the commission has not issued an order on the application within the 12 months provided, the commission may extend the time period upon receiving the consent of the parties or on its own motion, for good cause, by issuing an order explaining the good cause justification for extension.

Subd. 6. **Application fees; rules.** Any application for a certificate of need shall be accompanied by the application fee required pursuant to this subdivision. The application fee is to be applied toward the total costs reasonably necessary to complete the evaluation of need for the proposed facility. The maximum application fee shall be \$50,000, except for an application for an electric power generating plant as defined in section 216B.2421, subdivision 2, clause (1), or a high-voltage transmission line as defined in section 216B.2421, subdivision 2, clause (2), for which the maximum application fee shall be \$100,000. Costs exceeding the application fee and reasonably necessary to complete the evaluation of need for the proposed facility shall be recovered from the applicant. If the applicant is a public utility, a cooperative electric association, a generation and transmission cooperative electric association, a municipal power agency, a municipal electric utility, or a transmission company, the recovery shall be done pursuant to section 216B.62. The commission shall establish by rule pursuant to chapter 14 and sections 216C.05 to 216C.30 and this section, a schedule of fees based on the output or capacity of the facility and the difficulty of assessment of need. Money collected in this manner shall be credited to the general fund of the state treasury.

Subd. 7. **Participation by other agency or political subdivision.** (a) Other state agencies authorized to issue permits for siting, construction or operation of large energy facilities, and those state agencies authorized to participate in matters before the commission involving utility rates and adequacy of utility services, shall present their position regarding need and participate in the public hearing process prior to the issuance or denial of a certificate of need. Issuance or denial of certificates of need shall be the sole and exclusive prerogative of the commission and these determinations and certificates shall be binding upon other state departments and agencies, regional, county, and local governments and special purpose government districts except as provided in sections 116C.01 to 116C.08 and 116D.04, subdivision 9.

(b) An applicant for a certificate of need shall notify the commissioner of agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 216G.01, subdivision 4. The commissioner may participate in any proceeding on the application and advise the commission as to whether to grant the certificate of need, and the best options for mitigating adverse impacts to agricultural lands if the certificate is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

Subd. 8. **Exemptions.** This section does not apply to:

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

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

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

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

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

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

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

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

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

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

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

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

(5) impacts on ratepayers; and

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

History: 1974 c 307 s 13; 1975 c 170 s 3,4; 1977 c 381 s 19; Ex1979 c 2 s 32; 1980 c 579 s 10,11; 1980 c 614 s 123; 1981 c 356 s 159,248; 1982 c 424 s 130; 1982 c 561 s 2; 1983 c 289 s 46,115 subd 2;

1984 c 558 art 4 s 10; 1984 c 655 art 1 s 22,23; 1985 c 304 s 1; 1987 c 312 art 1 s 10 subd 1; 1991 c 235 art 4 s 1; art 6 s 2; 1994 c 641 art 2 s 2; 2001 c 212 art 7 s 31-33; 2002 c 398 s 4; ISp2003 c 11 art 1 s 4; 2005 c 97 art 1 s 5,6; art 2 s 4; art 3 s 13-15; 2008 c 296 art 1 s 13; 2009 c 110 s 23,24; 2014 c 254 s 13

MISCELLANY

216B.244 NUCLEAR PLANT CAPACITY REQUIREMENTS.

A reactor unit at a nuclear power electric generating plant that has an annual load capacity factor of less than 55 percent for each of three consecutive calendar years must be shut down and cease operating no later than 500 days after the end of the third such consecutive calendar year. For the purposes of this section, "load capacity factor" means the ratio between a reactor unit's average load and its peak load.

History: *1994 c 641 art 2 s 3*

216B.2445 DECOMMISSIONING NUCLEAR PLANT; STORING USED FUEL.

Subdivision 1. **Decommissioning costs.** (a) The Public Utilities Commission shall, when considering approval of a plan for the accrual of funds for the decommissioning of nuclear facilities filed in accordance with a commission order, include an evaluation of the costs, if any, arising from storage of used nuclear fuel that may be incurred by the state of Minnesota, and any tribal community, county, city, or township where used nuclear fuel is located following the cessation of operations at a nuclear plant.

(b) To assist the commission in making the determination required in paragraph (a), the filing shall provide cost estimates, including ratepayer impacts, assuming used nuclear fuel will be stored in the state for 60 years, 100 years, and 200 years following the cessation of operation of the nuclear plant.

Subd. 2. **Rate.** A public utility filing a decommissioning plan in accordance with a commission order and this section may include, as part of a general rate case petition, the costs of decommissioning accrual incurred in complying with a commission order implementing this section.

Subd. 3. **Commission report.** The commission shall prepare a nuclear decommissioning report after each of the commission's periodic review of nuclear decommissioning costs. The report shall be submitted within 180 days of the date of the final order related to that review to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy and public safety. That report shall, without limitation, include the following:

- (1) an explanation of the commission's funding decisions regarding nuclear decommissioning;
- (2) the progress of the United States Department of Energy to remove from Minnesota spent fuel produced by nuclear generating plants in Minnesota;
- (3) an analysis of the financial and other obligations related to decommissioning and storage of used fuel of the utility holding title to spent nuclear fuel to the state and to host communities, including affected tribal communities; and
- (4) any recommendations to the legislature on legislation or other actions that may be necessary for addressing long-term or indefinite storage costs.

History: *2011 c 97 s 13*

216B.245 PUMP AND STORE HYDROPOWER FACILITY; PROHIBITION.

A state agency may not issue a permit for the construction of a facility for generating electricity if the facility would be located on top of the bluffs along the Mississippi River and would pump water from any portion of the river, store the water on top of the bluffs, and release the water at a later time to generate the electricity.

History: *1993 c 147 s 1*

216B.246 FEDERALLY APPROVED TRANSMISSION LINES; INCUMBENT TRANSMISSION LINEOWNER RIGHTS.

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

(b) "Electric transmission line" means a high-voltage transmission line with a capacity of 100 kilovolts or more and associated transmission facilities.

(c) "Incumbent electric transmission owner" means any public utility that owns, operates, and maintains an electric transmission line in this state; any generation and transmission cooperative electric association; any municipal power agency; any power district; any municipal utility; or any transmission company as defined under section 216B.02, subdivision 10.

Subd. 2. **Incumbent electric transmission owner rights.** An incumbent electric transmission owner has the right to construct, own, and maintain an electric transmission line that has been approved for construction in a federally registered planning authority transmission plan and connects to facilities owned by that incumbent electric transmission owner. The right to construct, own, and maintain an electric transmission line that connects to facilities owned by two or more incumbent electric transmission owners belongs individually and proportionally to each incumbent electric transmission owner, unless otherwise agreed upon in writing. This section does not limit the right of any incumbent electric transmission owner to construct, own, and maintain any transmission equipment or facilities that have a capacity of less than 100 kilovolts.

Subd. 3. **Commission procedure.** (a) If an electric transmission line has been approved for construction in a federally registered planning authority transmission plan, the incumbent electric transmission owner, or owners if there is more than one owner, shall give notice to the commission, in writing, within 90 days of approval, regarding its intent to construct, own, and maintain the electric transmission line. If an incumbent electric transmission owner gives notice of intent to build the electric transmission line then, unless exempt from the requirements of section 216B.243, within 18 months from the date of the notice described in this paragraph or such longer time approved by the commission, the incumbent electric transmission owner shall file an application for a certificate of need under section 216B.243 or certification under section 216B.2425.

(b) If the incumbent electric transmission owner indicates that it does not intend to build the transmission line, such notice shall fully explain the basis for that decision. If the incumbent electric transmission owner, or owners, gives notice of intent not to build the electric transmission line, then the commission may determine whether the incumbent electric transmission owner or other entity will build the electric transmission line, taking into consideration issues such as cost, efficiency, reliability, and other factors identified in this chapter.

History: *2012 c 179 s 1*

COMMISSION ORDERS; PROCEDURAL RESPONSIBILITIES**216B.25 FURTHER ACTION ON PREVIOUS ORDER.**

The commission may at any time, on its own motion or upon motion of an interested party, and upon notice to the public utility and after opportunity to be heard, rescind, alter, or amend any order fixing rates, tolls, charges, or schedules, or any other order made by the commission, and may reopen any case following the issuance of an order therein, for the taking of further evidence or for any other reason. Any order rescinding, altering, amending, or reopening a prior order shall have the same effect as an original order.

History: 1974 c 429 s 25

216B.26 ORDER; EFFECTIVE DATE.

Every decision made by the commission constituting an order or determination is in force and effective 20 days after it has been filed and has been served by personal delivery, electronic service as provided in section 216.17, or by mailing a copy thereof to all parties to the proceeding in which the decision was made or to their attorneys, unless the commission specifies a different date upon which the order becomes effective.

History: 1974 c 429 s 26; 2007 c 10 s 6

216B.27 REHEARING; CONDITION PRECEDENT TO JUDICIAL REVIEW.

Subdivision 1. **Applying for rehearing.** Within 20 days after the service by the commission of any decision constituting an order or determination, any party to the proceeding and any other person, aggrieved by the decision and directly affected thereby, may apply to the commission for a rehearing in respect to any matters determined in the decision. The commission may grant and hold a rehearing on the matters, or upon any of them as it may specify in the order granting the rehearing, if in its judgment sufficient reason therefor exists.

Subd. 2. **Contents of application; condition precedent for review.** The application for a rehearing shall set forth specifically the grounds on which the applicant contends the decision is unlawful or unreasonable. No cause of action arising out of any decision constituting an order or determination of the commission or any proceeding for the judicial review thereof shall accrue in any court to any person or corporation unless the plaintiff or petitioner in the action or proceeding within 20 days after the service of the decision, shall have made application to the commission for a rehearing in the proceeding in which the decision was made. No person or corporation shall in any court urge or rely on any ground not so set forth in the application for rehearing.

Subd. 3. **Rules; procedural requirements; commission's authority.** Applications for rehearing shall be governed by general rules which the commission may establish. In case a rehearing is granted the proceedings shall conform as nearly as may be to the proceedings in an original hearing, except as the commission may otherwise direct. If in the commission's judgment, after the rehearing, it shall appear that the original decision, order, or determination is in any respect unlawful or unreasonable, the commission may reverse, change, modify, or suspend the original action accordingly. Any decision, order, or determination made after the rehearing reversing, changing, modifying, or suspending the original determination shall have the same force and effect as an original decision, order, or determination. Only one rehearing shall be granted by the commission; but this shall not be construed to prevent any party from filing a new application or complaint. No order of the commission shall become effective while an application for a rehearing or a rehearing is pending and until ten days after the application for a rehearing is either denied, expressly or by implication, or the commission has announced its final determination on rehearing.

Subd. 4. **Deadline to grant application.** Any application for a rehearing not granted within 60 days from the date of filing thereof, shall be deemed denied.

Subd. 5. **Effect of decision on application.** It is hereby declared that the legislative powers of the state, insofar as they are involved in the issuance of orders and decisions by the commission, have not been completely exercised until the commission has acted upon an application for rehearing, as provided for by this section and by the rules of the commission, or until the application for rehearing has been denied by implication, as above provided for.

History: 1974 c 429 s 27; 1995 c 224 s 77

216B.28 SUBPOENA; WITNESS FEE AND MILEAGE.

The commission and each commissioner, or the secretary of the commission may issue subpoenas and all necessary processes in proceedings pending before it; and each process shall extend to all parts of the state and may be served by any person authorized to serve processes of courts of record. Each witness who shall appear before the commission, or at a hearing before one of the individuals designated by it as provided in section 216B.15, or whose deposition is taken, shall receive for attendance the fees and mileage now provided for witnesses in civil cases in courts of record.

History: 1974 c 429 s 28; 1986 c 444

216B.29 HEARING AND SUBPOENA COMPLIANCE POWERS.

The commission and each of the commissioners or authorized examiner, for the purpose mentioned in Laws 1974, chapter 429, may administer oaths and examine witnesses. In case of failure on the part of any person to comply with any subpoena, or in the case of the refusal of any witness to testify concerning any matter on which the witness may be interrogated lawfully, any court of record of general jurisdiction or a judge thereof, on application of the commission, may compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify therein.

History: 1974 c 429 s 29; 1986 c 444

216B.30 DEPOSITION.

The commission or any party to the proceedings may, in any investigation or hearing before the commission, cause the deposition of witnesses residing within or without the state to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

History: 1974 c 429 s 30

216B.31 TESTIMONY AND PRODUCTION OF RECORDS; PERJURY.

No person shall be excused from testifying or from producing any book, document, paper, or account in any investigation, or inquiry by, or hearing before, the commission or any commissioner, or person designated by it to conduct hearings, when ordered to do so, upon the ground that the testimony or evidence, book, document, paper, or account required may tend to incriminate the person or subject the person to penalty or forfeiture; but no person shall be prosecuted, punished, or subjected to any forfeiture or penalty for or on account of any act, transaction, matter, or thing concerning which the person shall have been

compelled under oath to testify or produce documentary evidence; provided, that no person so testifying shall be exempt from prosecution or punishment for any perjury committed in testimony.

History: 1974 c 429 s 31; 1986 c 444

216B.32 CERTIFIED COPY OF DOCUMENT AS EVIDENCE.

Copies of official documents and orders filed or deposited according to law in the office of the commission, certified by a commissioner or by the secretary under the official seal of the commission to be true copies of the original shall be evidence in like manner as the originals, in all matters before the commission and in the courts of this state.

History: 1974 c 429 s 32

216B.33 COMMISSION RULING WRITTEN, FILED, AND CERTIFIED.

Every order, finding, authorization, or certificate issued or approved by the commission under this chapter must be in writing and retained in the commission's official record system. A certificate under the seal of the commission that any order, finding, authorization, or certificate has not been modified, stayed, suspended, or revoked, must be received in any proceeding as evidence as to the facts therein stated.

History: 1974 c 429 s 33; 2007 c 10 s 7

216B.34 PUBLIC RECORDS.

All decisions, transcripts, and orders of the commission shall be public records.

History: 1974 c 429 s 34

216B.35 TRANSCRIBED RECORD.

A full and complete record shall be kept of all proceedings at any formal hearing had before the commission or any commissioner or hearing examiner and all testimony shall be taken down by a reporter appointed by the commission. A copy of the transcript shall be furnished on demand to any party to the proceedings upon payment of reasonable costs of reproduction.

History: 1974 c 429 s 35

MUNICIPAL POWERS

216B.36 MUNICIPAL REGULATORY AND TAXING POWERS.

Any public utility furnishing the utility services enumerated in section 216B.02 or occupying streets, highways, or other public property within a municipality may be required to obtain a license, permit, right, or franchise in accordance with the terms, conditions, and limitations of regulatory acts of the municipality, including the placing of distribution lines and facilities underground. Under the license, permit, right, or franchise, the utility may be obligated by any municipality to pay to the municipality fees to raise revenue or defray increased municipal costs accruing as a result of utility operations, or both. The fee may include but is not limited to a sum of money based upon gross operating revenues or gross earnings from its operations in the municipality so long as the public utility shall continue to operate in the municipality, unless upon request of the public utility it is expressly released from the obligation at any time by such municipality. Notwithstanding the definition of "public utility" in section 216B.02, subdivision 4, a municipality may require payment of a fee under this section by a cooperative electric association organized under chapter

308A that furnishes utility services within the municipality. All existing licenses, permits, franchises, and other rights acquired by any public utility or municipality prior to April 11, 1974, including the payment of existing franchise fees, shall not be impaired or affected in any respect by the passage of this chapter, except with respect to matters of rate and service regulation, service area assignments, securities, and indebtedness that are vested in the jurisdiction of the commission by this chapter. However, in the event that a court of competent jurisdiction determines, or the parties by mutual agreement determine, that an existing license, permit, franchise, or other right has been abrogated or impaired by this chapter, or its execution, the municipality affected shall impose and the public utility shall collect an excise tax on the utility charges which from year to year yields an amount which is reasonably equivalent to that amount of revenue which then would be due as a fee, charges or other thing or service of value to the municipality under the franchise, license, or permit. The authorization shall be over and above taxing limitations including, but not limited to, those of section 477A.016. Franchises granted pursuant to this section shall be exempt from the provisions of chapter 80C. For purposes of this section, a public utility shall include a cooperative electric association.

History: 1974 c 429 s 36; 1978 c 795 s 5; 1Sp1981 c 1 art 6 s 8; 1982 c 378 s 1; 1991 c 291 art 9 s 4

TOWNSHIP NATURAL GAS UTILITY AGREEMENT

216B.361 TOWNSHIP AGREEMENT WITH NATURAL GAS UTILITY.

A township may enter into an agreement with a public utility providing natural gas services to provide services within a designated portion or all of the township. If a city annexes township land for which a utility has an agreement with a township to serve, the utility shall continue to have a nonexclusive right to offer and provide service in the area identified by the agreement with the township for the term of that agreement, subject to the authority of the annexing city to manage public rights-of-way within the city as provided in sections 216B.36, 237.162, and 237.163.

Nothing in this section precludes a city from acquiring the property of a public utility under sections 216B.45 to 216B.47 for the purpose of allowing the city to own and operate a natural gas utility, or to extend natural gas and other utility services into newly annexed areas.

History: 1Sp2003 c 11 art 3 s 5

ASSIGNED ELECTRIC SERVICE AREAS

216B.37 ASSIGNED SERVICE AREA; ELECTRIC UTILITY; LEGISLATIVE POLICY.

It is hereby declared to be in the public interest that, in order to encourage the development of coordinated statewide electric service at retail, to eliminate or avoid unnecessary duplication of electric utility facilities, and to promote economical, efficient, and adequate electric service to the public, the state of Minnesota shall be divided into geographic service areas within which a specified electric utility shall provide electric service to customers on an exclusive basis.

History: 1974 c 429 s 37

216B.38 DEFINITIONS.

Subdivision 1. MS 1974 [Renumbered subd 1a]

Subdivision 1. **Scope.** For the purpose of sections 216B.37 to 216B.44 only, the following definitions shall apply.

Subd. 1a. [Renumbered subd 8]

Subd. 1b. **Assigned service area.** "Assigned service area" means the geographical area in which the boundaries are established as provided in section 216B.39.

Subd. 2. **Customer.** "Customer" means a person contracting for or purchasing electric service at retail from an electric utility.

Subd. 3. [Renumbered subd 4a]

Subd. 4. **Electric line.** "Electric line" means lines for conducting electric energy at a design voltage of 25,000 volts phase to phase or less used for distributing electric energy directly to customers at retail.

Subd. 4a. **Electric service.** "Electric service" means electric service furnished to a customer at retail for ultimate consumption, but does not include wholesale electric energy furnished by an electric utility to another electric utility for resale.

Subd. 5. **Electric utility.** "Electric utility" means persons, their lessees, trustees, and receivers, separately or jointly, now or hereafter operating, maintaining, or controlling in Minnesota equipment or facilities for providing electric service at retail and which fall within the definition of "public utility" in section 216B.02, subdivision 4, and includes facilities owned by a municipality or by a cooperative electric association.

Subd. 6. [Renumbered subd 1b]

Subd. 7. **Municipality.** "Municipality" means any city, however organized.

Subd. 8. **Person.** "Person" means a natural person, a partnership, a private corporation, a public corporation, a municipality, an association, a cooperative whether incorporated or not, a joint stock association, a business trust, any political subdivision or agency, or two or more persons having joint or common interest.

History: 1974 c 429 s 38; 1978 c 795 s 6

216B.39 ASSIGNED SERVICE AREA.

Subdivision 1. **Line map and service list.** On or before six months from April 12, 1974, or, when requested in writing by an electric utility and for good cause shown, and at a further time as the commission may fix by order, each electric utility shall file with the commission a map or maps showing all its electric lines outside of incorporated municipalities as they existed on April 12, 1974. Each electric utility shall also submit in writing a list of all municipalities in which it provides electric service on the effective date of Laws 1974, chapter 429. Where two or more electric utilities serve a single municipality, the commission may require each utility to file with the commission a map showing its electric lines within the municipality.

Subd. 2. **Determination; map prepared.** On or before 12 months from April 12, 1974, the commission shall after notice and hearing establish the assigned service area or areas of each electric utility and shall prepare or cause to be prepared a map or maps to accurately and clearly show the boundaries of the assigned service area of each electric utility.

Subd. 3. **Geographic, historic, and contractual considerations.** To the extent that it is not inconsistent with the legislative policy stated in section 216B.37, the boundaries of each assigned service area, outside of incorporated municipalities, shall be a line equidistant between the electric lines of adjacent electric utilities

as they exist on April 12, 1974; provided that these boundaries may be modified by the commission to take account of natural and other physical barriers including, but not limited to, highways, waterways, railways, major bluffs, and ravines and shall be modified to take account of the contracts provided for in subdivision 4; and provided further that at any time after April 12, 1974, the commission may on its own or at the request of an electric utility make changes in the boundaries of the assigned service areas, but only after notice and hearing as provided for in sections 216B.17 and 216B.18.

Subd. 4. Service area contract between utilities. Contracts between electric utilities, which are executed on or before 12 months from April 12, 1974, designating service areas and customers to be served by the electric utilities when approved by the commission shall be valid and enforceable and shall be incorporated into the appropriate assigned service areas. The commission shall approve a contract if it finds that the contract will eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, and will promote the efficient and economical use and development of the electric systems of the contracting electric utilities.

Subd. 5. Assigned service area in municipality. Where a single electric utility provides electric service within a municipality on April 12, 1974, that entire municipality shall constitute a part of the assigned service area of the electric utility in question. Where two or more electric utilities provide electric service in a municipality on April 12, 1974, the boundaries of the assigned service areas shall conform to those contained in municipal franchises with the electric utilities on April 12, 1974. In the absence of a franchise, the boundaries of the assigned service areas within an incorporated municipality shall be a line equidistant between the electric lines of the electric utilities as they exist on April 12, 1974; provided that these boundaries may be modified by the commission to take account of natural and other physical barriers including, but not limited to, major streets or highways, waterways, railways, major bluffs, and ravines and shall be modified to take account of the contracts provided for in subdivision 4.

Subd. 6. Determination for exceptional case. In those areas where, on April 12, 1974, the existing electric lines of two or more electric utilities are so intertwined that subdivisions 2 to 5 cannot reasonably be applied, the commission shall determine the boundaries of the assigned service areas for the electric utilities involved as will promote the legislative policy in section 216B.37.

History: 1974 c 429 s 39; 2014 c 275 art 1 s 35

216B.40 EXCLUSIVE SERVICE RIGHT; SERVICE EXTENSION.

Except as provided in sections 216B.42 and 216B.421, each electric utility shall have the exclusive right to provide electric service at retail to each and every present and future customer in its assigned service area and no electric utility shall render or extend electric service at retail within the assigned service area of another electric utility unless the electric utility consents thereto in writing; provided that any electric utility may extend its facilities through the assigned service area of another electric utility if the extension is necessary to facilitate the electric utility connecting its facilities or customers within its own assigned service area.

History: 1974 c 429 s 40; 1977 c 99 s 1

216B.41 EFFECT OF INCORPORATION, ANNEXATION, OR CONSOLIDATION.

After April 12, 1974, the inclusion by incorporation, consolidation, or annexation of any part of the assigned service area of an electric utility within the boundaries of any municipality shall not in any respect impair or affect the rights of the electric utility to continue and extend electric service at retail throughout

any part of its assigned service area unless a municipality which owns and operates an electric utility elects to purchase the facilities and property of the electric utility as provided in section 216B.44.

History: 1974 c 429 s 41

216B.42 SERVICE EXTENSION IN CERTAIN SITUATIONS.

Subdivision 1. **Large customer outside municipality.** Notwithstanding the establishment of assigned service areas for electric utilities provided for in section 216B.39, customers located outside municipalities and who require electric service with a connected load of 2,000 kilowatts or more shall not be obligated to take electric service from the electric utility having the assigned service area where the customer is located if, after notice and hearing, the commission so determines after consideration of following factors:

(1) the electric service requirements of the load to be served;

(2) the availability of an adequate power supply;

(3) the development or improvement of the electric system of the utility seeking to provide the electric service, including the economic factors relating thereto;

(4) the proximity of adequate facilities from which electric service of the type required may be delivered;

(5) the preference of the customer;

(6) any and all pertinent factors affecting the ability of the utility to furnish adequate electric service to fulfill customers' requirements.

Subd. 2. **Service line extension to utility's property.** Notwithstanding the provisions in section 216B.39, any electric utility may extend electric lines for electric service to its own utility property and facilities.

History: 1974 c 429 s 42

216B.421 HOMESTEAD; OPTION OF ELECTRIC SERVICE.

Subdivision 1. **Multiple service areas; customer election.** Notwithstanding the establishment of assigned service areas for electric utilities provided for in section 216B.39, when a customer requires electric service for buildings or other structures located on land constituting the customer's homestead and the buildings or structures are located within more than one assigned service area, the customer may elect to contract for or purchase the customer's entire electric service requirements from either of the electric utilities providing the customer with electric service. An electric utility may extend its facilities through the assigned service area of another electric utility if the extension is necessary to facilitate the electric utility connecting a customer who elects to purchase or contract for service from it pursuant to this section.

Subd. 2. **Restriction.** The provisions of subdivision 1 shall only apply to the provision of electric service to buildings and other structures that were under construction on April 11, 1974.

History: 1977 c 99 s 2; 1986 c 444

216B.43 HEARING ON COMPLAINT.

Upon the filing of an application under section 216B.42 or upon complaint by an affected utility that the provisions of sections 216B.39 to 216B.42 have been violated, the commission shall hold a hearing,

upon notice, within 30 days after the filing of the complaint, and shall render its decision within 30 days after the hearing.

History: *1974 c 429 s 43; 1993 c 327 s 10*

MUNICIPAL ACQUISITION OF UTILITY PROPERTY

216B.44 MUNICIPAL SERVICE TERRITORY EXTENSION.

(a) Notwithstanding the provisions of sections 216B.38 to 216B.42, whenever a municipality which owns and operates an electric utility (1) extends its corporate boundaries through annexation or consolidation, or (2) determines to extend its service territory within its existing corporate boundaries, the municipality shall thereafter furnish electric service to these areas unless the area is already receiving electric service from an electric utility, in which event, the municipality may purchase the facilities of the electric utility serving the area.

(b) The municipality acquiring the facilities shall pay to the electric utility formerly serving the area the appropriate value of its properties within the area which payment may be by exchange of other electric utility property outside the municipality on an appropriate basis giving due consideration to revenue from and value of the respective properties. In the event the municipality and the electric utility involved are unable to agree as to the terms of the payment or exchange, the municipality or the electric utility may file an application with the commission requesting that the commission determine the appropriate terms for the exchange or sale. After notice and hearing, the commission shall determine appropriate terms for an exchange, or in the event no appropriate properties can be exchanged, the commission shall fix and determine the appropriate value of the property within the annexed area, and the transfer shall be made as directed by the commission. In making that determination the commission shall consider the original cost of the property, less depreciation, loss of revenue to the utility formerly serving the area, expenses resulting from integration of facilities, and other appropriate factors.

(c) Until the determination by the commission, the facilities shall remain in place and service to the public shall be maintained by the owner. However, the electric utility being displaced, serving the annexed area, shall not extend service to any additional points of delivery within the annexed area if the commission, after notice and hearing, with due consideration of any unnecessary duplication of facilities, shall determine that the extension is not in the public interest.

(d) When property of an electric utility located within an area annexed to a municipality which owns and operates an electric utility is proposed to be acquired by the municipality, ratification by the electors is not required.

(e) When property of an electric utility located within the existing corporate boundaries of a municipality that currently operates a municipal electric utility is proposed to be included within the service territory of the municipal electric utility, ratification by the electors is not required.

History: *1974 c 429 s 44; 1983 c 301 s 173*

216B.45 MUNICIPAL PURCHASE OF PUBLIC UTILITY.

Any public utility operating in a municipality under a license, permit, right, or franchise shall be deemed to have consented to the purchase by the municipality, for just compensation, of its property operated in the municipality under such license, permit, right, or franchise. The municipality, subject to the provisions

of Laws 1974, chapter 429, may purchase the property upon notice to the public utility as herein provided. Whenever the commission is notified by the municipality or the public utility affected that the municipality has, pursuant to law, determined to purchase the property of the public utility, and that the parties to the purchase and sale have been unable to agree on the amount to be paid and received therefor, the commission shall set a time and place for a public hearing, after not less than 30 days' notice to the parties, upon the matter of just compensation or the matter of the property to be purchased. Within a reasonable time the commission shall, by order, determine the just compensation for the property to be purchased by the municipality. In determining just compensation, the commission shall consider the original cost of the property less depreciation, loss of revenue to the utility, expenses resulting from integration of facilities, and other appropriate factors. The order of the commission may be reviewed as provided in section 216B.52. Commission expenses arising out of the exercise of its jurisdiction under this section shall be assessed to the municipality. For purposes of this section, a public utility shall include a cooperative electric association.

History: *1974 c 429 s 45; 1978 c 795 s 7*

216B.46 MUNICIPAL ACQUISITION PROCEDURES; NOTICE; ELECTION.

Any municipality which desires to acquire the property of a public utility as authorized under the provisions of section 216B.45 may determine to do so by resolution of the governing body of the municipality taken after a public hearing of which at least 30 days' published notice shall be given as determined by the governing body. The determination shall become effective when ratified by a majority of the qualified electors voting on the question at a special election to be held for that purpose, not less than 60 nor more than 120 days after the resolution of the governing body of the municipality.

History: *1974 c 429 s 46*

216B.465 VOTER RATIFICATION OF MUNICIPAL PURCHASE, LIMITED APPLICATION.

The provisions of sections 216B.45 and 216B.46 apply only to the purchase of public utility property by a municipality that, prior to the time of the purchase, did not operate a municipal utility providing the type of utility service delivered by the utility property being purchased.

In cases where the municipality operates, prior to the purchase of public utility property, a municipal utility providing the type of utility service delivered by the utility property being purchased, the provisions of section 216B.44 apply and voter ratification is not required.

History: *1983 c 301 s 174*

216B.47 ACQUISITION BY EMINENT DOMAIN.

Nothing in this chapter may be construed to preclude a municipality from acquiring the property of a public utility by eminent domain proceedings; provided that damages to be paid in eminent domain proceedings must include the original cost of the property less depreciation, loss of revenue to the utility, expenses resulting from integration of facilities, and other appropriate factors. A municipality seeking to acquire the property of a public utility in eminent domain proceedings may not acquire the right to furnish electric service during the pendency of the proceedings through the use of section 117.042 but may petition the commission under section 216B.44 for service rights. For purposes of this section, a public utility includes a cooperative electric association.

History: *1974 c 429 s 47; 1978 c 795 s 8; 1994 c 610 s 1*

FINANCIAL ACTIVITIES AND BUSINESS PRACTICES**216B.48 RELATIONS WITH AFFILIATED INTEREST.**

Subdivision 1. **Definition of affiliated interests.** "Affiliated interests" with a public utility means the following:

(1) every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility;

(2) every corporation and person in any chain of successive ownership of five percent or more of voting securities;

(3) every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities;

(4) every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities;

(5) every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal, and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has directors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors;

(6) every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section;

(7) every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated;

(8) every subsidiary of a public utility;

(9) every part of a corporation in which an operating division is a public utility.

Subd. 2. **Construing the term "person."** The term "person" as used in subdivision 1 shall not be construed to exclude trustees, lessees, holders of beneficial equitable interest, voluntary associations, receivers, and partnerships.

Subd. 3. **Contract between utility and affiliated interest.** No contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease, or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975

between a public utility and any affiliated interest as defined in subdivision 1, clauses (1) to (8), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (9), made or entered into after August 1, 1993, is valid or effective unless and until the contract or arrangement has received the written approval of the commission. Regular recurring transactions under a general or continuing arrangement that has been approved by the commission are valid if they are conducted in accordance with the approved terms and conditions. Every public utility shall file with the commission a verified copy of the contract or arrangement, or a verified summary of the unwritten contract or arrangement, and also of all the contracts and arrangements, whether written or unwritten, entered into prior to January 1, 1975, or, for the purposes of subdivision 1, clause (9), prior to August 1, 1993, and in force and effect at that time. The commission shall approve the contract or arrangement made or entered into after that date only if it clearly appears and is established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement may receive the commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service to each public utility. Proof is satisfactory only if it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement is on the public utility.

Subd. 4. Contract not exceeding \$50,000. The provisions of this section requiring the written approval of the commission shall not apply to transactions with affiliated interests where the amount of consideration involved is not in excess of \$50,000 or five percent of the capital equity of the utility whichever is smaller; provided, however, that regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions to come within the aforesaid exemption. Such transactions shall be valid or effective without commission approval under this section. However, in any proceeding involving the rates or practices of the public utility, the commission may exclude from the accounts of such public utility any payment or compensation made pursuant to the transaction unless the public utility shall establish the reasonableness of the payment or compensation.

Subd. 5. Applicability to determining rates and costs. In any proceeding, whether upon the commission's own motion or upon application or complaint, involving the rates or practices of any public utility, the commission may exclude from the accounts of the public utility any payment or compensation to an affiliated interest for any services rendered or property or service furnished, as above described, under existing contracts or arrangements with the affiliated interest unless the public utility shall establish the reasonableness of the payment or compensation.

Subd. 6. Commission retains continuing authority over contract. The commission shall have continuing supervisory control over the terms and conditions of the contracts and arrangements as are herein described so far as necessary to protect and promote the public interest. The commission shall have the same jurisdiction over the modifications or amendment of contracts or arrangements as are herein described as it has over such original contracts or arrangements. The fact that the commission shall have approved entry into such contracts or arrangements as described herein shall not preclude disallowance or disapproval of payments made pursuant thereto, if upon actual experience under such contract or arrangement it appears that the payments provided for or made were or are unreasonable.

Subd. 7. [Repealed, 1978 c 795 s 10]

History: 1974 c 429 s 48; 1993 c 327 s 11-13

216B.49 SECURITIES; PUBLIC FINANCING.

Subdivision 1. **Definition of security.** For the purpose of this section, "security" means any note; stock; treasury stock; bond; debenture; evidence of indebtedness; assumption of any obligation or liability as a guarantor, endorser, surety, or otherwise in the security of another person; certificate of interest or participation in any profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable shares; investment contract; voting trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining right, title, or lease or in payments out of production under an oil, gas, or mining right, title, or lease; or, in general, any interest or instrument commonly known as a security, or any certificate for, receipt for guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Subd. 2. [Repealed, 1998 c 350 s 6]

Subd. 3. **Commission approval required.** It is unlawful for any public utility organized under the laws of this state to offer or sell any security or, if organized under the laws of any other state or foreign country, to subject property in this state to an encumbrance for the purpose of securing the payment of any indebtedness unless the security issuance of the public utility is first approved by the commission, either as an individual issuance or as one of multiple possible issuances approved in the course of a periodic proceeding reviewing the utility's proposed sources and uses of capital funds. Approval by the commission must be by formal written order.

Subd. 4. **Considerations for approval for public financing.** Upon the application of a public utility for approval of its security issuance and prior to the issuance of any security or the encumbrance of any property for the purpose of securing the payment of any indebtedness, the commission may make such inquiry or investigation, hold such hearings, and examine such witnesses, books, papers, documents, or contracts, as in its discretion it may deem necessary. Prior to approval the commission shall ascertain that the amount of securities of each class which any public utility may issue shall bear a reasonable proportion to each other and to the value of the property, due consideration being given to the nature of the business of the public utility, its credit and prospects, the possibility that the value of the property may change from time to time, the effect which the issue shall have upon the management and operation of the public utility, and other considerations which the commission as a matter of fact shall find to be relevant. If the commission shall find that the proposed security issuance is reasonable and proper and in the public interest and will not be detrimental to the interests of the consumers and patrons affected thereby, the commission shall by written order grant its permission for the proposed public financing.

Subd. 5. **Applicability of other law; preemption.** The requirements of this section are in addition to any other requirements of law and, specifically, the requirements of chapter 80A, and the rules promulgated pursuant thereto. Notwithstanding any charter or ordinance to the contrary, no city shall have jurisdiction over the securities or indebtedness of a public utility.

Subd. 6. [Repealed, 1978 c 795 s 10]

Subd. 7. **Investment in municipal industrial development.** When a public utility is engaged in a project pursuant to sections 469.152 to 469.165, notwithstanding the provisions of section 469.155, funds or accounts established in connection with the project or payment of bonds issued for the project may also be invested in investments of the type authorized in section 11A.24, subdivisions 1 to 5.

History: 1974 c 429 s 49; 1982 c 378 s 2; 1983 c 167 s 1; 1985 c 248 s 70; 1987 c 291 s 203; 1998 c 350 s 2,3; 2011 c 97 s 23

216B.50 RESTRICTIONS ON PROPERTY TRANSFER AND MERGER.

Subdivision 1. **Commission approval required.** No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of \$100,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

This section does not apply to the purchase of property to replace or add to the plant of the public utility by construction.

Subd. 2. [Repealed, 1978 c 795 s 10]

Subd. 3. **Exempt from other law.** Mergers and consolidations as enumerated in subdivision 1 hereof shall be exempt from the provisions of chapter 80B.

History: 1974 c 429 s 50; 2005 c 97 art 1 s 8

216B.51 STOCK PURCHASE.

Subdivision 1. **Stock of another utility.** No public utility shall purchase voting stock in another public utility doing business in Minnesota without first having made application to and received the consent of the commission in writing or by order.

Subd. 2. [Repealed, 1978 c 795 s 10]

Subd. 3. **Exempt from other law.** Mergers and consolidations as enumerated in subdivision 1 hereof shall be exempt from the provisions of chapter 80B.

History: 1974 c 429 s 51

VIOLATIONS, PENALTIES, JUDICIAL CONSIDERATIONS**216B.52 APPEAL.**

Subdivision 1. **Appeal under Administrative Procedure Act.** Any party to a proceeding before the commission or any other person, aggrieved by a decision and order and directly affected by it, may appeal from the decision and order of the commission in accordance with chapter 14.

Subd. 2. [Repealed, 1983 c 247 s 219]

Subd. 3. [Repealed, 1983 c 247 s 219]

Subd. 4. [Repealed, 1983 c 247 s 219]

Subd. 5. [Repealed, 1983 c 247 s 219]

History: 1974 c 429 s 52; 1978 c 674 s 60; 1983 c 247 s 96

216B.53 SUSPENSION OF COMMISSION ORDER.

The pendency of proceedings on appeal shall not of itself stay or suspend the operation of the order of the commission unless the commission so orders, but during the pendency of the proceedings the court in its discretion may stay or suspend, in whole or in part, the operation of the commission's order on terms it deems just, and in accordance with the practice of courts exercising equity jurisdiction. No stay shall be granted by the court without notice to the parties and opportunity to be heard. Any party shall have the right to secure from the court in which an appeal of an order of the commission is sought an order suspending or staying the operation of an order of the commission, pending an appeal of the order, but no commission order relating to rates or rules shall be stayed or suspended absent a finding that great or irreparable damage would otherwise result to the party seeking the stay or suspension, and any order staying or suspending a commission order shall specify the nature of the damage.

In case the order of the commission is stayed or suspended, the court shall require a bond with good and sufficient surety, conditioned that the public utility petitioning for review shall answer for all damages caused by the delay in enforcing the order of the commission, and for all compensation for whatever sums for transmission or service any person shall be compelled to pay pending review proceedings in excess of the sum the person or corporation would have been compelled to pay had the commission's order not been stayed or suspended. The court, may, in addition or in lieu of the bond require other further security for the payment of such excess damages or charges it deems proper.

History: 1974 c 429 s 53; 1977 c 364 s 6

216B.54 LEGAL ACTION AGAINST VIOLATION.

Whenever the commission or department shall be of the opinion that any person or public utility is failing or omitting or is about to fail or omit to do anything required of it by Laws 1974, chapter 429 or by any order of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done, contrary to or in violation of Laws 1974, chapter 429 or of any order of the commission, it shall refer the matter to the attorney general who shall take appropriate legal action.

History: 1974 c 429 s 54; 1980 c 614 s 115

216B.55 [Repealed, 1983 c 247 s 219]

216B.56 BURDEN OF PROOF.

In all proceedings before the commission in which the modification or vacation of any order of the commission is sought, the burden of proof shall be on the person seeking such modification or vacation.

History: 1974 c 429 s 56

216B.57 PENALTY FOR VIOLATION OF ACT.

Any person who knowingly and intentionally violates any provision of Laws 1974, chapter 429, or who knowingly and intentionally fails, omits, or neglects to obey, observe, or comply with any lawful order, or any part or provision thereof, of the commission is subject to a penalty of not less than \$100 nor more than \$1,000 for each violation.

History: 1974 c 429 s 57

216B.58 PENALTIES; CONSTRUING ACT, OMISSION, AND FAILURE.

In construing and enforcing the provision of Laws 1974, chapter 429 relating to penalties, the act, omission, or failure of any officer, agent, or employee of any person acting within the scope of official duties of employment shall in every case be deemed to be also the act, omission, or failure of that person.

History: 1974 c 429 s 58; 1986 c 444

216B.59 CONTINUING VIOLATION.

Every violation of the provisions of Laws 1974, chapter 429 or of any lawful order of the commission, or any part or portion thereof by any person, is a separate and distinct offense, and in case of a continuing violation after a first conviction thereof each day's continuance thereof shall be deemed to be a separate and distinct offense.

History: 1974 c 429 s 59

216B.60 PENALTIES CUMULATIVE.

All penalties accruing under Laws 1974, chapter 429 shall be cumulative, and a suit for the recovery of one penalty shall not be a bar to or affect the recovery of any other penalty or forfeiture or be a bar to any criminal prosecution against any public utility or any officer, director, agent, or employee thereof or any person.

History: 1974 c 429 s 60

216B.61 ACTIONS TO RECOVER PENALTIES.

Actions to recover penalties under this chapter shall be brought in the name of the state of Minnesota in the district court of Ramsey County.

History: 1974 c 429 s 61; 2005 c 10 art 1 s 34

ASSESSMENTS**216B.62 REGULATORY EXPENSES.**

Subdivision 1. [Repealed, 1980 c 614 s 191]

Subd. 2. **Assessing specific utility.** Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed under this chapter (1) to investigate the books, accounts, practices, and activities of, or make appraisals of the property of, any public utility, (2) to render any engineering or accounting services to any public utility, or (3) to intervene before an energy regulatory agency, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, service, or intervention. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs

are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Subd. 3. Assessing all public utilities. The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to public utilities under sections 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2, 6, 7, or 8. The remainder shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been transmitted via mail, personal delivery, or electronic service to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-sixth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Subd. 3a. Supplemental staffing assessment. In addition to other assessments in subdivision 3, the commission may assess up to \$800,000 per year for supplemental staffing to implement requirements of this chapter. The amount in this subdivision shall be assessed to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law.

Subd. 3b. Assessment for department regional and national duties. In addition to other assessments in subdivision 3, the department may assess up to \$1,000,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, 2015.

Subd. 4. Objections. Within 30 days after the date of the transmittal of any bill as provided by subdivisions 2, 3, 7, and 8, the public utility against which the bill has been rendered may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful, or invalid. The commission shall within 60 days hold a hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

Subd. 5. Assessing cooperatives and municipals. The commission and department may charge cooperative electric associations, generation and transmission cooperative electric associations, municipal power agencies, and municipal electric utilities their proportionate share of the expenses incurred in the

review and disposition of resource plans, adjudication of service area disputes, proceedings under section 216B.1691, 216B.2425, or 216B.243, and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association, generation and transmission cooperative electric association, municipal power agency, or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4.

Subd. 5a. Assessing transmission companies. The commission and department may charge transmission companies their proportionate share of the expenses incurred in the review and disposition of proceedings under sections 216B.2425, 216B.243, 216B.48, 216B.50, and 216B.79. A transmission company is not liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A transmission company may object to and appeal bills of the commission and department as provided in subdivision 4.

Subd. 6. Administrative hearing costs. Any amounts billed to the commission or the department by the Office of Administrative Hearings for public utility contested case hearings shall be assessed by the commission or the department against the public utility. The assessment shall be paid into the state treasury within 30 days after a bill, which constitutes notice of the assessment and demand for payment of it, has been transmitted to the public utility. Money received shall be credited to a special account and is appropriated to the commission or the department for payment to the Office of Administrative Hearings.

Subd. 7. Assessing all utilities. The department shall assess public utilities, cooperative electric associations, and municipal utilities for the costs of activities under chapter 216C. The department shall not assess for costs of grants, loans, or other aids or for costs that can be recovered through other assessment authority. Each public utility, cooperative, and municipal utility shall be assessed in the proportion that its gross operating revenue for the sale of gas and electric service within the state for the last calendar year bears to the total of those revenues for all public utilities, cooperatives, and municipalities.

Subd. 8. Audit investigation costs; account, appropriation. The audit investigation account is created as a separate account in the special revenue fund in the state treasury. If the commission, in a proceeding upon its own motion, on complaint, or upon an application to it, determines that it is necessary, in order to carry out its duties imposed under this chapter or chapter 216, 216A, 216E, 216F, or 216G, to conduct an investigation or audit of any public utility operations, practices, or policies requiring specialized technical professional investigative services for the inquiry, the commission may request the commissioner of commerce to seek authority from the commissioner of management and budget to incur costs reasonably attributable to the specialized services. If the investigation or audit is approved by the commissioner of management and budget, the commissioner of commerce shall carry out the investigation in the manner directed by the commission and shall render separate bills to the public utility for the costs incurred for such technical professional investigative services. The bill constitutes notice of the assessment and demand for payment. The amount assessed must be paid by the public utility to the commissioner of commerce within 30 days after the date of assessment. Money received under this subdivision must be deposited in the state treasury and credited to the audit investigation account, and is appropriated to the commissioner of commerce for the purposes of this subdivision.

History: 1974 c 429 s 62 subs 1-4; 1978 c 674 s 60; 1978 c 795 s 9; 1980 c 614 s 116; 1981 c 357 s 71,72; 1983 c 289 s 105,106; 1990 c 598 s 1; 1991 c 234 s 2; 1992 c 478 s 4; 1993 c 356 s 4; 1993 c 369 s

66,67; 2001 c 212 art 7 s 34; 2005 c 97 art 1 s 9,10; 2007 c 10 s 8-10; 2009 c 37 art 2 s 8-11; 2009 c 101 art 2 s 109; 2009 c 110 s 25-27; 2010 c 361 art 5 s 9; 2011 c 97 s 24-26

216B.63 INTEREST ON ASSESSMENT.

The amounts assessed against any public utility not paid after 30 days after the transmittal of a notice advising the public utility of the amount assessed against it, draw interest at the rate of six percent per annum; and, upon failure to pay the assessment, the attorney general shall proceed by action in the name of the state against the public utility to collect the amount due, together with interest and the cost of the suit.

History: 1974 c 429 s 63; 2007 c 10 s 11

MISCELLANEOUS

216B.64 ATTORNEY GENERAL'S RESPONSIBILITIES.

The attorney general of the state shall, upon request of the commission or department, represent and appear for the commission or department in all actions and proceedings involving any question under Laws 1974, chapter 429, and shall aid in any investigation or hearing had under the provisions of Laws 1974, chapter 429. The attorney general shall perform all duties and services in connection with Laws 1974, chapter 429 and the enforcement thereof as the commission or department may require. The attorney general shall also bring all actions to collect penalties herein provided.

History: 1974 c 429 s 64; 1980 c 614 s 117; 1986 c 444

216B.65 DEPARTMENT TO EMPLOY NECESSARY STAFF.

The department may employ experts, engineers, statisticians, accountants, inspectors, clerks, hearing examiners who may be attorneys and employees it deems necessary to carry out the provisions of Laws 1974, chapter 429.

History: 1974 c 429 s 67

216B.66 CONSTRUCTION.

Laws 1974, chapter 429 is complete in itself and other Minnesota statutes are not to be construed as applicable to the supervision or regulation of public utilities by the commission. All acts and parts of acts in conflict with Laws 1974, chapter 429 are repealed insofar as they pertain to the regulation of public utilities as defined herein.

History: 1974 c 429 s 69

216B.67 CITATION.

Laws 1974, chapter 429, may be cited as the "Minnesota Public Utilities Act."

History: 1974 c 429 s 71

MERCURY EMISSIONS REDUCTION

216B.68 DEFINITIONS; MERCURY EMISSIONS REDUCTION.

Subdivision 1. **Scope.** Terms used in sections 216B.68 to 216B.688 have the meanings given them in this section and section 216B.02.

Subd. 2. **Agency.** "Agency" means the Minnesota Pollution Control Agency.

Subd. 3. **Dry scrubbed unit.** "Dry scrubbed unit" means a targeted unit at which pollution control technology that uses a spray dryer and fabric filter system to remove pollutants from air emissions is installed or will be installed by December 31, 2007.

Subd. 4. **Federal mercury regulations.** "Federal mercury regulations" means the federal Clean Air Mercury Rule as of January 1, 2006, published in Code of Federal Regulations, title 40, parts 60, 63, 70, and 72.

Subd. 5. **Mercury emissions reduction.** "Mercury emissions reduction" means the amount of mercury reduced from the emissions of a targeted or supplemental unit, relative to the emissions baseline from that unit established under section 216B.681, expressed as a percentage.

Subd. 6. **Qualifying facility.** "Qualifying facility" means an electric generating power plant in Minnesota that, as of January 1, 2006, had a total net dependable capacity in excess of 500 megawatts from all coal-fired electric generating units at the power plant.

Subd. 7. **Start-up period.** "Start-up period" means a period of one year after the date mercury-control equipment is installed at a targeted unit under an approved mercury emissions-reduction plan, or such longer period as the commission may approve after consultation with the Pollution Control Agency, if a longer period is necessary to optimize equipment performance for mercury reduction.

Subd. 8. **Targeted unit.** "Targeted unit" means a coal-fired electric generation unit greater than 100 megawatts at a qualifying facility.

Subd. 9. **Wet scrubbed unit.** "Wet scrubbed unit" means a targeted unit at which pollution control technology that uses water or solutions to remove pollutants from air emissions is installed.

History: 2006 c 201 s 5

216B.681 MONITORING MERCURY EMISSIONS.

By July 1, 2007, a public utility that owns or operates a qualifying facility shall install, maintain, and operate continuous mercury emission-monitoring systems or other method of monitoring approved by the agency on each targeted unit and, where applicable, on each supplemental unit pursuant to section 216B.6851. The monitoring systems must use methods set forth in federal mercury regulations or such other methods as may be approved by the agency. The public utility shall report to the agency as public data the quality assured data produced from monitoring implemented pursuant to this section on a quarterly basis in a form prescribed by the agency. The data from at least six months' monitoring must be used to establish a baseline for mercury emissions reductions under sections 216B.68 to 216B.688.

History: 2006 c 201 s 6

216B.682 MERCURY EMISSIONS-REDUCTION PLANS.

Subdivision 1. **Dry scrubbed units.** (a) By December 31, 2007, a public utility that owns a dry scrubbed unit at a qualifying facility shall develop and submit to the agency and the commission a plan for mercury emissions reduction at each such unit. At each dry scrubbed unit owned and operated by the utility, the plan

must propose to employ the available technology for mercury removal that is most likely to result in the removal of at least 90 percent of the mercury emitted from the unit.

(b) A plan submitted under this subdivision must provide for mercury emissions reduction at each dry scrubbed unit to be implemented by December 31, 2010. A public utility that owns two dry scrubbed targeted units must submit a plan that provides for implementation at one unit by December 31, 2009, and at the other unit by December 31, 2010.

Subd. 2. **Wet scrubbed units.** (a) By December 31, 2009, a public utility that owns a wet scrubbed unit at a qualifying facility shall develop and submit to the agency and the commission a plan for mercury emissions reduction at each such unit. At each wet scrubbed unit owned by the utility, the plan must propose to employ the available technology for mercury removal that is most likely to result in the removal of at least 90 percent of the mercury emitted from the unit.

(b) A plan submitted under this subdivision must provide for mercury emissions reduction at each wet scrubbed unit to be implemented by December 31, 2014.

Subd. 3. **Mercury emissions plans generally.** (a) In each plan submitted under this section, a utility shall present information assessing that plan's ability to optimize human health benefits and achieve cost efficiencies. Each plan must provide the cost, technical feasibility, and mercury emissions reduction expected for the utility's preferred technology option and each alternative considered. The utility shall demonstrate that it has considered achieving the mercury emissions reduction required under this section through multiple pollutant control technology.

(b) A plan submitted under this section may also:

(1) provide measures to reduce the cost and maximize the flexibility of each option proposed or considered; and

(2) specify permit targets or conditions proposed by the public utility for each mercury emission-control option proposed or considered, including, but not limited to, numeric emission targets, percent removal expectations, emission control technology installation and operation requirements or work practice standards, and potential changes in the performance of the mercury emissions-reduction technology over time.

(c) The utility may submit an emissions rate rider to the commission under section 216B.683 to recover the costs associated with plans filed under this section.

History: 2006 c 201 s 7

216B.683 MERCURY EMISSIONS REDUCTION; COST RECOVERY, FINANCIAL INCENTIVES.

Subdivision 1. **Emissions-reduction riders.** (a) A public utility required to file a mercury emissions-reduction plan under sections 216B.68 to 216B.688 may also file for approval of emissions-reduction rate riders pursuant to section 216B.1692, subdivision 3, for its mercury control and other environmental improvement initiatives under sections 216B.68 to 216B.688.

(b) In addition to the cost recovery provided by section 216B.1692, subdivision 3, the emissions-reduction rate riders may include recovery of costs associated with (1) the purchase and installation of continuous mercury emission-monitoring systems, (2) costs associated with the purchase and installation of emissions-reduction equipment, (3) construction work in progress, (4) ongoing operation and maintenance costs associated with the utility's emission-control initiatives, including, but not limited to, the cost of any

sorbent or emission-control reagent injected into the unit, (5) any project costs incurred before plan approval that are demonstrated to the commission's satisfaction to be part of the plan, and (6) any studies undertaken by the utility in support of the emissions-reduction plan.

(c) The utility may propose to phase in the emissions-reduction riders to recover these costs over the development and life of the projects.

Subd. 2. **Performance-based incentives.** A mercury emissions-reduction rider approved by the commission may include performance-based financial incentives if the commission determines that the incentives will increase the likelihood that the utility will exceed 90 percent mercury emissions reductions, provided the incentives do not impose excessive costs on the utility's consumers when added to the costs recovered under subdivision 1. These incentives may include increased returns on investments or other performance-based incentives. The commission may structure the financial incentives to escalate for each additional increment of mercury emissions reduction achieved by the utility above the 90 percent mercury emissions reduction.

Subd. 3. **Application of other law; associated rider.** (a) Section 216B.1692 applies to plans and emissions-control riders proposed under sections 216B.68 to 216B.688, except that:

(1) projects included in a plan approved under sections 216B.68 to 216B.688 are deemed to be qualifying projects for the purposes of section 216B.1692; and

(2) section 216B.1692, subdivisions 5, paragraph (c), and 6, do not apply to plans or riders submitted under sections 216B.68 to 216B.688.

(b) Commission approval of an emissions-reduction plan under this section includes approval of an emissions-reduction rider associated with that plan if submitted by the utility.

History: 2006 c 201 s 8

216B.684 ENVIRONMENTAL ASSESSMENT OF MERCURY EMISSIONS-REDUCTION PLAN.

The Pollution Control Agency shall evaluate a utility's mercury emissions-reduction plans filed under sections 216B.682 and 216B.6851 and submit its evaluation to the Public Utilities Commission within 180 days of the date the plan is filed with the agency and commission. In its review, the agency shall (1) assess whether the utility's plan meets the requirements of section 216B.682 or 216B.6851, as applicable, (2) evaluate the environmental and public health benefits of each option proposed or considered by the utility, including benefits associated with reductions in pollutants other than mercury, (3) assess the technical feasibility and cost-effectiveness of technologies proposed or considered by the utility for achieving mercury emissions reduction, and (4) advise the commission of the appropriateness of the utility's plan. In preparing its assessment, the agency may request additional information from the utility, especially with regard to alternative technologies or configurations applicable to the specific unit, and the estimated costs of those alternatives.

History: 2006 c 201 s 9

216B.685 MERCURY EMISSIONS-REDUCTION PLAN APPROVAL.

Subdivision 1. **Commission review and evaluation.** The Public Utilities Commission shall review and evaluate a utility's mercury emissions-reduction plans and associated emissions-reduction riders submitted

under section 216B.682 or pursuant to subdivision 2, paragraph (b). In its review, the commission shall consider the environmental and public health benefits, the agency's assessment of technical feasibility, competitiveness of customer rates, and cost-effectiveness of the utility's proposed mercury-control initiatives in light of the Pollution Control Agency's report under section 216B.684.

Subd. 2. Commission approval. (a) Within 180 days of receiving the agency's report on a utility's plan filed under section 216B.682, subdivision 1 or 2, the commission shall order the implementation of a utility's mercury emissions-reduction plan and associated emissions-reduction rider that complies with the requirements of the applicable subdivision of section 216B.682, unless the commission determines that the plan as proposed fails to provide for increased environmental and health benefits or would impose excessive costs on the utility's customers.

(b) If the commission is unable to approve the utility's plan and associated emissions-reduction riders as proposed, it shall direct the utility to amend and resubmit its proposed plan in light of the record developed on the proposed plan or, at the utility's option, to file a new plan consistent with the requirements of the applicable subdivision of section 216B.682.

Subd. 3. Technical issues. The commission shall give due consideration to the assessment of the Pollution Control Agency on compliance issues under sections 216B.68 to 216B.688, technical feasibility of emission-control technology, and environmental and public health benefits associated with emissions reductions.

Subd. 4. Equipment replacement; deadline extensions. (a) Unless the utility proposes to do so, the commission may not require the replacement of existing pollution control equipment at a targeted or supplemental unit as a condition for approving a plan pursuant to this section or section 216B.6851.

(b) The commission may allow a utility up to two extensions of any deadline established under sections 216B.68 to 216B.688 or commission order under those sections, if the utility demonstrates the unavailability of necessary equipment or other extraordinary circumstances. An extension under this paragraph may last no longer than 12 months. The commission may not extend a deadline for final installation of pollution control equipment for longer than 12 months.

Subd. 5. Equipment optimization required. A commission order under this section must require the utility to optimize the operation of equipment installed under a plan approved under this section to obtain maximum mercury reductions and to report the utility's efforts and results annually to the Pollution Control Agency, until such time as the agency determines the reports to be no longer necessary.

History: 2006 c 201 s 10

216B.6851 UTILITY OPTION.

Subdivision 1. Election. A public utility with less than 200,000 customers subject to sections 216B.68 to 216B.688 that owns two wet scrubbed units at a qualifying facility may opt to be regulated under this section for those units in lieu of section 216B.682. Plans under this section are subject to section 216B.682, subdivision 3. Except where otherwise provided, all other provisions of sections 216B.68 to 216B.688 apply.

Subd. 2. Supplemental unit. "Supplemental unit" means a coal-fired electric generation unit at an electric generating power plant in Minnesota at which mercury emissions-reduction measures are taken as part of an emissions-reduction plan under this section.

Subd. 3. **Plan for 90 percent reduction required.** A public utility that elects to be regulated under this section must file a mercury emissions-reduction plan that is designed to achieve total mercury reduction at targeted and supplemental units owned by the utility equivalent to a goal of 90 percent reduction of mercury emissions at the utility's targeted units by December 31, 2018.

Subd. 4. **Alternative plans.** The utility shall also submit one or more alternatives to the 90 percent reduction plan required under subdivision 3. Alternative plans must be designed to come as near as technically possible to achieving the goal established in subdivision 3 without imposing excessive costs on the utility's customers.

Subd. 5. **Early action; wet scrubbed units.** (a) The utility electing for regulation under this section shall file an initial plan for mercury emissions reduction at one of its two wet scrubbed units on or before December 31, 2007. The plan must provide for mercury emissions reduction to be implemented at that unit by December 31, 2010. If the plan is approved by the commission, and implemented by the utility, the utility may have until July 1, 2015, to file its plans for reduction at its other wet scrubbed unit at the qualifying facility, and may have until December 31, 2018, to implement mercury emissions reduction at that unit.

(b) Until the utility files its plans for the other wet scrubbed unit, the utility must submit to the commission and agency, by July 1 each year, beginning in 2011, a report containing the following information:

(1) mercury control plans for units subject to this section, including how elements of the plans may affect the performance and cost-effectiveness of emission controls for air pollutants other than mercury;

(2) an assessment of the impacts of federal laws regulating various air pollutants emitted by coal-fired power plants that can reasonably be expected to be enacted by 2018 on the utility's units subject to this section, and potential utility responses to those laws, including, but not limited to:

(i) installing pollution control equipment;

(ii) using pollution allowances to achieve regulatory compliance; and

(iii) retiring or repowering the plant that is the subject of the filing with cleaner fuels considering the costs of complying with state and federal environmental regulations.

For each potential response, the report must include an analysis of the impacts on ratepayers, the utility's financial position, and utility operations, including the impacts on the service life of affected units.

(c) The utility shall consult with the agency, the Department of Commerce, and other interested stakeholders to determine which future federal laws to assess under paragraph (b), clause (2), and the scope of the assessment of the impact of those laws.

Subd. 6. **Agency review and commission approval.** (a) The agency shall review the utility's plans as provided in section 216B.684.

(b) The Public Utilities Commission shall review and evaluate a utility's mercury emissions-reduction plans submitted under this section. In its review, the commission shall consider the environmental and public health benefits, the agency's determination of technical feasibility, competitiveness of customer rates, and cost-effectiveness of the utility's proposed mercury-control initiatives in light of the Pollution Control Agency's review under paragraph (a). Within 180 days of receiving the agency's report, the commission shall approve a utility's mercury emissions-reduction plan that the commission reasonably expects will

come closest to achieving total mercury reductions at targeted and supplemental units owned by the utility equivalent to a goal of 90 percent reduction of mercury emissions at the utility's targeted units by December 31, 2018, in a manner that provides for increased environmental and public health benefits without imposing excessive costs on the utility's customers. If the commission is unable to approve the utility's 90 percent reduction plan filed under subdivision 3, the commission, in consultation with the Pollution Control Agency, shall order the utility to implement the most stringent mercury-control alternative proposed by the utility under this section that provides for increased environmental and public health benefits without imposing excessive costs on the utility's customers.

(c) At each targeted and supplemental unit included in a plan under this section, a utility shall propose to implement mercury emissions-control measures that will result in the greatest reduction of mercury emitted from that unit that is technically feasible without imposing excessive costs.

History: 2006 c 201 s 11; 2010 c 325 s 2-4

216B.686 OTHER ENVIRONMENTAL IMPROVEMENT PLANS.

Subdivision 1. **Utility filing.** (a) In order to encourage a utility to address multiple pollutants, a utility required to submit mercury-reduction plans under sections 216B.68 to 216B.688 may also propose plans for investments and related expenses in pollution control equipment to be installed at facilities in Minnesota needed to comply with state or federal emission-control statutes or regulations that became effective after December 31, 2004.

(b) For each plan, the utility must show that the investments in pollution control equipment to be installed at facilities in Minnesota under the plan will provide for increased environmental and public health benefits, do not impose excessive costs on the utility's customers, and will achieve at least the pollution control required by applicable state or federal regulations.

Subd. 2. **Emissions-reduction riders.** A public utility that files a plan under this section may also file for approval of an emissions-reduction rate rider under section 216B.683, subdivision 1.

Subd. 3. **Agency review.** (a) The Pollution Control Agency shall evaluate a utility's plans filed under this section and, within 180 days of receiving the filing, provide the commission with:

- (1) verification that the emissions-reduction project qualifies under subdivision 1;
- (2) a description of the projected environmental benefits of the proposed project; and
- (3) its assessment of the appropriateness of the proposed plans.

(b) In preparing its review under this subdivision, the agency may request additional information from the utility, especially with regard to alternative technologies or configurations applicable to a specific unit, and the estimated costs of those alternatives.

Subd. 4. **Commission approval.** The commission shall review and evaluate a utility's plans and associated emissions-reduction riders for other environmental improvement initiatives submitted under this section. The commission shall consider the overall environmental and public health benefits, total costs, and competitiveness of customer rates. Within 180 days of receiving the agency's report prepared under subdivision 3, the commission shall approve the plan and associated emissions-reduction rider if the commission finds that it meets the requirements of subdivision 1, paragraph (b).

History: 2006 c 201 s 12

216B.687 MERCURY EMISSIONS REDUCTION IMPLEMENTATION, OPERATION.

Subdivision 1. **Permit conditions for mercury reductions.** The agency shall establish the mercury emissions reduction for each targeted unit included in a plan approved under section 216B.685, or where applicable, for each targeted and supplemental unit included in a plan approved under section 216B.6851.

Subd. 2. **Enforcement by agency.** (a) Except as required by federal regulation, any mercury reduction incorporated into the permit for a targeted unit as established under a plan approved under section 216B.685, or where applicable, for each targeted and supplemental unit included in a plan approved under section 216B.6851, must be a state-only condition of the permit and will not be enforced by the agency during the start-up period.

(b) After the start-up period ends, the Pollution Control Agency shall incorporate into the permit the mercury reduction reasonably expected to be achieved at each unit or facility as an enforceable state-only reduction. For a qualifying facility with multiple units that has one or more units included in approved plans, the agency may establish the mercury emissions reduction for the facility covering all targeted and supplemental units at that facility after the start-up periods for all units have concluded, and the actual mercury emissions for the units have been determined. In setting the reduction, the agency shall give due consideration to the results of monitoring before implementation of the plan, the results of monitoring during the start-up period, and any factors that may impact the performance of the unit for the next five years.

Subd. 3. **Equipment optimization required.** The agency shall revise the unit's air permit every five years to ensure optimal mercury emissions reduction by equipment installed under an approved plan, in light of technical and operational advances made since the date of plan approval. In revising the unit's air permit, the agency may recommend, but shall not require, additional investments in pollution control equipment, or the removal of equipment installed pursuant to an approved plan. The utility may seek commission review of the costs associated with a permit requirement or request for equipment optimization proposed by the agency and, if review is requested, the revision is not effective until approved by the commission. The commission shall approve the revision unless the utility or other party shows that it will impose excessive consumer costs.

History: 2006 c 201 s 13

216B.688 RELATIONSHIP TO OTHER STATE FINANCIAL REQUIREMENTS.

Except as otherwise provided for equipment optimization as specified in section 216B.687, a public utility implementing an approved mercury emissions-reduction plan is not required to undertake additional investments or incur additional operating or maintenance costs to reduce mercury at a unit included in a plan approved under section 216B.685 or 216B.6851.

History: 2006 c 201 s 14

PREVENTATIVE MAINTENANCE**216B.79 PREVENTATIVE MAINTENANCE.**

The commission may order public utilities to make adequate infrastructure investments and undertake sufficient preventative maintenance with regard to generation, transmission, and distribution facilities. The commission's authority under this section also applies to any transmission company that owns or operates electric transmission lines in Minnesota.

History: 2001 c 212 art 3 s 2; 2005 c 97 art 1 s 11

216B.81 [Renumbered 216B.029]

HYDROGEN ENERGY

216B.8109 HYDROGEN ENERGY ECONOMY GOAL.

It is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.

History: *1Sp2003 c 11 art 2 s 2*

216B.811 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of sections 216B.811 to 216B.815, the terms defined in this section have the meanings given them.

Subd. 2. **Fuel cell.** "Fuel cell" means an electrochemical device that produces useful electricity, heat, and water vapor, and operates as long as it is provided fuel.

Subd. 3. **Hydrogen.** "Hydrogen" means hydrogen produced using renewable energy sources.

Subd. 4. **Related technologies.** "Related technologies" means balance of plant components necessary to make hydrogen and fuel cell systems function; turbines, reciprocating, and other combustion engines capable of operating on hydrogen; and electrolyzers, reformers, and other equipment and processes necessary to produce, purify, store, distribute, and use hydrogen for energy.

History: *2005 c 97 art 13 s 1; 1Sp2005 c 1 art 4 s 119*

216B.812 FOSTERING USE OF HYDROGEN ENERGY.

Subdivision 1. **State purchase and use of renewable hydrogen technologies.** (a) The Department of Commerce, in coordination with the Department of Administration and the Pollution Control Agency, shall identify opportunities for deploying renewable hydrogen, fuel cells, and related technologies within state-owned facilities, vehicle fleets, and operations in ways that demonstrate their commercial performance and economics.

(b) The Department of Commerce shall recommend to the Department of Administration the purchase and deployment of hydrogen, fuel cells, and related technologies, when feasible, in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109, and which contribute to the following nonexclusive list of objectives:

- (1) provide needed performance data to the marketplace;
- (2) identify code and regulatory issues to be resolved;
- (3) foster economic development and job creation in the state;
- (4) raise public awareness of renewable hydrogen, fuel cells, and related technologies; or
- (5) reduce emissions of carbon dioxide and other pollutants.

(c) The Department of Commerce and the Pollution Control Agency shall also recommend to the Department of Administration changes to the state's procurement guidelines and contracts in order to facilitate the purchase and deployment of cost-effective renewable hydrogen, fuel cells, and related technologies by all levels of government.

Subd. 2. **Pilot projects.** (a) In consultation with appropriate representatives from state agencies, local governments, universities, businesses, and other interested parties, the Department of Commerce shall report back to the legislature by November 1, 2005, and every two years thereafter, with a slate of proposed pilot projects that contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109. The Department of Commerce must consider the following nonexclusive list of priorities in developing the proposed slate of pilot projects:

(1) deploy "bridge" technologies such as hybrid-electric, off-road, and fleet vehicles running on hydrogen or fuels blended with hydrogen;

(2) lead to cost-competitive, on-site renewable hydrogen production technologies;

(3) demonstrate nonvehicle applications for hydrogen;

(4) improve the cost and efficiency of hydrogen from renewable energy sources; and

(5) improve the cost and efficiency of hydrogen production using direct solar energy without electricity generation as an intermediate step.

(b) For deployment projects that do not involve a demonstration component, individual system components of the technology should, if feasible, meet commercial performance standards and systems modeling must be completed to predict commercial performance, risk, and synergies. In addition, the proposed pilots should meet as many of the following criteria as possible:

(1) advance energy security;

(2) capitalize on the state's native resources;

(3) result in economically competitive infrastructure being put in place;

(4) be located where it will link well with existing and related projects and be accessible to the public, now or in the future;

(5) demonstrate multiple, integrated aspects of renewable hydrogen infrastructure;

(6) include an explicit public education and awareness component;

(7) be scalable to respond to changing circumstances and market demands;

(8) draw on firms and expertise within the state where possible;

(9) include an assessment of its economic, environmental, and social impact; and

(10) serve other needs beyond hydrogen development.

Subd. 3. **Establishing multifuel hydrogen fueling stations.** The commissioner of commerce may accept federal funds, expend funds, and participate in projects to design, site, and construct multifuel

hydrogen fueling stations that eventually link urban centers along key trade corridors across the jurisdictions of Manitoba, the Dakotas, Minnesota, Iowa, and Wisconsin.

These energy stations must serve the priorities listed in subdivision 2 and, as transition infrastructure, should accommodate a wide variety of vehicle technologies and fueling platforms, including hybrid, flexible-fuel, and fuel cell vehicles. They may offer, but not be limited to, gasoline, diesel, ethanol (E-85), biodiesel, and hydrogen, and may simultaneously test the integration of on-site combined heat and power technologies with the existing energy infrastructure.

The hydrogen portion of the stations may initially serve local, dedicated on- or off-road vehicles, but should eventually support long-haul transport.

History: 2005 c 97 art 13 s 2; 1Sp2005 c 1 art 4 s 120; 2007 c 57 art 2 s 17,22

216B.813 MINNESOTA RENEWABLE HYDROGEN INITIATIVE.

Subdivision 1. **Road map.** The Department of Commerce shall coordinate and administer directly or by contract the Minnesota renewable hydrogen initiative. If the department decides to contract for its duties under this section, it must contract with a nonpartisan, nonprofit organization within the state to develop the road map. The initiative may be run as a public-private partnership representing business, academic, governmental, and nongovernmental organizations. The initiative must oversee the development and implementation of a renewable hydrogen road map, including appropriate technology deployments, that achieve the hydrogen goal of section 216B.8109. The road map should be compatible with the United States Department of Energy's National Hydrogen Energy Roadmap and be based on an assessment of marketplace economics and the state's opportunities in hydrogen, fuel cells, and related technologies, so as to capitalize on strengths. The road map should establish a vision, goals, general timeline, strategies for working with industry, and measurable milestones for achieving the state's renewable hydrogen goal. The road map should describe how renewable hydrogen and fuel cells fit in Minnesota's overall energy system, and should help foster a consistent, predictable, and prudent investment environment. The department must report to the legislature on the progress in implementing the road map by November 1 of each odd-numbered year.

Subd. 2. **Grants.** (a) The commissioner of commerce shall operate a competitive grant program for projects to assist the state in attaining its renewable hydrogen energy goals.

(b) The commissioner shall give preference to project concepts included in the department's most recent biennial report: Strategic Demonstration Projects to Accelerate the Commercialization of Renewable Hydrogen and Related Technologies in Minnesota. Projects eligible for funding must combine one or more of the hydrogen production options listed in the department's report with an end use that has significant commercial potential, preferably high visibility, and relies on fuel cells or related technologies. Each funded technology deployment must include an explicit education and awareness-raising component, be compatible with the renewable hydrogen deployment criteria defined in section 216B.812, and receive 50 percent of its total cost from nonstate sources. The 50 percent requirement does not apply for recipients that are public institutions.

History: 2007 c 57 art 2 s 23; 2014 c 286 art 5 s 1

216B.815 REGIONAL ENERGY RESEARCH AND EDUCATION PARTNERSHIP.

(a) The state's public research and higher education institutions should work with one another and with similar institutions in the region to establish Minnesota and the Upper Midwest as a center of research,

education, outreach, and technology transfer for the production of renewable energy and products, including hydrogen, fuel cells, and related technologies. The partnership should be designed to create a critical mass of research and education capability that can compete effectively for federal and private investment in these areas.

(b) Initiatives undertaken by the partnership may include:

(1) collaborative and interdisciplinary research, demonstration projects, and commercialization of market-ready technologies;

(2) creation of undergraduate and graduate course offerings and eventually degreed and vocational programs with reciprocity;

(3) establishment of fellows programs at the region's institutes of higher learning that provide financial incentives for relevant study, research, and exchange; and

(4) development and field-testing of relevant curricula, teacher kits for all educational levels, and widespread teacher training, in collaboration with state energy offices, teachers, nonprofits, businesses, the United States Department of Energy, and other interested parties.

History: 2005 c 97 art 13 s 3; 2014 c 286 art 5 s 2

LOCAL POWER QUALITY ZONES

216B.82 LOCAL POWER QUALITY ZONES.

(a) Upon joint petition of a public utility as defined in section 216B.02, subdivision 4, and any customer located within the utility's service territory, the commission may establish a zone within that utility's service territory where the utility will install additional, redundant, or upgraded components of the electric distribution infrastructure that are designed to decrease the risk of power outages, provided the utility and all of its customers located within the proposed zone have approved the installation of the components and the financial recovery plan prior to the creation of the zone. Prior to commission approval, the utility must notify each customer within the proposed zone of the total costs of the installation, an estimate of the customer's share of those costs, and the potential benefits of the local power quality zone to the customer.

(b) The commission shall authorize the utility to collect all costs of the installation of any components under this section, including initial investment, operation, and maintenance costs, and taxes from all customers within the zone, through tariffs and surcharges for service in a zone that appropriately reflect the cost of service to those customers, provided the customers agree to pay all costs for a predetermined period, including costs of component removal, if appropriate.

(c) Nothing in this section limits the ability of the utility and any customer to enter into customer-specific agreements pursuant to applicable statutory, rule, or tariff provisions.

Nothing in this section shall be construed to permit the quality of service outside a designated zone to decline.

History: 2005 c 97 art 8 s 2

CHAPTER 216C

ENERGY PLANNING AND CONSERVATION

216C.01	DEFINITIONS.	216C.261	ALTERNATIVE ENERGY ENGINEERING ACTIVITY.
216C.02	POWERS AND DUTIES OF COMMISSIONER; RULES.	216C.264	COORDINATING RESIDENTIAL WEATHERIZATION PROGRAMS.
216C.03	STATE GOVERNMENT ENERGY-SAVINGS PLAN.	216C.265	EMERGENCY ENERGY ASSISTANCE; FUEL FUNDS.
	ENERGY PLANNING	216C.266	DATA PRIVACY; ENERGY PROGRAMS.
216C.05	FINDINGS AND PURPOSE.	216C.29	SUBPOENA POWER.
216C.053	RENEWABLE ENERGY DEVELOPMENT.	216C.30	ENFORCEMENT; PENALTIES, REMEDIES.
216C.054	ANNUAL TRANSMISSION ADEQUACY REPORT TO LEGISLATURE.	216C.31	ENERGY AUDIT PROGRAMS.
216C.055	KEY ROLE OF SOLAR AND BIOMASS RESOURCES IN PRODUCING THERMAL ENERGY.	216C.315	ALTERNATIVE ENERGY ECONOMIC ANALYSIS.
216C.06	DEFINITIONS.	216C.32	ENERGY-EFFICIENT BUILDING EDUCATION.
216C.07	CONFLICT OF INTEREST.	216C.33	MINNESOTA BIOMASS CENTER.
216C.08	JURISDICTION.		FINANCIAL ASSISTANCE
216C.09	COMMISSIONER DUTIES.	216C.34	MONEY FOR SCHOOL OR GOVERNING BODY.
216C.10	COMMISSIONER POWERS.	216C.35	PRIORITIES FOR FUNDING.
216C.11	ENERGY CONSERVATION INFORMATION CENTER.	216C.37	ENERGY CONSERVATION INVESTMENT LOAN.
216C.12	ENERGY CONSERVATION PUBLICITY.	216C.381	COMMUNITY ENERGY PROGRAM.
216C.13	POSTSECONDARY ENERGY EDUCATION.	216C.385	CLEAN ENERGY RESOURCE TEAMS.
216C.145	COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM.	216C.39	RURAL WIND ENERGY DEVELOPMENT REVOLVING LOAN FUND.
216C.146	COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN REVENUE BONDS.	216C.41	RENEWABLE ENERGY PRODUCTION INCENTIVE.
216C.15	EMERGENCY ENERGY CONSERVATION AND ALLOCATION PLAN.	216C.411	DEFINITIONS.
216C.16	STATE PETROLEUM SET-ASIDE PROGRAM.	216C.412	"MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.
216C.17	ENERGY FORECASTS AND STATISTICS; REPORT.	216C.413	"MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.
216C.18	STATE ENERGY POLICY AND CONSERVATION REPORT.	216C.414	"MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.
	ENERGY CONSERVATION	216C.415	"MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.
216C.19	ENERGY CONSERVATION.	216C.416	SOLAR THERMAL REBATES.
216C.20	ENERGY CONSERVATION IN PUBLIC BUILDING.	216C.42	DEFINITIONS; ENERGY IMPROVEMENTS FOR BUILDINGS.
216C.25	SOLAR ENERGY SYSTEM STANDARDS.	216C.43	ENERGY IMPROVEMENT FINANCING PROGRAM FOR LOCAL GOVERNMENT.
216C.26	ENERGY RESEARCH PROJECT; REVIEW.	216C.435	DEFINITIONS.
		216C.436	ENERGY IMPROVEMENTS PROGRAM FOR LOCAL GOVERNMENTS.

216C.01 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 1a. **Alternative fuel.** "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992, Public Law 102-486, and intended for use in motor vehicles.

Subd. 1b. **Alternative fuel vehicle.** "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on an alternative fuel.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 2a. **Dedicated fuel vehicle.** "Dedicated fuel vehicle" means a vehicle that operates solely on alternative fuels.

Subd. 3. **Department.** "Department" means the Department of Commerce.

Subd. 4. **Dual-fuel vehicle.** "Dual-fuel vehicle" means a vehicle that is capable of operating on an alternative fuel and is capable of operating on gasoline or diesel fuel.

History: 1987 c 186 s 15; 1987 c 312 art 1 s 7; 1993 c 254 s 2-5; 1995 c 264 art 2 s 5,6; 1998 c 254 art 1 s 65; 1Sp2001 c 4 art 6 s 47-49; 2011 c 76 art 1 s 33

216C.02 POWERS AND DUTIES OF COMMISSIONER; RULES.

Subdivision 1. **Powers.** (a) The commissioner may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satisfactorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16C.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the in-

formation available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

- (1) expenditures on the programs are adequate to meet identified needs;
- (2) the needs of low-income energy users are being adequately addressed;
- (3) duplication of effort is avoided or eliminated;
- (4) a program that is ineffective is improved or eliminated; and
- (5) voluntary efforts are encouraged through incentives for their operators.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum-pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Subd. 2. **Appropriation.** Money received by the commissioner under this section must be deposited in the state treasury and is appropriated to the commissioner for the purpose for which the money has been received. The money appropriated by this subdivision does not cancel and is available until expended. This appropriation does not apply to money resulting from litigation or settlements of alleged violations of federal petroleum-pricing regulations.

Subd. 3. **Rules.** The commissioner may adopt rules under chapter 14 to carry out the commissioner's duties and responsibilities under this section and those sections renumbered by Laws 1987, chapter 312, article 1, section 10.

History: 1987 c 186 s 15; 1987 c 312 art 1 s 8; 1989 c 338 s 4; 1991 c 235 art 1 s 3; 1998 c 386 art 2 s 68; 2014 c 286 art 5 s 3

216C.03 STATE GOVERNMENT ENERGY-SAVINGS PLAN.

The commissioner of commerce, in coordination with the commissioners of the agencies listed in section 15.01, the chancellor of the Minnesota State Colleges and Universities, and the president of the University of Minnesota, shall identify policy options, barriers, and economic benefits and costs for state government operations to achieve the energy-savings goals in section 216B.2401 and the resulting carbon emissions reductions.

History: 2007 c 136 art 2 s 7; 2014 c 222 art 1 s 29

ENERGY PLANNING

216C.05 FINDINGS AND PURPOSE.

Subdivision 1. **Energy planning.** The legislature finds and declares that continued growth in demand for energy will cause severe social and economic dislocations, and that the state has a vital interest in providing

for: increased efficiency in energy consumption, the development and use of renewable energy resources wherever possible, and the creation of an effective energy forecasting, planning, and education program.

The legislature further finds and declares that the protection of life, safety, and financial security for citizens during an energy crisis is of paramount importance.

Therefore, the legislature finds that it is in the public interest to review, analyze, and encourage those energy programs that will minimize the need for annual increases in fossil fuel consumption by 1990 and the need for additional electrical generating plants, and provide for an optimum combination of energy sources and energy conservation consistent with environmental protection and the protection of citizens.

The legislature intends to monitor, through energy policy planning and implementation, the transition from historic growth in energy demand to a period when demand for traditional fuels becomes stable and the supply of renewable energy resources is readily available and adequately utilized.

The legislature further finds that for economic growth, environmental improvement, and protection of citizens, it is in the public interest to encourage those energy programs that will provide an optimum combination of energy resources, including energy savings.

Therefore, the legislature, through its committees, must monitor and evaluate progress toward greater reliance on cost-effective energy efficiency and renewable energy and lesser dependence on fossil fuels in order to reduce the economic burden of fuel imports, diversify utility-owned and consumer-owned energy resources, reduce utility costs for businesses and residents, improve the competitiveness and profitability of Minnesota businesses, create more energy-related jobs that contribute to the Minnesota economy, and reduce pollution and emissions that cause climate change.

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; and

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.

History: 1974 c 307 s 1; 1980 c 579 s 4; 1981 c 356 s 248; 1987 c 312 art 1 s 10 subd 1; 2007 c 136 art 1 s 2; 2013 c 85 art 12 s 3

216C.051 MS 2006 Subdivision 1. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 2. MS 2006 [Renumbered 3.8851, subdivision 1]

Subd. 2a. MS 2006 [Renumbered 3.8851, subd. 2]

Subd. 3. MS 2006 [Renumbered 3.8851, subd. 3]

Subd. 3a. MS 2006 [Renumbered 3.8851, subd. 4]

Subd. 4. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 4a. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 5. [Repealed, 1Sp2003 c 11 art 3 s 16]

Subd. 6. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 7. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 8. MS 2006 [Renumbered 3.8851, subd. 5]

Subd. 8a. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 9. [Repealed by amendment, 2008 c 296 art 1 s 14]

Subd. 10. MS 2006 [Renumbered 3.8851, subd. 6]

Subd. 11. MS 2006 [Renumbered 3.8851, subd. 7]

216C.052 Subdivision 1. [Repealed, 2011 c 97 s 34]

Subd. 2. [Repealed, 2011 c 97 s 34]

Subd. 3. MS 2006 [Expired, 2001 c 212 art 8 s 10; 2005 c 97 art 3 s 16; 2006 c 281 art 4 s 11]

Subd. 4. [Repealed, 2011 c 97 s 34]

216C.053 RENEWABLE ENERGY DEVELOPMENT.

The commissioner of commerce must engage in activities to encourage deployment of cost-effective renewable energy developments within the state. The commissioner shall compile and maintain information concerning existing and potential renewable energy developments and resources in the state. The commissioner shall provide, as appropriate, this information in proceedings for the determination of need for large energy facilities and for the review of a utility's integrated resource plan. To the extent practicable, and in addition to any other obligation of an electric utility to furnish information, an electric utility seeking to add generation to its supply portfolio to serve Minnesota consumers shall provide the commissioner with notice of its intention.

History: 2005 c 97 art 2 s 5

216C.054 ANNUAL TRANSMISSION ADEQUACY REPORT TO LEGISLATURE.

The commissioner of commerce, in consultation with the Public Utilities Commission, shall annually by January 15 submit a written report to the chairs and the ranking minority members of the legislative committees with primary jurisdiction over energy policy that contains a narrative describing what electric transmission infrastructure is needed within the state over the next 15 years and what specific progress is being made to meet that need. To the extent possible, the report must contain a description of specific transmission needs and the current status of proposals to address that need. The report must identify any barriers to meeting transmission infrastructure needs and make recommendations, including any legislation, that are necessary to overcome those barriers. The report must be based on the best available information and must describe what assumptions are made as the basis for the report. If the commissioner determines that there are difficulties in accurately assessing future transmission infrastructure needs, the commissioner shall explain those difficulties as part of the report. The commissioner is not required to conduct original research to support the report. The commissioner may utilize information the commissioner, the commission, and the Office of Energy Security possess and utilize in carrying out their existing statutory duties related to the state's transmission infrastructure. The report must be in easily understood, nontechnical terms.

History: 2009 c 110 s 28

216C.055 KEY ROLE OF SOLAR AND BIOMASS RESOURCES IN PRODUCING THERMAL ENERGY.

The biennial legislative proposals required to be submitted by the commissioners of commerce and the Pollution Control Agency under section 216H.07, subdivision 3, must include proposals regarding the use of solar energy and the combustion of grasses, agricultural wastes, trees, and other vegetation to produce thermal energy for heating commercial, industrial, and residential buildings and for industrial processes if the commissioners determine that such policies are appropriate to achieve the state's greenhouse gas emissions-reduction goals. No legal claim against any person is allowed under this section. This section does not apply to the combustion of municipal solid waste or refuse-derived fuel to produce thermal energy. For purposes of this section, removal of woody biomass from publicly owned forests must be consistent with the principles of sustainable forest management.

History: 2009 c 110 s 29; 2012 c 272 s 79

216C.06 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 216C.05 to 216C.30, the following terms shall have the meanings here given them.

Subd. 2. [Renumbered subd 14]

Subd. 2a. **Building energy report.** "Building energy report" means a questionnaire designed to collect information on a building concerning its energy use and other basic factors that relate to energy use.

Subd. 3. [Renumbered subd 15]

Subd. 4. **Coal supplier.** "Coal supplier" means any entity engaged in this state in the wholesale distribution of coal or transportation into this state of any coal intended for use or distribution in the state or transshipment from the state.

Subd. 5. [Renumbered subd 18]

Subd. 6. **Construction.** "Construction" means significant physical alteration of a site to install or enlarge a large energy facility, but not including activities incident to preliminary engineering or environmental studies.

Subd. 7. **Decorative gas lamp.** "Decorative gas lamp" means a device installed for the purpose of producing illumination by burning natural, mixed, or LP gas and utilizing either a mantle or an open flame, but does not include portable camp lanterns or gas lamps.

Subd. 8. [Renumbered subd 17]

Subd. 9. [Renumbered subd 2a]

Subd. 10. [Repealed, 1997 c 7 art 1 s 91]

Subd. 11. [Repealed, 1997 c 7 art 1 s 91]

Subd. 12. [Renumbered subd 19]

Subd. 13. [Renumbered subd 16]

Subd. 14. **Earth sheltered.** "Earth sheltered" means constructed so that 50 percent or more of the exterior surface is covered or in contact with earth. Exterior surface includes all walls and roof, but excludes garages and other accessory buildings. Earth covering on walls is measured from the floor of the structure's lowest level. Earth covering on the roof must be at least 12 inches deep to be included in calculations of earth covering. Partially completed buildings shall not be considered earth sheltered.

Subd. 15. **Petroleum supplier.** "Petroleum supplier" means any petroleum refinery in the state and any entity engaged in transmission or wholesale distribution of more than 100,000 gallons of crude petroleum or petroleum fuels or oil or derivatives thereof annually in this state.

Subd. 16. **Photovoltaic device.** "Photovoltaic device" means a system of components that generates electricity from incident sunlight by means of the photovoltaic effect, whether or not the device is able to store the energy produced for later use.

Subd. 17. **Solar energy system.** "Solar energy system" means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other energy-using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.

Subd. 18. **Utility.** "Utility" means any entity engaged in this state in the generation, transmission or distribution of electric energy and any entity engaged in this state in the transmission or distribution of natural or synthetic natural gas, including, but not limited to, a private investor-owned utility or a public or municipally owned utility.

Subd. 19. **Wind energy conversion system (WECS).** "Wind energy conversion system" (WECS) means any device, such as a wind charger, windmill, or wind turbine, which converts wind energy to a form of usable energy.

History: 1974 c 307 s 2; 1975 c 170 s 1; 1976 c 333 s 1,2; 1977 c 381 s 8; Ex1979 c 2 s 10-12; 1981 c 356 s 248; 1982 c 561 s 1; 1982 c 563 s 2; 1983 c 231 s 2; 1987 c 312 art 1 s 10 subd 1; 1992 c 511 art 8 s 1

216C.07 CONFLICT OF INTEREST.

No person shall be eligible to continue in office as commissioner unless that person has within six months after being appointed completed divestiture of any interest except fully vested pension rights in any utility, coal, or petroleum supplier, or manufacturer of any major component of a large energy facility doing business within or outside this state.

No person who is an employee of the department shall participate in any manner in any decision or action of the commissioner where that person has a direct or indirect financial interest.

History: 1974 c 307 s 5; 1981 c 356 s 125,248; 1986 c 444; 1987 c 312 art 1 s 10 subd 1

216C.08 JURISDICTION.

The commissioner has sole authority and responsibility for the administration of sections 216C.05 to 216C.30. Other laws notwithstanding, the authority granted the commissioner shall supersede the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in the administration of sections 216C.05 to 216C.30. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with them to provide appropriate

services to effectuate the purposes of sections 216C.05 to 216C.30. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of sections 216C.05 to 216C.30 shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of sections 216C.05 to 216C.30.

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

History: 1974 c 307 s 6; 1980 c 509 s 29; 1981 c 356 s 126,248; 1987 c 312 art 1 s 10 subd 1

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

History: 1974 c 307 s 7; 1977 c 381 s 9; 1981 c 356 s 127,248; 1982 c 563 s 3; 1983 c 179 s 1; 1983 c 289 s 44; 1984 c 654 art 2 s 99; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 1; 2005 c 97 art 4 s 3; 2008 c 356 s 6

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

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

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

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

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

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

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

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

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

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

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

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

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

History: 1974 c 307 s 8; 1978 c 786 s 1; Ex1979 c 2 s 13; 1981 c 85 s 2; 1981 c 356 s 128,248; 1982 c 424 s 130; 1983 c 289 s 45; 1984 c 604 s 1; 1984 c 640 s 32; 1Sp1985 c 14 art 9 s 75; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 2; 1989 c 338 s 5; 1994 c 483 s 1; 1996 c 305 art 2 s 39; 2004 c 206 s 31

216C.11 ENERGY CONSERVATION INFORMATION CENTER.

The commissioner shall establish an Energy Information Center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

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

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

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

History: 1976 c 333 s 4; Ex1979 c 2 s 14; 1980 c 579 s 5; 1981 c 356 s 129,248; 1987 c 312 art 1 s 10 subd 1; 1989 c 338 s 6; 2009 c 110 s 30; 2011 c 97 s 27

216C.12 ENERGY CONSERVATION PUBLICITY.

The commissioner in consultation with other affected agencies or departments shall develop informational materials, pamphlets and radio and television messages on energy conservation and housing programs available in Minnesota, renewable energy resources, and energy supply and demand. The printed materials shall include information on available tax credits for residential energy conservation measures, residential retrofitting loan and grant programs, and data on the economics of energy conservation and

renewable resource measures. Copies of printed materials shall be distributed to members of the appropriate standing committees of the legislature.

History: 1977 c 381 s 22; 1980 c 579 s 6; 1981 c 356 s 130,248; 1987 c 312 art 1 s 10 subd 1

216C.13 POSTSECONDARY ENERGY EDUCATION.

The commissioner, in consultation with the commissioner of education, the Minnesota Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, and the Board of Regents of the University of Minnesota, shall assist in the development and implementation of adult and post-secondary energy education programs.

History: Ex1979 c 2 s 15; 1981 c 356 s 131,248; 1982 c 563 s 4; 1987 c 312 art 1 s 10 subd 1; 1995 c 212 art 3 s 59; 1996 c 395 s 18; 1998 c 398 art 5 s 55; 2003 c 130 s 12; 2005 c 107 art 2 s 60

216C.14 [Repealed, 2014 c 222 art 1 s 58]

216C.145 COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Community energy efficiency and renewable energy projects" means solar thermal water heating, solar electric or photovoltaic equipment, small wind energy conversion systems of less than 250 kW, anaerobic digester gas systems, microhydro systems up to 100 kW, heating and cooling applications using solar thermal or ground source technology, and cost-effective energy efficiency projects installed in industrial, commercial, or public buildings, or health care facilities.

(c) "Health care facilities" means a hospital licensed under sections 144.50 to 144.56, or a nursing home licensed under chapter 144A.

(d) "Industrial customer" means a business that is classified under the North American Industrial Classification System under codes 21, 31 to 33, 48, 49, or 562.

(e) "Small business" means a business that employs 50 or fewer employees.

(f) "Unit of local government" means any home rule charter or statutory city, county, commission, district, authority, or other political subdivision or instrumentality of this state, including a sanitary district, park district, the Metropolitan Council, a port authority, an economic development authority, or a housing and redevelopment authority.

Subd. 2. **Program established.** The commissioner of commerce shall develop, implement, and administer a community energy efficiency and renewable energy loan program under this section.

Subd. 3. **Loan purposes.** (a) The commissioner may issue low-interest, long-term loans to units of local government to:

(1) finance community-owned or publicly owned renewable energy systems or cost-effective energy efficiency improvements to public buildings; or

(2) provide loans or other aids to industrial or commercial businesses or health care facilities for cost-effective energy efficiency projects or to install renewable energy systems.

(b) The commissioner may participate in loans made by the Housing Finance Agency to residential property owners, private developers, nonprofit organizations, or units of local government under sections 462A.05, subdivisions 14 and 18; and 462A.33 for the construction, purchase, or rehabilitation of residential housing to facilitate the installation of renewable energy systems in residential housing and cost-effective energy conservation improvements identified in an energy efficiency audit. The commissioner shall assist the Housing Finance Agency in assessing the technical qualifications of loan applicants.

(c) If an industrial, commercial, or health care facility customer seeks a loan under paragraph (a), clause (2), the commissioner may require an individual industrial, commercial, or health care facility customer to provide its energy usage data for the limited purpose of assessing the energy and cost savings of the project that is subject to the loan. Industrial, commercial, or health care facility customer's energy usage data may only be released upon the express, written consent of the individual industrial, commercial, or health care facility customer. The commissioner shall not require an industrial, commercial, or health care facility customer to provide energy usage data or aggregation of energy usage data that includes an industrial, commercial, or health care facility customer for any other loan under this section. Any individual industrial, commercial, or health care facility customer's energy usage data provided under this section shall be classified as nonpublic data as defined in section 13.02, subdivision 9.

Subd. 4. Technical standards. The commissioner shall determine technical standards for community energy efficiency and renewable energy projects to qualify for loans under this section.

Subd. 5. Loan proposals. (a) At least once a year, the commissioner shall publish in the State Register a request for proposals from units of local government for a loan under this section. Within 45 days after the deadline for receipt of proposals, the commissioner shall select proposals based on the following criteria:

(1) the reliability and cost-effectiveness of the renewable or energy efficiency technology to be installed under the proposal;

(2) the extent to which the proposal effectively integrates with the conservation and energy efficiency programs or goals of the energy utilities serving the proposer;

(3) the total life cycle energy use and greenhouse gas emissions reductions per dollar of installed cost;

(4) the diversity of the renewable energy or energy efficiency technology installed under the proposal;

(5) the geographic distribution of projects throughout the state;

(6) the percentage of total project cost requested;

(7) the proposed security for payback of the loan; and

(8) other criteria the commissioner may determine to be necessary and appropriate.

Subd. 6. Loan terms. A loan under this section must be issued at the lowest interest rate required to recover principal and interest plus the costs of issuing the loan, and must be for a minimum of 15 years, unless the commissioner determines that a shorter loan period of no less than five years is necessary and feasible.

Subd. 7. Account. A community energy efficiency and renewable energy loan account is established in the state treasury. Money in the account consists of the proceeds of revenue bonds issued under section

216C.146, interest and other earnings on money in the account, money received in repayment of loans from the account, legislative appropriations, and money from any other source credited to the account.

Subd. 8. **Appropriation.** Money in the account is appropriated to the commissioner of commerce to make community energy efficiency and renewable energy loans under this section and to the commissioner of management and budget to pay debt service and other costs under section 216C.146. Payment of debt service costs and funding reserves take priority over use of money in the account for any other purpose.

History: 2008 c 356 s 7; 2009 c 101 art 2 s 109; 2014 c 312 art 3 s 11

216C.146 COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN REVENUE BONDS.

Subdivision 1. **Bonding authority; definition.** (a) The commissioner of management and budget, if requested by the commissioner of commerce, shall sell and issue state revenue bonds for the following purposes:

(1) to make community energy efficiency and renewable energy loans under section 216C.145;

(2) to pay the costs of issuance, debt service, including capitalized interest, and bond insurance or other credit enhancements, to fund reserves, and make payments under other agreements entered into under subdivision 2, but excludes refunding bonds sold and issued under this subdivision; and

(3) to refund bonds issued under this section.

(b) The aggregate principal amount of bonds for the purposes of paragraph (a), clause (1), that may be outstanding at any time may not exceed \$100,000,000, of which up to \$20,000,000 shall be reserved for community energy efficiency and renewable energy projects taking place in small businesses and public buildings; the principal amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

(c) For the purpose of this section, "commissioner" means the commissioner of management and budget.

(d) Revenue bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state at any price or percentages of par value, but the term on any series of revenue bonds may not exceed 25 years. The revenue bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(e) Revenue bonds may be sold at either public or private sale. Any bid received may be rejected.

(f) The revenue bonds are not subject to chapter 16C.

(g) Notwithstanding any other law, revenue bonds issued under this section shall be fully negotiable.

(h) Revenue bond terms must be no longer than the term of any corresponding loan made under section 216C.145.

Subd. 2. **Procedure.** The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private

sale. The commissioner may enter into any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with section 216C.145. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to the community energy efficiency and renewable energy loan account created under section 216C.145.

Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the following sources:

(1) revenue credited to the community energy efficiency and renewable energy loan account from the sources identified in section 216C.145 or from any other source; and

(2) other revenues pledged to the payment of the bonds, including reserves established by a local government unit.

Subd. 4. **Refunding bonds.** The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, at the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 5. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or in part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 6. **Trustee.** The commissioner may contract with and appoint a trustee for bondholders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 7. **Pledges.** A pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 8. **Bonds; purchase and cancellation.** The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 9. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders

until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Subd. 10. **Revenue bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any revenue bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 11. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the revenue bonds and any ancillary contracts to which the commissioner is a party.

History: 2008 c 356 s 8; 2009 c 101 art 2 s 109; 2014 c 312 art 3 s 12

216C.15 EMERGENCY ENERGY CONSERVATION AND ALLOCATION PLAN.

Subdivision 1. **Priorities and requirements.** The commissioner shall maintain an emergency conservation and allocation plan. The plan shall provide a variety of strategies and staged conservation measures to reduce energy use and, in the event of an energy supply emergency, shall establish guidelines and criteria for allocation of fuels to priority users. The plan shall contain alternative conservation actions and allocation plans to reasonably meet various foreseeable shortage circumstances and allow a choice of appropriate responses. The plan shall be consistent with requirements of federal emergency energy conservation and allocation laws and regulations, shall be based on reasonable energy savings or transfers from scarce energy resources and shall:

(1) give priority to individuals, institutions, agriculture, businesses, and public transit under contract with the commissioner of transportation or the Metropolitan Council which demonstrate they have engaged in energy-saving measures and shall include provisions to insure that:

(i) immediate allocations to individuals, institutions, agriculture, businesses, and public transit be based on needs at energy conservation levels;

(ii) successive allocations to individuals, institutions, agriculture, businesses, and public transit be based on needs after implementation of required action to increase energy conservation; and

(iii) needs of individuals, institutions, and public transit are adjusted to insure the health and welfare of the young, old and infirm;

(2) insure maintenance of reasonable job safety conditions and avoid environmental sacrifices;

(3) establish programs, controls, standards, priorities or quotas for the allocation, conservation, and consumption of energy resources; and for the suspension and modification of existing standards and the establishment of new standards affecting or affected by the use of energy resources, including those related to the type and composition of energy sources, and to the hours and days during which public buildings, commercial and industrial establishments, and other energy-consuming facilities may or are required to remain open;

(4) establish programs to control the use, sale or distribution of commodities, materials, goods or services;

(5) establish regional programs and agreements for the purpose of coordinating the energy resources, programs and actions of the state with those of the federal government, of local governments, and of other states and localities;

(6) determine at what level of an energy supply emergency situation the Pollution Control Agency shall be requested to ask the governor to petition the president for a temporary emergency suspension of air quality standards as required by the Clean Air Act, United States Code, title 42, section 7410f; and

(7) establish procedures for fair and equitable review of complaints and requests for special exemptions regarding emergency conservation measures or allocations.

Subd. 2. **Periodic revision.** At least once every five years and whenever construction of a new large energy facility is completed which affects the supply of energy in Minnesota, the commissioner shall review and if necessary revise the emergency conservation and allocation plan. Revisions of the emergency conservation and allocation plan shall be adopted pursuant to the rulemaking procedures in chapter 14 and reviewed by the appropriate standing committees of the legislature.

Subd. 3. **Declaration of energy supply emergency.** The Executive Council or the legislature may declare an energy supply emergency when an acute shortage of energy exists by issuing a declaration which indicates the nature of the emergency, the area or areas threatened if less than the whole state is threatened, and the conditions causing the emergency. The declaration shall be disseminated promptly by means calculated to bring its contents to the attention of the general public and shall be promptly filed with the commissioner, the Division of Emergency Management and the secretary of state. Upon a declaration of an energy supply emergency by the Executive Council or the legislature, the governor and the Division of Emergency Management, in consultation with the commissioner, shall implement and enforce the emergency conservation and allocation plan or any part thereof. Revisions of the plan shall be made by the commissioner in accordance with subdivision 2. The Executive Council or the legislature may terminate an energy supply emergency at any time by issuing a declaration which terminates the energy supply emergency and indicates the conditions which make possible termination of the emergency, but no energy supply emergency may continue for longer than 30 days unless renewed by the legislature. Each renewed energy supply emergency may not continue for longer than 30 days, unless otherwise provided by law. Each person shall carry out the responsibilities specified in the emergency conservation allocation plan, and violation of any provision of such emergency conservation or allocation requirements shall be deemed a violation of sections 216C.05 to 216C.30 and the rules promulgated thereunder for purposes of enforcement pursuant to section 216C.30.

History: 1974 c 307 s 9; 1974 c 428 s 5; Ex1979 c 2 s 16-18; 1981 c 356 s 133-135,248; 1982 c 424 s 130; 1984 c 640 s 32; 1987 c 71 s 2; 1987 c 312 art 1 s 10 subd 1; 1993 c 83 s 4; 1994 c 628 art 3 s 16; 1996 c 305 art 2 s 41

216C.16 STATE PETROLEUM SET-ASIDE PROGRAM.

Subdivision 1. **Purpose.** The purpose of this section is to grant to the commissioner authority to exercise specific power to deal with shortages of refined petroleum products. Authority granted shall be exercised for the purpose of minimizing the adverse impacts of shortages and dislocations upon the citizens and the economy of the state and nation.

Subd. 2. **Establishment.** The commissioner shall establish and is responsible for a state set-aside system for motor gasoline and middle distillates to provide emergency petroleum requirements and thereby relieve the hardship caused by shortage, supply dislocations, or other emergencies. The commissioner, for purposes of administration, may exercise all of the powers granted by this chapter.

Subd. 3. **Definitions.** As used in this section:

(a) "Middle distillates" means distillates obtained between kerosene and lubricating oil fractions in the refining process, including but not limited to, kerosene, number one and number two heating oil and diesel fuel.

(b) "Motor gasoline" means a liquid mixture of hydrocarbons produced by the distillation of petroleum and used chiefly as a fuel in internal combustion engines.

(c) "Prime supplier" means the producer or supplier now or hereafter making the first sale of middle distillates or motor gasoline subject to the state set-aside for consumption within the state.

(d) "State set-aside" means the amount of middle distillates or motor gasoline required to be made available by a prime supplier for utilization by the commissioner to resolve or mitigate emergencies or hardships due to shortages of supply.

Subd. 4. **Set-aside required.** Every prime supplier shall allocate for sale or exchange monthly upon order of the commissioner a volume of motor gasoline and middle distillate not exceeding the monthly set-aside amount. The amount of gasoline subject to monthly set-aside shall be an amount equal to three percent of the prime supplier's monthly supply estimate. The amount of middle distillate subject to monthly set-aside shall be an amount equal to four percent of the prime supplier's monthly supply estimate.

Subd. 5. **Report of estimated volume; program's allocation.** Every prime supplier shall file with the commissioner a monthly report of its estimated volume of gasoline and middle distillate deliveries. The report shall be in a form prescribed by the commissioner and shall be submitted by the 25th day of the month preceding the month covered by the report. Each prime supplier shall allocate monthly for sale or exchange upon order of the commissioner three percent of estimated motor gasoline supplies and four percent of estimated middle distillate supplies as shown by the report.

Subd. 6. **Prime supplier obligations.** Each prime supplier shall designate a representative to act for and on behalf of the prime supplier in respect to department state set-aside orders to be issued to the prime supplier. A prime supplier shall provide the amount of allocated product stated in the energy state set-aside order.

Subd. 7. **Rules.** The commissioner shall adopt rules to govern the administration of the set-aside system. Rules shall cover matters such as the form and procedure for applications for set-aside allocations by dealers of bulk purchasers, reports on available gasoline and middle distillate supplies, orders and procedure for set-aside allocation and distribution and other rules deemed necessary or desirable in the implementation

and administration of the set-aside system, including monthly reports of anticipated deliveries and actual sales of gasoline, middle distillates, propane, aviation fuels, and residual oils.

Subd. 8. **Criteria.** The commissioner may allocate gasoline and middle distillates from the set-aside system in accordance with the criteria in section 216C.15 and rules adopted pursuant thereto. The commissioner may prescribe additional priorities by rule.

History: 1981 c 356 s 136,248; 1982 c 424 s 130; 1982 c 563 s 5,6; 1983 c 289 s 115 subd 1; 1984 c 640 s 32; 1987 c 312 art 1 s 10 subd 1; 1995 c 233 art 2 s 56

216C.17 ENERGY FORECASTS AND STATISTICS; REPORT.

Subdivision 1. **Energy data program.** In order to further the purposes of sections 216C.05 to 216C.30, the commissioner shall develop and maintain an effective program of collection, compilation, and analysis of energy statistics. The statistical program shall be developed to insure a central state repository of energy data and so that the state may coordinate and cooperate with other governmental data collection and record-keeping programs.

Subd. 2. **Forecasts.** Except as provided in subdivision 3, in addition to supplying the current statistical and short-range forecasting information the commissioner requires, each utility, coal supplier, petroleum supplier and large energy facility in the state shall prepare and transmit to the commissioner by July 1 of each year, a report specifying in five-, ten-, and 15-year forecasts the projected demand for energy within their respective service areas and the facilities necessary to meet the demand.

The report shall be in a form specified by the commissioner and contain all information deemed relevant by the commissioner.

Subd. 3. **Duplication.** The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. Electric utilities submitting advance forecasts as part of an integrated resource plan filed pursuant to section 216B.2422 and Public Utilities Commission rules are excluded from the annual reporting requirement in subdivision 2.

Subd. 4. **Public inspection.** Reports issued pursuant to this section, other than individual corporate reports classified as nonpublic data in section 13.68, shall be available for public inspection in the office of the department during normal business hours.

Subd. 5. **Evaluation.** The commissioner shall review and evaluate forecasts of energy demands and resources as they relate to the most current population growth and development estimates, statewide and regional land use, transportation, and economic development programs and forecasts.

History: 1974 c 307 s 10; 1975 c 170 s 2; 1981 c 311 s 39; 1981 c 356 s 137,248; 1982 c 545 s 24; 1982 c 563 s 7; 1987 c 312 art 1 s 10 subd 1; 1993 c 327 s 14; 1994 c 644 s 5,6

216C.18 STATE ENERGY POLICY AND CONSERVATION REPORT.

Subdivision 1. **Report on trends and issues.** By July 1 of 1988 and every four years thereafter, the commissioner shall issue a comprehensive report designed to identify major emerging trends and issues in energy supply, consumption, conservation, and costs. The report shall include the following:

- (1) projections of the level and composition of statewide energy consumption under current government policies and an evaluation of the ability of existing and anticipated facilities to supply the necessary energy for that consumption;
- (2) projections of how the level and the composition of energy consumption would be affected by new programs or new policies;
- (3) projections of energy costs to consumers, businesses, and government;
- (4) identification and discussion of key social, economic, and environmental issues in energy;
- (5) explanations of the department's current energy programs and studies; and
- (6) recommendations.

Subd. 1a. **Rate plan.** The energy policy and conservation report shall include a section prepared by the Public Utilities Commission. The commission's section shall be prepared in consultation with the commissioner and shall include, but not be limited to, all of the following:

- (1) a description and analysis of the commission's rate design policy as it pertains to the goals stated in sections 216B.164, 216B.241, and 216C.05, including a description of all energy conservation improvements ordered by the commission; and
- (2) recommendations to the governor and the legislature for administrative and legislative actions to accomplish the purposes of sections 216B.164, 216B.241, and 216C.05.

Subd. 2. **Draft report; public meeting.** Prior to the preparation of a final report, the commissioner shall issue a draft report to the Environmental Quality Board and any person, upon request, and shall hold a public meeting. Notice of the public meeting shall be provided to each regional development commission.

Subd. 3. **Final report, distribution.** The commissioner shall distribute the final report to any person upon request.

History: 1974 c 307 s 11; 1975 c 271 s 6; Ex1979 c 2 s 19; 1981 c 356 s 138,248; 1982 c 561 s 3; 1982 c 563 s 8; 1983 c 179 s 2; 1983 c 231 s 3; 1983 c 289 s 115 subd 1; 1984 c 654 art 2 s 100; 1987 c 186 s 15; 1987 c 312 art 1 s 10 subd 1

ENERGY CONSERVATION

216C.19 ENERGY CONSERVATION.

Subdivision 1. **Roadway lighting; rules.** After consultation with the commissioner and the commissioner of public safety, the commissioner of transportation shall adopt rules under chapter 14 establishing minimum energy efficiency standards for street, highway, and parking lot lighting. The standards must be consistent with overall protection of the public health, safety, and welfare. No new highway, street, or

parking lot lighting may be installed in violation of these rules. Existing lighting equipment, excluding roadway sign lighting, with lamps with initial efficiencies less than 70 lumens per watt must be replaced when worn out with light sources using lamps with initial efficiencies of at least 70 lumens per watt.

Subd. 2. **Outdoor display lighting.** Beginning July 1, 1980, the use of outdoor display lighting shall be limited as provided in subdivision 3. For purposes of this section, "outdoor display lighting" shall include building facade lighting, other decorative lighting, and all billboards and advertising signs except those which identify a commercial establishment which is open for business at that hour.

Subd. 3. **Rules on outdoor lighting.** The commissioner shall adopt rules, pursuant to chapter 14, setting standards covering permissible hours of operation, quantity, and efficiency of outdoor display lighting and defining "outdoor display lighting."

Subd. 4. **Rules on promotional practices.** The commissioner may investigate promotional practices by energy suppliers and, pursuant to chapter 14, may promulgate rules to limit such practices in order to reduce the rate of growth of energy demand.

Subd. 5. **Natural gas outdoor lighting prohibited; exception.** After July 1, 1974, no new natural gas outdoor lighting shall be installed in the state. However, the installation and use of natural gas outdoor lighting that is equipped with either an automatic daytime shutoff device or is otherwise capable of being switched on and off, is permitted.

Subd. 6. **Variance for decorative gas lamp.** Beginning April 20, 1977, no person shall use a decorative gas lamp in Minnesota except as provided in this subdivision and in subdivisions 5 and 7. The commissioner shall grant a permanent variance allowing a homeowner who received a variance in 1977 to operate a decorative gas lamp or lamps at the homeowner's principal place of residence. The variance shall be valid for the life of the recipient. The commissioner shall not issue a variance to any other person to use a decorative gas lamp or lamps.

Subd. 7. **Exemption for old gas lamp.** Gas lamps installed prior to April 20, 1977, by or at the request of a municipality, on a public street or right-of-way, may be used as street lighting.

Subd. 8. [Repealed, 2000 c 297 s 5]

Subd. 9. **Energy use by state; rules.** The commissioner shall conduct studies and make recommendations concerning the purchase and use by the state and its political subdivisions of supplies, motor vehicles and equipment having a significant impact on energy use in order to determine the potential for energy conservation. The commissioner may adopt rules pursuant to chapter 14 to insure that energy use and conservation will be considered in state purchasing and, where appropriate, to require certain minimum energy efficiency standards in purchased products and equipment. No state purchasing of equipment or material use shall occur that is not in conformity with these rules.

Subd. 10. [Repealed, 1996 c 310 s 1]

Subd. 11. [Repealed, 1996 c 310 s 1]

Subd. 12. [Repealed, 1996 c 310 s 1]

Subd. 13. **New room air conditioner.** No new room air conditioner shall be sold or installed or transported for resale into Minnesota unless it has an energy efficiency ratio equal to or greater than the values required by applicable federal laws and the United States Department of Energy regulations codified

in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 14. **Certain gas-powered equipment prohibited.** No new residential

- (1) forced-air-type central furnace;
- (2) cooking appliance manufactured with an electrical supply cord; or
- (3) clothes-drying equipment,

that is designed to burn natural gas shall be sold or installed in Minnesota, unless it meets or exceeds the efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 15. **Fluorescent lamp ballast.** No person may sell or install a fluorescent lamp ballast in this state that does not comply with the energy efficiency standards for fluorescent lamp ballasts adopted by the commissioner under subdivision 8.

Subd. 16. **Lamp.** No new lamp may be sold in Minnesota unless it meets or exceeds the minimum efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 17. **Motor.** No new motor covered by this subdivision, excluding those sold as part of an appliance, may be sold or installed in Minnesota unless its nominal efficiency meets or exceeds the values adopted under section 326B.106.

Subd. 18. **Commercial heating, air conditioning, and ventilating equipment.** (a) This subdivision applies to electrically operated unitary and packaged terminal air conditioners and heat pumps, electrically operated water-chilling packages, gas- and oil-fired boilers, and warm air furnaces and combination warm air furnaces and air conditioning units installed in buildings housing commercial or industrial operations.

(b) No commercial heating, air conditioning, or ventilating equipment covered by this subdivision may be sold or installed in Minnesota unless it meets or exceeds the minimum performance standards established by ASHRAE standard 90.1.

Subd. 19. **Showerhead; faucet.** No new showerhead, kitchen faucet or kitchen replacement aerator, or lavatory faucet or lavatory replacement aerator may be sold or installed in Minnesota unless it meets or exceeds the efficiency standards required by applicable federal laws and the United States Department of Energy regulations codified in Code of Federal Regulations, title 10, including applicable interpretations of the regulations issued by that department.

Subd. 20. **Conservation rules.** The commissioner shall adopt rules to implement subdivisions 13 and 16 to 19, including rules governing testing of products covered by those sections. The rules must make allowance for wholesalers, distributors, or retailers who have inventory or stock which was acquired prior to July 1, 1993. The rules must consider appropriate efficiency requirements for motors used infrequently in agricultural and other applications.

History: 1974 c 307 s 12; 1975 c 65 s 1; 1976 c 166 s 7; 1976 c 333 s 5-7; 1977 c 381 s 11-14; Ex1979 c 2 s 20-24; 1980 c 579 s 8; 1981 c 85 s 3,4; 1981 c 356 s 139-145,248; 1981 c 365 s 9; 1982 c 424 s 130;

1982 c 563 s 9; 1984 c 544 s 89; 1984 c 654 art 2 s 101; 1985 c 50 s 1; 1985 c 248 s 70; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 3,4; 1992 c 597 s 4-10; 1995 c 161 s 1-5; 1997 c 191 art 1 s 8; 1998 c 350 s 4; 1999 c 135 s 5; 2009 c 86 art 1 s 32

216C.195 [Repealed, 2000 c 297 s 5]

216C.20 ENERGY CONSERVATION IN PUBLIC BUILDING.

Subdivision 1. **Applicability.** The rules concerning heat loss, illumination, and climate control standards adopted pursuant to section 326B.106, subdivision 1, shall include standards for all existing buildings heated by oil, coal, gas, or electric units which are owned by the state, the University of Minnesota, any city, any county, or any school district. Compliance with standards adopted pursuant to this section shall not be mandatory for buildings owned by any city, county, or school district, except as otherwise provided by this section.

Subd. 2. **Consideration of economic feasibility.** The illumination standards promulgated pursuant to subdivision 1, are mandatory for all public buildings where economically feasible. For the purposes of this subdivision, "public building" means any building which is open to the public during normal business hours and which exceeds 5,000 square feet in gross floor area. The commissioner shall specify the formula for determining economic feasibility.

Subd. 3. **Parking ramp.** No enclosed structure or portion of an enclosed structure constructed after January 1, 1978, and used primarily as a commercial parking facility for three or more motor vehicles shall be heated. Incidental heating resulting from building exhaust air passing through a parking facility shall not be prohibited, provided that substantially all useful heat has previously been removed from the air.

History: *1976 c 333 s 8; 1977 c 381 s 15; 1981 c 356 s 146,147,248; 1987 c 312 art 1 s 10 subd 1; 2000 c 297 s 2; 2007 c 140 art 4 s 61; art 13 s 4*

216C.21 [Repealed, 1996 c 310 s 1]

216C.22 [Repealed, 1996 c 310 s 1]

216C.23 [Repealed, 1996 c 310 s 1]

216C.24 [Repealed, 1996 c 310 s 1]

216C.25 SOLAR ENERGY SYSTEM STANDARDS.

The commissioner of administration in consultation with the commissioner shall adopt rules concerning quality and performance standards which are in reasonable conformance with the Interim Performance Criteria for Solar Heating and Combined Heating/Cooling Systems and Dwellings, National Bureau of Standards, January 1, 1975; and the Interim Performance Criteria for Commercial Solar Heating and Combined Heating/Cooling Systems and Facilities, National Aeronautics and Space Administration, February 28, 1975, to insure that within the existing state of development, solar energy systems as defined in section 216C.06, subdivision 17, which are sold or installed within this state, are effective and represent a high standard of quality of material, workmanship, design, and performance. The commissioner of administration in consultation with the energy commissioner shall amend the rules as new technology and materials become available, or as standards are revised by the federal government.

Manufacturers or retailers of solar energy systems shall disclose to each bona fide potential purchaser of a system the extent to which the system meets or exceeds each quality standard.

History: 1976 c 333 s 14; 1981 c 356 s 152,248; 1987 c 312 art 1 s 10 subd 1

216C.26 ENERGY RESEARCH PROJECT; REVIEW.

The commissioner shall continuously identify, monitor, and evaluate in terms of potential direct benefit to, and possible implementation in Minnesota, research studies and demonstration projects of alternative energy and energy conservation systems and methodologies currently performed in Minnesota and other states and countries including:

- (1) solar energy systems for heating and cooling;
- (2) energy systems using wind, agricultural wastes, forestry products, peat, and other nonconventional energy resources;
- (3) devices and technologies increasing the energy efficiency of energy-consuming appliances, equipment, and systems;
- (4) hydroelectric power; and
- (5) other projects the commissioner deems appropriate and of direct benefit to Minnesota and other states of the upper midwest.

History: 1976 c 333 s 15; 1981 c 356 s 153,248; 1982 c 563 s 10; 1987 c 312 art 1 s 10 subd 1

216C.261 ALTERNATIVE ENERGY ENGINEERING ACTIVITY.

Subdivision 1. **Creation, goals.** To further the development of indigenous energy resources and energy conservation, the commissioner shall establish an alternative energy engineering activity. The activity shall facilitate the development of specific projects in the public and private sectors and provide a broad range of information, education, and engineering assistance services necessary to accelerate energy conservation and alternative energy development in the state.

Subd. 2. **Duties.** The alternative energy engineering activity shall:

- (1) provide on-site technical assistance for alternative energy and conservation projects;
- (2) develop information materials and educational programs to meet the needs of engineers, technicians, developers, and others in the alternative energy field;
- (3) conduct feasibility studies when the results of the studies would be of benefit to others working in the same area;
- (4) facilitate development of energy projects through assistance in finding financing, meeting regulatory requirements, gaining public and private support, limited technical consultation, and similar forms of assistance; and
- (5) work with and use the services of Minnesota design professionals.

History: 1984 c 654 art 2 s 102; 1987 c 312 art 1 s 10 subd 1

216C.262 [Repealed, 2014 c 222 art 1 s 58]

216C.263 [Repealed, 2014 c 222 art 1 s 58]

216C.264 COORDINATING RESIDENTIAL WEATHERIZATION PROGRAMS.

Subdivision 1. **Agency designation.** The department is the state agency to apply for, receive, and disburse money made available to the state by federal law for the purpose of weatherizing the residences of low-income persons. The commissioner must coordinate available federal money with state money appropriated for this purpose.

Subd. 2. **Grants.** The commissioner must make grants of federal and state money to community action agencies and other public or private nonprofit agencies for the purpose of weatherizing the residences of low-income persons.

Subd. 3. **Benefits of weatherization.** In the case of any grant made to an owner of a rental dwelling unit for weatherization, the commissioner must require that (1) the benefits of weatherization assistance in connection with the dwelling unit accrue primarily to the low-income family that resides in the unit; (2) the rents on the dwelling unit will not be raised because of any increase in value due solely to the weatherization assistance; and (3) no undue or excessive enhancement will occur to the value of the dwelling unit.

Subd. 4. [Repealed by amendment, 2011 c 97 s 28]

Subd. 5. **Grant allocation.** The commissioner must distribute supplementary state grants in a manner consistent with the goal of producing the maximum number of weatherized units. Supplementary state grants are provided primarily for the payment of additional labor costs for the federal weatherization program, and as an incentive for the increased production of weatherized units.

Criteria for the allocation of state grants to local agencies include existing local agency production levels, emergency needs, and the potential for maintaining or increasing acceptable levels of production in the area.

An eligible local agency may receive advance funding for 90 days' production, but thereafter must receive grants solely on the basis of program criteria.

Subd. 6. **Eligibility criteria.** To the extent allowed by federal regulations, the commissioner must ensure that the same income eligibility criteria apply to both the weatherization program and the energy assistance program.

History: 1998 c 273 s 4; 2005 c 97 art 4 s 6; 2011 c 97 s 28

216C.265 EMERGENCY ENERGY ASSISTANCE; FUEL FUNDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Energy provider" means a person who provides heating fuel, including natural gas, electricity, fuel oil, propane, wood, or other form of heating fuel, to residences at retail.

(c) "Fuel fund" means a fund established by an energy provider, the state, or any other entity that collects and distributes money for low-income emergency energy assistance and meets the minimum criteria,

including income eligibility criteria, for receiving money from the federal Low-Income Home Energy Assistance Program and the program's Incentive Fund for Leveraging Non-Federal Resources.

Subd. 2. **Energy providers; requirement.** Each energy provider may solicit contributions from its energy customers for deposit in a fuel fund established by the energy provider, a fuel fund established by another energy provider or other entity, or the statewide fuel account established in subdivision 3, for the purpose of providing emergency energy assistance to low-income households that qualify under the federal eligibility criteria of the federal Low-Income Home Energy Assistance Program. Solicitation of contributions from customers may be made at least annually and may provide each customer an opportunity to contribute as part of payment of bills for provision of service or provide an alternate, convenient way for customers to contribute.

Subd. 3. **Statewide fuel account; appropriation.** The commissioner must establish a statewide fuel account. The commissioner may develop and implement a program to solicit contributions, manage the receipts, and distribute emergency energy assistance to low-income households, as defined in the federal Low-Income Home Energy Assistance Program, on a statewide basis. All money remitted to the commissioner for deposit in the statewide fuel account is appropriated to the commissioner for the purpose of developing and implementing the program. No more than ten percent of the money received in the first two years of the program may be used for the administrative expenses of the commissioner to implement the program and no more than five percent of the money received in any subsequent year may be used for administration of the program.

Subd. 4. **Emergency Energy Assistance Advisory Council.** The commissioner must appoint an advisory council to advise the commissioner on implementation of this section. At least one-third of the advisory council must be composed of persons from households that are eligible for emergency energy assistance under the federal Low-Income Home Energy Assistance Program. The remaining two-thirds of the advisory council must be composed of persons representing energy providers, customers, local energy assistance providers, existing fuel fund delivery agencies, and community action agencies. Members of the advisory council may receive expenses, but no other compensation, as provided in section 15.059, subdivision 3. Appointment and removal of members is governed by section 15.059.

History: 1998 c 273 s 5; 2005 c 97 art 4 s 6

216C.266 DATA PRIVACY; ENERGY PROGRAMS.

Subdivision 1. **Classification of application data.** Data on individuals collected, maintained, or created because an individual applies on behalf of a household for benefits or services provided by the energy assistance and weatherization programs are private data on individuals and must not be disseminated except pursuant to section 13.05, subdivisions 3 and 4, or as provided in this section.

Subd. 2. **Sharing energy assistance program data.** The commissioner may disseminate to the commissioner of human services the name, telephone number, and last four digits of the Social Security number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program if the household is determined to be eligible for the energy assistance program.

Subd. 3. **Use of shared data.** Data disseminated to the commissioner of human services under subdivision 2 may be disclosed to a person other than the subject of the data only for the purpose of determining a household's eligibility for the telephone assistance program pursuant to section 13.46, subdivision 2, clause (23).

Subd. 4. **Additional use of energy assistance program data.** The commissioner may use the name, telephone number, and last four digits of the Social Security number of any individual who applies on behalf of a household for benefits or services provided by the energy assistance program for the purpose of determining whether the household is eligible for the telephone assistance program if the household is determined to be eligible for the energy assistance program.

History: 1998 c 273 s 6; 2005 c 97 art 4 s 6; 2012 c 290 s 70

216C.27 Subdivision 1. [Repealed, 2007 c 136 art 3 s 7]

Subd. 2. [Repealed, 2007 c 136 art 3 s 7]

Subd. 3. [Repealed, 2007 c 136 art 3 s 7]

Subd. 4. [Repealed, 2007 c 136 art 3 s 7]

Subd. 5. [Repealed, 2007 c 136 art 3 s 7]

Subd. 6. [Repealed, 2007 c 136 art 3 s 7]

Subd. 7. [Repealed, 2007 c 136 art 3 s 7]

Subd. 8. [Renumbered 16B.61, subd 8]

216C.29 SUBPOENA POWER.

The commissioner shall have the power, for the purposes of sections 216C.05 to 216C.30, to issue subpoenas for production of books, records, correspondence and other information and to require attendance of witnesses. The subpoenas may be served anywhere in the state by any person authorized to serve processes of courts of record. If a person does not comply with a subpoena, the commissioner may apply to the District Court of Ramsey County and the court shall compel obedience to the subpoena by a proper order. A person failing to obey the order is punishable by the court as for contempt.

History: 1974 c 307 s 14; 1981 c 356 s 160,248; 1987 c 312 art 1 s 10 subd 1

216C.30 ENFORCEMENT; PENALTIES, REMEDIES.

Subdivision 1. **Misdemeanor.** Any person who violates any provision of this chapter or section 325F.20 or 325F.21, or any rule promulgated thereunder, or knowingly submits false information in any report required by this chapter or section 325F.20 or 325F.21 shall be guilty of a misdemeanor. Each day of violation shall constitute a separate offense.

Subd. 2. **Equitable remedies.** The provisions of this chapter and sections 325F.20 and 325F.21, or any rules promulgated hereunder may be enforced by injunction, action to compel performance or other appropriate action in the district court of the county wherein the violation takes place. The attorney general shall bring any action under this subdivision upon the request of the commissioner, and the existence of an adequate remedy at law shall not be a defense to an action brought under this subdivision.

Subd. 3. **Money penalty.** When the court finds that any person has violated any provision of this chapter or section 325F.20 or 325F.21, or any rule thereunder, has knowingly submitted false information in any report required by this chapter or section 325F.20 or 325F.21, or has violated any court order issued under this chapter or section 325F.20 or 325F.21, the court may impose a civil penalty of not more than \$10,000 for each violation. These penalties shall be paid to the general fund in the state treasury.

Subd. 4. [Repealed, 2008 c 277 art 1 s 98]

Subd. 5. [Repealed, 2007 c 136 art 3 s 7]

History: 1974 c 307 s 15; Ex1979 c 2 s 33; 1981 c 356 s 161,248; 1982 c 563 s 11-13; 1984 c 595 s 6,7; 1985 c 248 s 70; 1987 c 312 art 1 s 10 subd 1; 1999 c 199 art 2 s 6

216C.31 ENERGY AUDIT PROGRAMS.

The commissioner shall develop state programs of energy audits of residential and commercial buildings including the training and qualifications necessary for the auditing of residential and commercial buildings under the auspices of a program created under section 216B.241.

History: 1980 c 579 s 12; 1981 c 356 s 162,248; 1983 c 289 s 47; 1983 c 301 s 127; 1984 c 654 art 2 s 104; 1987 c 312 art 1 s 10 subd 1; 2007 c 136 art 3 s 3

216C.315 ALTERNATIVE ENERGY ECONOMIC ANALYSIS.

The commissioner shall carry out the following energy economic analysis duties:

(1) provide continued analysis of alternative energy issues for the biennial report, certificates of need, and legislative requests;

(2) provide alternative energy information to consumers and business;

(3) assist in the maintenance and improvement of alternative energy input-output multipliers and market penetration models;

(4) provide analysis of alternative energy data.

History: 1983 c 301 s 128; 1987 c 312 art 1 s 10 subd 1

216C.32 ENERGY-EFFICIENT BUILDING EDUCATION.

The commissioner shall develop a program to provide information and training to persons in the state who influence the energy efficiency of new buildings, including contractors, engineers, and architects on techniques and standards for the design and construction of buildings which maximize energy efficiency. The program may include the production of printed materials and the development of training courses.

History: 1980 c 579 s 28; 1981 c 356 s 163,248; 1982 c 563 s 14; 1987 c 312 art 1 s 10 subd 1

216C.33 MINNESOTA BIOMASS CENTER.

Subdivision 1. **Creation, purpose.** The commissioner, in consultation with the commissioner of agriculture, may organize a Minnesota Biomass Center.

The center shall be the focus of biomass energy activities for the state. To the maximum extent possible, the center shall coordinate its activities and the use of its staff and facilities with those of other entities involved in biomass energy projects.

Subd. 2. **Duties.** The center shall:

(1) coordinate existing education and training programs for biomass energy production and use within the state and develop new programs where necessary. Educational programs shall cover all types of biomass energy production use, including but not limited to production from grain, biowaste, and cellulosic materials;

(2) serve as a central information resource in conjunction with existing agencies and academic institutions in order to provide information to the public on the production and use of biomass energy. The center shall obtain and analyze available information on biomass energy topics and prepare it for distribution to ensure that the public receives the most accurate and up-to-date information available;

(3) participate in necessary research projects to assist in technological advancement in areas of biomass energy production, distribution, and use. The center shall also study the environmental and safety aspects of biomass energy use;

(4) support and coordinate financing activities for biomass energy production, including providing technical assistance and manuals to individuals and groups seeking private, local, state or federal funding. The center shall be responsible for evaluating projects for any state assistance that may become available;

(5) develop consumer information and protection programs for all aspects of biomass energy production and use;

(6) investigate marketing and distribution needs within the state;

(7) review state and federal laws and regulations affecting biomass energy production and use, and evaluate regulatory incentives in order to provide the legislature with legislative proposals for the encouragement of biomass energy production and use within the state.

History: 1980 c 579 s 29; 1981 c 85 s 6; 1981 c 356 s 164,248; 1987 c 312 art 1 s 10 subd 1

FINANCIAL ASSISTANCE

216C.34 MONEY FOR SCHOOL OR GOVERNING BODY.

Money to pay part or all of the actual costs of mini-audits, maxi-audits, and energy conservation measures performed by or for schools and governing bodies shall be available from legislative appropriations made for that purpose in accordance with the priorities established in section 216C.35. Money appropriated pursuant to this section is available to school districts and local governmental units that submitted acceptable mini-audits or maxi-audits after April 9, 1976, and before July 1, 1979.

History: Ex1979 c 2 s 34; 1980 c 579 s 13; 1981 c 356 s 248; 1987 c 312 art 1 s 10 subd 1

216C.35 PRIORITIES FOR FUNDING.

All applications for funding shall be made to the commissioner. Applications shall be accompanied by a report on the energy-using characteristics of the building and any other information the commissioner may reasonably require.

History: Ex1979 c 2 s 35; 1981 c 356 s 165,248; 1987 c 312 art 1 s 10 subd 1; 1997 c 7 art 1 s 92

216C.36 [Repealed, 1993 c 327 s 24]

216C.37 ENERGY CONSERVATION INVESTMENT LOAN.

Subdivision 1. **Definitions.** In this section:

(a) "Commissioner" means the commissioner of commerce.

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(d) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Subd. 2. **Eligibility.** The commissioner shall approve loans to municipalities for energy conservation investments. A loan may be made to a municipality that has demonstrated that it has complied with all the appropriate provisions of this section and has made adequate provisions to assure proper and efficient operation of the municipal facilities after improvements and modifications are completed.

Subd. 3. **Application.** Application for a loan to be made pursuant to this section shall be made by a municipality to the commissioner on a form the commissioner prescribes by rule. The commissioner shall review each application to determine:

- (1) whether or not the municipality's proposal is complete;
- (2) whether the calculations and estimates contained in the energy project study are appropriate, accurate, and reasonable;
- (3) whether the project is eligible for a loan;
- (4) the amount of the loan for which the project is eligible; and
- (5) the means by which the municipality proposes to finance the project including:
 - (i) a loan authorized by this section;
 - (ii) a grant of money appropriated by state law;
 - (iii) a grant to the municipality by an agency of the federal government within the amount of money then appropriated to that agency; or
 - (iv) the appropriation of other money of the municipality to an account for the construction of the project.

Subd. 3a. **Additional information.** During application review, the commissioner may request additional information about a proposed energy conservation investment, including information on project cost. Failure to provide information requested disqualifies a loan applicant.

Subd. 3b. **Public accessibility of loan application data.** Data contained in an application submitted to the commissioner for a loan to be made pursuant to this section, including supporting technical documentation, is classified as "public data not on individuals" under section 13.02, subdivision 14.

Subd. 4. **Conditions for loan approval; repayment.** The commissioner shall approve loans to municipalities on the following conditions:

- (a) A municipality must demonstrate that the project is economically feasible, and that it has made adequate provisions to assure proper and efficient operation of the facility once the project is completed.

(b) A loan made pursuant to this section is repayable over a period of not more than ten years from the date the loan is made. Interest shall accrue from the date the loan is made, but the first payment of interest or principal shall not be due until one year after the loan was made. The principal shall be amortized in equal periodic payments over the remainder of the term of the loan. The accrued interest on the balance of the loan principal shall be due with each payment. Interest attributable to the first year of deferred payment shall be paid in the same manner as principal.

(c) Public schools shall receive funding priority whenever approvable loan applications exceed available funds.

Subd. 5. Payment; obligation. The commissioner shall not approve payment to a municipality pursuant to an approved loan until the commissioner has determined that financing of the project is assured by an irrevocable undertaking, by resolution of the governing body of the municipality, to annually levy or otherwise collect an amount of money sufficient to pay the principal and interest due on the loan as well as any of the commissioner of management and budget's administrative expenses according to the terms of the loan.

Subd. 6. Receipts; appropriation. The commissioner of management and budget shall deposit in the state treasury all principal and interest payments received in repayment of the loans authorized by this section. These payments shall be credited to the bond proceeds fund and are appropriated to the commissioner of management and budget for the purposes of that account.

Subd. 7. Rules. The commissioner shall adopt rules necessary to implement this section. The rules shall contain as a minimum:

- (1) procedures for application by municipalities;
- (2) criteria for reviewing loan applications; and
- (3) procedures and guidelines for program monitoring, closeout, and evaluation.

Subd. 8. [Repealed, 1994 c 616 s 12]

History: 1983 c 289 s 115 subd 1; 1983 c 323 s 1; 1984 c 640 s 32; 1Sp1985 c 12 art 7 s 1; 1986 c 444; 1987 c 186 s 15; 1987 c 289 s 1; 1987 c 312 art 1 s 10 subd 1; 1987 c 386 art 3 s 16,17; 1989 c 271 s 31; 1993 c 163 art 1 s 28; 1993 c 327 s 15; 1994 c 616 s 2-5; 1996 c 305 art 2 s 42; 1Sp2001 c 4 art 6 s 51; 2009 c 101 art 2 s 109

216C.373 [Repealed, 2014 c 222 art 1 s 58]

216C.38 [Repealed, 2014 c 222 art 1 s 58]

216C.381 COMMUNITY ENERGY PROGRAM.

Subdivision 1. Findings. The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the use of alternative resources. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. Community energy councils; creation. Statutory and home rule charter cities, counties, or Indian tribal governments of federally recognized Minnesota-based bands or tribes, individually or through

the exercise of joint powers agreements, may create community energy councils. Membership on a council shall include representatives of labor, small business, voluntary organizations, senior citizens, and low- and moderate-income residents, and may include city, county, and Indian tribal government officials, and other interested parties.

Subd. 3. **Council powers and duties.** In order to develop and implement community-based energy programs, a community energy council may:

- (1) analyze social and economic impacts caused by energy expenditures;
- (2) plan, coordinate, advertise, and provide energy programs to minimize negative social and economic impacts;
- (3) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision; and
- (4) exercise other powers and duties imposed on it by statute, charter, or by ordinance.

Subd. 4. **Department assistance.** The commissioner may provide professional and financial assistance to communities to establish community energy councils, and develop and implement community energy programs, within available resources.

History: 1984 c 654 art 2 s 106; 1987 c 312 art 1 s 10 subd 1; 1988 c 617 s 5

216C.385 CLEAN ENERGY RESOURCE TEAMS.

Subdivision 1. **Findings.** The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the production and use of renewable resources such as wind, solar, biomass, and biofuels. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. **Mission, organization, and membership.** The clean energy resource teams (CERT's) project is an innovative state, university, and nonprofit partnership that serves as a catalyst for community energy planning and projects. The mission of CERT's is to give citizens a voice in the energy planning process by connecting them with the necessary technical resources to identify and implement community-scale renewable energy and energy efficiency projects. In 2003, the Department of Commerce designated the CERT's project as a statewide collaborative venture and recognized six regional teams based on their geography: Central, Northeast, Northwest, Southeast, Southwest, and West-Central. Membership of CERT's may include but is not limited to representatives of utilities; federal, state, and local governments; small business; labor; senior citizens; academia; and other interested parties. The Department of Commerce may certify additional clean energy resource teams by regional geography, including teams in the Twin Cities metropolitan area.

Subd. 3. **Powers and duties.** In order to develop and implement community-based energy programs, a clean energy resource team may:

- (1) analyze social and economic impacts caused by energy expenditures;
- (2) analyze regional renewable and energy efficiency resources and opportunities;

(3) link community members and community energy projects to the knowledge and capabilities of the University of Minnesota, the State Energy Office, nonprofit organizations, and regional community members, among others;

(4) plan, set priorities for, provide technical assistance to, and catalyze local energy efficiency and renewable energy projects that help to meet state energy policy goals and maximize local economic development opportunities;

(5) provide a broad-based resource and communications network that links local, county, and regional energy efficiency and renewable energy project efforts around the state (both interregional and intraregional);

(6) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision;

(7) provide a convening and networking function within CERT's regions to facilitate education, knowledge formation, and project replication; and

(8) exercise other powers and duties imposed on it by statute, charter, or ordinance.

Subd. 4. **Department assistance.** The commissioner, via the clean energy resource teams, may provide professional, technical, organizational, and financial assistance to regions and communities to develop and implement community energy programs and projects, within available resources.

History: 2007 c 57 art 2 s 27

216C.39 RURAL WIND ENERGY DEVELOPMENT REVOLVING LOAN FUND.

Subdivision 1. **Establishment.** A rural wind energy development revolving loan fund is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account.

Subd. 2. **Purpose.** The rural wind energy development revolving loan fund is created to provide financial assistance, through partnership with local owners and communities, in developing community wind energy projects that meet the specifications of section 216B.1612, subdivision 2, paragraph (h).

Subd. 3. **Expenditures.** Money in the fund is appropriated to the commissioner of commerce, and may be used to make loans to qualifying owners of wind energy projects, as defined in section 216B.1612, subdivision 2, paragraph (h), to assist in funding wind studies and transmission interconnection studies. The loans must be structured for repayment within 30 days after the project begins commercial operations or two years from the date the loan is issued, whichever is sooner. The commissioner may pay reasonable and actual costs of administering the loan program, not to exceed interest earned on fund assets.

Subd. 4. **Limitations.** A loan may not be approved for an amount exceeding \$100,000. This limit applies to all money loaned to a single project or single entity, whether paid to one or more qualifying owners and whether paid in one or more fiscal years.

Subd. 5. **Administration; eligible projects.** (a) Applications for a loan under this section must be made in a manner and on forms prescribed by the commissioner. Loans to eligible projects must be made in the

order in which complete applications are received by the commissioner. Loan funds must be disbursed to an applicant within ten days of submission of a payment request by the applicant that demonstrates a payment due to the Midwest Independent System Operator. Interest payable on the loan amount may not exceed 1.5 percent per annum.

(b) A project is eligible for a loan under this program if:

(1) the project has completed an adequate interconnection feasibility study that indicates the project may be interconnected with system upgrades of less than ten percent of the estimated project costs;

(2) the project has a signed power purchase agreement with an electric utility or provides evidence that the project is under serious consideration for such an agreement by an electric utility;

(3) the ownership and structure of the project allows it to qualify as a community-based energy development (C-BED) project under section 216B.1612, and the developer commits to obtaining and maintaining C-BED status; and

(4) the commissioner has determined that sufficient funds are available to make a loan to the project.

History: 2007 c 57 art 2 s 28; 2009 c 101 art 2 s 109

216C.40 [Expired, 1993 c 254 s 6]

216C.41 RENEWABLE ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) owned by a resident of Minnesota or an entity that is organized under the laws of this state, is not prohibited from owning agricultural land under section 500.24, and owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a Minnesota nonprofit organization;

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation;

(v) owned by a Minnesota municipal utility or a Minnesota cooperative electric association; or

(vi) owned by a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, or any other local or regional governmental organization such as a board, commission, or association; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A other than a Minnesota cooperative electric association; and

(ii) all shares and membership in the cooperative are held by an entity that is not prohibited from owning agricultural land under section 500.24.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation; and

(2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

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

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

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

Subd. 3. Eligibility window. Payments may be made under this section only for:

(a) electricity generated from:

(1) a qualified hydroelectric facility that is operational and generating electricity before December 31, 2011;

(2) a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017.

Subd. 4. Payment period. (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2021;

(2) by a qualified wind energy conversion facility after December 31, 2018; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2017.

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Subd. 5. Amount of payment; wind facilities limit. (a) An incentive payment is based on the number of kilowatt-hours of electricity generated. The amount of the payment is:

(1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cent per kilowatt-hour; and

(2) for all other facilities, 1.5 cents per kilowatt-hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 200 megawatts of nameplate capacity.

(b) For wind energy conversion systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same calendar year as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Subd. 5a. Renewable development account. The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems that are eligible under

this section or Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 2.

Subd. 6. Ownership; financing; cure. (a) For the purposes of subdivision 1, paragraph (c), clause (2), a wind energy conversion facility qualifies if it is owned at least 51 percent by one or more of any combination of the entities listed in that clause.

(b) A subsequent owner of a qualified facility may continue to receive the incentive payment for the duration of the original payment period if the subsequent owner qualifies for the incentive under subdivision 1.

(c) Nothing in this section may be construed to deny incentive payment to an otherwise qualified facility that has obtained debt or equity financing for construction or operation as long as the ownership requirements of subdivision 1 and this subdivision are met. If, during the incentive payment period for a qualified facility, the owner of the facility is in default of a lending agreement and the lender takes possession of and operates the facility and makes reasonable efforts to transfer ownership of the facility to an entity other than the lender, the lender may continue to receive the incentive payment for electricity generated and sold by the facility for a period not to exceed 18 months. A lender who takes possession of a facility shall notify the commissioner immediately on taking possession and, at least quarterly, document efforts to transfer ownership of the facility.

(d) If, during the incentive payment period, a qualified facility loses the right to receive the incentive because of changes in ownership, the facility may regain the right to receive the incentive upon cure of the ownership structure that resulted in the loss of eligibility and may reapply for the incentive, but in no case may the payment period be extended beyond the original ten-year limit.

(e) A subsequent or requalifying owner under paragraph (b) or (d) retains the facility's original priority order for incentive payments as long as the ownership structure requalifies within two years from the date the facility became unqualified or two years from the date a lender takes possession.

Subd. 7. Eligibility process. (a) A qualifying project is eligible for the incentive on the date the commissioner receives:

(1) an application for payment of the incentive;

(2) one of the following:

(i) a copy of a signed power purchase agreement;

(ii) a copy of a binding agreement other than a power purchase agreement to sell electricity generated by the project to a third person; or

(iii) if the project developer or owner will sell electricity to its own members or customers, a copy of the purchase order for equipment to construct the project with a delivery date and a copy of a signed receipt for a nonrefundable deposit; and

(3) any other information the commissioner deems necessary to determine whether the proposed project qualifies for the incentive under this section.

(b) The commissioner shall determine whether a project qualifies for the incentive and respond in writing to the applicant approving or denying the application within 15 working days of receipt of the information required in paragraph (a). A project that is not operational within 18 months of receipt of a letter of approval is no longer approved for the incentive. The commissioner shall notify an applicant of potential loss of approval not less than 60 days prior to the end of the 18-month period. Eligibility for a project that loses approval may be reestablished as of the date the commissioner receives a new completed application.

History: 1994 c 643 s 71; 1995 c 245 s 4-8; 1997 c 216 s 124; 1999 c 223 art 2 s 34,35; 2000 c 488 art 2 s 15; 2001 c 212 art 5 s 1-3; 1Sp2001 c 4 art 2 s 21; 2002 c 398 s 6; 2003 c 128 art 3 s 44; 1Sp2003 c 11 art 2 s 9-15; 2004 c 228 art 1 s 35,76 subd 10; 2005 c 40 s 1; 2005 c 97 art 9 s 1; 1Sp2005 c 1 art 4 s 51-53; 2006 c 281 art 4 s 12,13; 2006 c 282 art 11 s 10,11; 2007 c 57 art 2 s 29; 2008 c 363 art 6 s 6,7; 2009 c 110 s 31; 2014 c 254 s 14

216C.411 DEFINITIONS.

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

History: 2013 c 85 art 11 s 1

216C.412 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.

Subdivision 1. **Account established; account management.** A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be

credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. There is annually appropriated from the account to the commissioner of commerce money sufficient to make the incentive payments under section 216C.415, the transfers under section 216C.416, and to administer sections 216C.412 to 216C.415.

Subd. 2. Payments from public utilities. (a) Beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years, each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.241, subdivision 1a. Payments under this subdivision must be included in the calculation of whether a utility's other spending on generation exceeds the limits authorized for spending on generation under section 216B.2411, subdivision 1, for investments proposed for commissioner of commerce approval after July 1, 2013. The limits on spending in section 216B.2411 do not limit or apply to payments required by this subdivision. Payments made under this paragraph count toward satisfying expenditure obligations of a public utility under section 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1. A public utility subject to this paragraph must be credited energy savings for the purpose of satisfying its energy savings requirement under section 216B.241, subdivision 1c, based on its payment to the commissioner.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the public utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the total amount paid to the commissioner of commerce under paragraph (a), totals \$15,000,000 annually. The commissioner shall, upon receipt of the payment, deposit it in the account established in subdivision 1.

History: 2013 c 85 art 11 s 2

216C.413 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.

Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner of commerce on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) any additional nonproprietary information requested by the commissioner of commerce; and

(4) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. Certification. If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. The commissioner must issue or deny the issuance of a

certificate within 90 days of receipt of a completed application. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 3. **Revocation of certification.** The commissioner may revoke a certification of a module as "Made in Minnesota" if the commissioner finds that the module no longer meets the requirements to be certified. The revocation does not affect incentive payments awarded prior to the revocation.

History: 2013 c 85 art 11 s 3

216C.414 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as "Made in Minnesota" the commissioner of commerce shall set a solar energy production incentive amount for that solar photovoltaic module for the purpose of the incentive payment under section 216C.415. The incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive applications approved in the year to which the incentive amount is applicable for the ten-year duration of the incentive payments. An incentive amount must be calculated for each module for each calendar year through 2023.

Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall set the incentive payment amount by determining the average amount of incentive payment required to allow an average owner of installed solar photovoltaic modules a reasonable return on their investment. In setting the incentive amount the commissioner shall consider:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic installed projects;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by public utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules; and

(6) the estimated levelized cost per kilowatt-hour generated.

(b) The commissioner shall annually, for incentive applications received in a year, revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6), general market conditions, and the availability of other incentives. In no case shall the "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments, of the average historic installation cost per kilowatt. The commissioner may exceed the 40 percent cap if the commissioner determines it is necessary to fully expend funds available for incentive payments in a particular year.

Subd. 3. **Metering of production.** A public utility must, at the expense of a customer, provide a meter to measure the production of a solar photovoltaic module system that is approved to receive incentive payments. The public utility must furnish the commissioner with information sufficient for the commissioner

to determine the incentive payment. The information must be provided on a calendar year basis by no later than March 1. The commissioner shall provide a public utility with forms to use to provide the production information. A customer must attest to the accuracy of the production information.

Subd. 4. **Payment due date.** Payments must be made no later than July 1 following the year of production.

Subd. 5. **Renewable energy credits.** Renewable energy credits associated with energy provided to a public utility for which an incentive payment is made belong to the utility.

History: 2013 c 85 art 11 s 4

216C.415 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of grid-connected solar photovoltaic modules with a total nameplate capacity below 40 kilowatts direct current who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive that has been approved by the commissioner;

(2) has received a "Made in Minnesota" certificate under section 216C.413 for the module; and

(3) has installed on residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Application process.** Applications for an incentive payment must be received by the commissioner between January 1 and February 28. The commissioner shall by a random method approve the number of applications the commissioner reasonably determines will exhaust the funds available for payment for the ten-year period of incentive payments. Applications for residential and commercial installations shall be separately randomly approved.

Subd. 3. **Commissioner approval of incentive application.** The commissioner must approve an application for an incentive for an owner to be eligible for incentive payments. The commissioner must not approve an application in a calendar year if the commissioner determines there will not be sufficient funding available to pay an incentive to the applicant for any portion of the ten-year duration of payment. The commissioner shall annually establish a cap on the cumulative capacity for a program year based on funds available and historic average installation costs. Receipt of an incentive is not an entitlement and payment need only be made from available funds in the "Made in Minnesota" solar production incentive account.

Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from new solar photovoltaic module installations that are commissioned between January 1, 2014, and December 31, 2023.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar system is commissioned.

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

(d) No payment may be made under this section for electricity generated after December 31, 2033.

(e) An owner of solar photovoltaic modules may not first begin to receive payments under this section after December 31, 2024.

Subd. 5. **Allocation of payments.** (a) If there are sufficient applications, approximately 50 percent of the incentive payment shall be for owners of eligible solar photovoltaic modules installed on residential property, and approximately 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner shall endeavor to distribute incentives paid under this section to owners of solar photovoltaic modules installed in a manner so that the amount of payments received in an area of the state reasonably approximates the amount of payments made by a utility serving that area.

(c) For purposes of this subdivision:

(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 6. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

History: 2013 c 85 art 11 s 5

216C.416 SOLAR THERMAL REBATES.

Subdivision 1. **Rebate program created.** The commissioner of commerce shall operate a program to provide rebates for the installation of "Made in Minnesota" solar thermal systems in the state. "Solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water. A solar thermal system is "Made in Minnesota" if components of the system are manufactured in Minnesota and the solar thermal system is certified by the Solar Rating and Certification Corporation. The solar thermal system may be installed in residential and commercial facilities for, among other purposes, hot water, space heating, or pool heating purposes.

Subd. 2. **Account; funding.** (a) The solar thermal system rebate account is created as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds in the account are appropriated to the commissioner of commerce for the purpose of making the rebate payments under this section and administering this section.

(b) Beginning January 1, 2014, and each January 1 thereafter to January 1, 2023, the commissioner of commerce shall annually transfer \$250,000 from the account created in section 216C.412 for deposit in the account created in this subdivision.

(c) To the extent there are sufficient applications, the commissioner shall annually spend for rebates under this section from 2014 to 2023, for a total of ten years, approximately \$250,000 per year. If sufficient applications are not received to spend the money available for rebates in a year under this section, the unspent money must be returned to the account from which it was transferred, provided that funds available for 2014 applications shall remain available for 2015 applications.

Subd. 3. Individual incentives. The maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$5,000. The maximum rebate for a commercial installation is the lesser of 25 percent of the installation cost of the complete system or \$25,000. The system must be installed by a factory authorized installer. The commissioner shall allocate approximately 50 percent of the rebates in each year to solar thermal hot water and 50 percent to solar thermal air projects if sufficient applications are made for each.

Subd. 4. Application process. Applications for incentives must be made to the commissioner of commerce on forms provided by the commissioner. The commissioner shall use a random process for the selection of recipients of incentives except to the extent necessary to allocate rebates as required by this section.

History: 2013 c 85 art 11 s 6

216C.42 DEFINITIONS; ENERGY IMPROVEMENTS FOR BUILDINGS.

Subdivision 1. **Scope.** For the purpose of this section and section 216C.43, the terms defined in this section have the meanings given them.

Subd. 2. Energy improvement project. "Energy improvement project" means a project to improve energy efficiency in a building or facility, including the design, acquisition, installation, construction, and commissioning of equipment or improvements to a building or facility, and training of building or facility staff necessary to properly operate and maintain the equipment or improvements.

Subd. 3. Energy project study. "Energy project study" means a technical and financial study of one or more energy improvement projects, including:

- (1) an analysis of historical energy consumption and cost data;
- (2) a description of existing equipment, structural elements, operating characteristics, and other conditions affecting energy use;
- (3) a description of the proposed energy improvement projects;
- (4) a detailed budget for the proposed project;
- (5) calculations sufficient to demonstrate the expected energy savings; and
- (6) if a geothermal energy improvement, whether the project is calculated to produce savings in terms of nongeothermal energy and costs.

Subd. 4. Financing agreement. "Financing agreement" means a tax-exempt lease-purchase agreement entered into by a local government and a financial institution under a standard project financing agreement offered under section 216C.43, subdivision 6.

Subd. 5. **Local government.** "Local government" means a Minnesota county, statutory or home rule charter city, town, school district, park district, or any combination of those units operating under an agreement to exercise powers jointly.

Subd. 6. **Program.** "Program" means the energy improvement financing program for local governments authorized by section 216C.43.

Subd. 7. **Supplemental cash flow agreement.** "Supplemental cash flow agreement" means an agreement by the commissioner to lend funds to a local government up to an amount necessary to ensure that the cumulative payments made by the local government under a financing agreement minus the amount loaned by the commissioner do not exceed the actual energy and operating cost savings attributable to the energy improvement project for the term of the supplemental cash flow agreement.

History: 2008 c 356 s 9

216C.43 ENERGY IMPROVEMENT FINANCING PROGRAM FOR LOCAL GOVERNMENT.

Subdivision 1. **Commissioner's authority and duties; local government authority.** The commissioner shall administer this section. A local government may enter into contracts for the purposes of this section with the commissioner, the primary contractor, other contracted technical service providers, and participating financial institutions.

Subd. 2. **Voluntary program participation; targeted technical services.** A local government may elect to participate in the program. The commissioner may prioritize and target technical services offered under subdivision 4 to local governments that the commissioner determines offer the greatest potential for cost-effective energy improvement projects.

Subd. 3. **Primary contractor for technical, financial, and program management services.** The commissioner may enter into a contract for the delivery of technical services, financial management, marketing, and administrative services necessary for implementation of the program.

Subd. 4. **Targeted technical services.** The commissioner shall offer technical services to targeted local governments to conduct energy project studies. The commissioner may contract with one or more qualified technical service providers to conduct energy project studies for targeted local governments. The commissioner may require full or partial reimbursement of costs for technical services provided to a local government, subject to terms and conditions specified and agreed to by contract before the delivery of technical services. A local government may independently procure technical services to conduct an energy project study, but the energy project study must be reviewed and approved by the commissioner to qualify an energy improvement project for a financing agreement under subdivision 6 or a supplemental cash flow agreement under subdivision 7.

Subd. 5. **Participation of technical service providers statewide.** Program activities must be implemented to encourage statewide participation of engineers, architects, energy auditors, contractors, and other technical service providers. The commissioner may provide training on energy project study requirements and procedures to technical service providers.

Subd. 6. **Standard project financing agreement.** The commissioner shall solicit proposals from private financial institutions and may enter into a standard project financing agreement with one or more financial institutions. A standard project financing agreement must specify terms and conditions uniformly available to all participating public entities for financing to implement energy improvement projects under this section.

A local government may choose to finance an energy improvement project by means other than a standard project financing agreement, but a supplemental cash flow agreement under subdivision 7 must not be offered unless the commissioner determines that the other financing means creates no greater potential obligation under a supplemental cash flow agreement than would be created through a standard project financing agreement.

Subd. 7. **Supplemental cash flow agreement.** (a) The commissioner may offer a supplemental cash flow agreement to a participating local government for qualifying energy improvement projects. The term of a supplemental cash flow agreement may not exceed 15 years. Terms and conditions of a supplemental cash flow agreement must be agreed to by contract prior to a local government entering into a financing agreement.

(b) A supplemental cash flow agreement must include, but is not limited to:

- (1) specification of methods and procedures to measure and verify energy cost savings;
 - (2) obligations of the local government to operate and maintain the energy improvements;
 - (3) procedures to modify the supplemental cash flow agreement if the local government modifies operating characteristics of its building or facility in a manner that adversely affects energy cost savings;
 - (4) interest charged on the loan, which may not exceed the interest on the related financial agreement;
- and
- (5) procedures for resolution of disputes.

(c) The commissioner must limit aggregate exposure to liability for payments under existing supplemental cash flow agreements to an amount no more than the appropriation available to make those payments.

Subd. 8. **Qualifying energy improvement projects.** A local government may submit to the commissioner, on a form prescribed by the commissioner, an application for a financing agreement authorization and supplemental cash flow agreement for energy improvement projects. The commissioner shall approve an energy improvement project for a supplemental cash flow agreement and authorize eligibility for a financing agreement if the commissioner determines that:

- (1) the application has been approved by the governing body or agency head of the local government;
- (2) the project is technically and economically feasible;
- (3) the local government has made adequate provision for the operation and maintenance of the project;
- (4) the project proposer has fully explored the use of conservation investment plan opportunities under section 216B.241 with the utilities providing gas and electric service to the project;
- (5) the project is calculated to result in a positive cash flow in each year the financing agreement is in effect; and
- (6) adequate money will be available to the commissioner to fulfill the supplemental cash flow agreement.

Energy improvement projects under this section are not subject to section 123B.71.

Subd. 9. **Program costs.** Program costs incurred by the commissioner or a public entity that are not direct costs to implement energy improvement projects may be paid with program money appropriated under subdivision 10.

Subd. 10. **Appropriation; transfer.** Petroleum violation escrow funds appropriated to the commissioner by Laws 1988, chapter 686, article 1, section 38, for state energy loan programs for schools, hospitals, and public buildings, and reappropriated by Laws 2007, chapter 57, article 2, section 30, are appropriated to the commissioner for the purposes of this section and are available until spent. The commissioner may transfer up to \$1,000,000 of this appropriation to the commissioner of administration for the purposes of section 16B.322.

Subd. 11. **CIP energy-savings goals.** A utility or association may count toward its energy-savings goals under section 216B.241, subdivision 1c, the energy savings resulting from its investment in an energy improvement project.

Subd. 12. **Report.** Beginning January 15, 2009, and each year thereafter, the commissioner shall submit to the chairs and ranking minority members of the senate and house of representatives committees on energy finance a report containing, at a minimum, the following information regarding projects implemented under this section:

- (1) the total number of projects;
- (2) the amount of calculated and, if available, actual energy savings for each project;
- (3) the cost of each project; and
- (4) the total amount paid for technical services provided under subdivision 4 for each project.

History: 2008 c 356 s 10

216C.435 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this section and section 216C.436, the terms defined in this section have the meanings given them.

Subd. 2. **Authority.** "Authority" means a housing and redevelopment authority or economic development authority created pursuant to section 469.003, 469.004, or 469.091, a port authority pursuant to section 469.049, 469.1082, or special law, or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

Subd. 3. **City.** "City" means a home rule charter or statutory city.

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean energy improvements that have been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices.

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate

of the length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices.

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

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

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

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

Subd. 6. **Implementing entity.** "Implementing entity" means the local government or an authority designated by the local government by resolution to implement and administer programs described in section 216C.436.

Subd. 7. **Local government.** "Local government" means a city, county, or town.

Subd. 8. **Qualifying real property.** "Qualifying real property" means a single-family or multifamily residential dwelling, or a commercial or industrial building, that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of cost-effective energy improvements.

Subd. 9. **Renewable energy.** "Renewable energy" means energy produced by means of solar thermal, solar photovoltaic, wind, or geothermal resources.

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the length of time a specific renewable energy system will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

Subd. 11. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

Subd. 12. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

History: 2010 c 216 s 3; 2010 c 389 art 7 s 11-13; 2013 c 85 art 8 s 1,2

216C.436 ENERGY IMPROVEMENTS PROGRAM FOR LOCAL GOVERNMENTS.

Subdivision 1. **Program authority.** An implementing entity may establish a program to finance energy improvements to enable owners of qualifying real property to pay for cost-effective energy improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. An implementing entity may limit the number of qualifying real properties for which a property owner may receive program financing.

Subd. 2. **Program requirements.** A financing program must:

- (1) impose requirements and conditions on financing arrangements to ensure timely repayment;
- (2) require an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the implementing entity prior to approval of the financing;
- (3) require the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;
- (4) not prohibit the financing of all cost-effective energy improvements not otherwise prohibited by this section;
- (5) require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property;
- (6) have energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;
- (7) require disclosures to borrowers by the implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;
- (8) provide financing only to those who demonstrate an ability to repay;
- (9) not provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;
- (10) require a petition to the implementing entity by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;
- (11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and
- (12) require that liability for special assessments related to the financing runs with the qualifying real property.

Subd. 3. **Retail and end use prohibited.** Energy generated by an energy improvement may not be sold, transmitted, or distributed at retail and may not provide for end use of the electrical energy from an off-site facility. On-site generation is allowed to the extent provided for in section 216B.1611.

This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

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

- (1) a cost-weighted average maturity not exceeding the useful life of the energy improvements installed, as determined by the implementing entity, but in no event may a term exceed 20 years;
- (2) a principal amount not to exceed the lesser of 20 percent of the assessed value of the real property on which the improvements are to be installed or the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

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

Subd. 5. **Coordination with other programs.** A financing program must include cooperation and coordination with the conservation improvement activities of the utility serving the qualifying real property and other public and private energy improvement programs.

Subd. 6. **Certificate of participation.** Upon completion of a project, an implementing entity shall provide a borrower with a certificate stating participation in the program and what energy improvements have been made with financing program proceeds.

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

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

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

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

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

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7.

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

Subd. 9. **Supplemental funding sources.** (a) An implementing entity is authorized to establish, acquire, and use additional or alternative funding sources for the purposes of this section.

(b) For the purposes of this subdivision, additional or alternative funding sources do not include issuance of general obligation bonds.

History: 2010 c 216 s 4; 2010 c 389 art 7 s 14-19; 2013 c 85 art 8 s 3-5; 2013 c 143 art 12 s 3; 2014 c 254 s 15,16

216C.44 [Repealed, 2014 c 222 art 1 s 58]

CHAPTER 216D

EXCAVATION NOTICE SYSTEM

216D.01	DEFINITIONS.	216D.06	DAMAGE TO FACILITY.
216D.02	NOTICE TO EXCAVATOR OR OPERATOR.	216D.07	EFFECT ON LOCAL ORDINANCES.
216D.03	NOTIFICATION CENTER.	216D.08	CIVIL PENALTIES; PROCEEDS TO SAFETY ACCOUNT; RULES.
216D.04	EXCAVATION; LAND SURVEY.	216D.09	INJUNCTIVE RELIEF.
216D.05	PRECAUTIONS TO AVOID DAMAGE.		

216D.01 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to sections 216D.01 to 216D.07.

Subd. 1a. **Commissioner.** "Commissioner" means the commissioner of public safety.

Subd. 1b. **Boundary survey.** "Boundary survey" means a survey made to establish or to reestablish a boundary line on the ground or to obtain data for preparing a map or plat showing boundary lines.

Subd. 2. **Damage.** "Damage" means:

- (1) the substantial weakening of structural or lateral support of an underground facility;
- (2) penetration, impairment, or destruction of any underground protective coating, housing, or other protective device; or
- (3) impact with or the partial or complete severance of an underground facility to the extent that the facility operator determines that repairs are required.

Subd. 3. **Emergency.** "Emergency" means a condition that poses a clear and immediate danger to life or health, or a significant loss of property.

Subd. 4. **Emergency responder.** "Emergency responder" means a fire department or company, a law enforcement official or office, an ambulance or other emergency rescue service, or the Division of Emergency Management created by section 12.04, subdivision 1.

Subd. 5. **Excavation.** "Excavation" means an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives. Excavation does not include:

- (1) the extraction of minerals;
- (2) the opening of a grave in a cemetery;
- (3) normal maintenance of roads and streets if the maintenance does not change the original grade and does not involve the road ditch;
- (4) plowing, cultivating, planting, harvesting, and similar operations in connection with growing crops, trees, and shrubs, unless any of these activities disturbs the soil to a depth of 18 inches or more;
- (5) gardening unless it disturbs the soil to a depth of 12 inches or more; or

(6) planting of windbreaks, shelterbelts, and tree plantations, unless any of these activities disturbs the soil to a depth of 18 inches or more.

Subd. 6. **Excavator.** "Excavator" means a person who conducts excavation in the state.

Subd. 6a. **Land surveyor.** "Land surveyor" means a person licensed to practice land surveying under sections 326.02 to 326.15.

Subd. 7. **Local governmental unit.** "Local governmental unit" means a county, town, or statutory or home rule charter city.

Subd. 8. **Notification center.** "Notification center" means a center that receives notice from excavators of planned excavation or other requests for location and transmits this notice to participating operators.

Subd. 9. **Operator.** "Operator" means a person who owns or operates an underground facility. A person is not considered an operator solely because the person is an owner or tenant of real property where underground facilities are located if the underground facilities are used exclusively to furnish services or commodities on that property, unless the person is the state, a state agency, or a local governmental unit.

Subd. 10. **Person.** "Person" means the state, a public agency, a local governmental unit, an individual, corporation, partnership, association, or other business or public entity or a trustee, receiver, assignee, or personal representative of any of them.

Subd. 11. **Underground facility.** "Underground facility" means an underground line, facility, system, and its appurtenances used to produce, store, convey, transmit, or distribute communications, data, electricity, power, heat, gas, oil, petroleum products, water including storm water, steam, sewage, and other similar substances.

Subd. 12. **Utility quality level.** "Utility quality level" means a professional opinion about the quality and reliability of utility information. There are four levels of utility quality information, ranging from the most precise and reliable, level A, to the least precise and reliable, level D. The utility quality level must be determined in accordance with guidelines established by the Construction Institute of the American Society of Civil Engineers in document CI/ASCE 38-02 entitled "Standard Guidelines for the Collection and Depiction of Existing Subsurface Utility Data."

History: 1987 c 71 s 2; 1987 c 353 s 7; 1988 c 624 s 2; 1989 c 244 s 3-5; 1991 c 214 s 7; 1991 c 234 s 3; 1992 c 381 s 7; 1992 c 493 s 1-4; 1993 c 341 art 1 s 20; 2004 c 163 s 1

216D.02 NOTICE TO EXCAVATOR OR OPERATOR.

Subdivision 1. **Display and distribution.** Local governmental units that issue permits for an activity involving excavation must continuously display an excavator's and operator's notice at the location where permits are applied for and obtained. An excavator and operator's notice and a copy of sections 216D.03 to 216D.07 must be furnished to each person obtaining a permit for excavation.

Subd. 2. **Form.** The notification center shall prescribe an excavator and operator's notice. The notice must inform excavators and operators of their obligations to comply with sections 216D.03 to 216D.07. The center shall furnish to local governmental units:

- (1) a copy of the notice and sections 216D.03 to 216D.07 in a form suitable for photocopying;

- (2) a copy of the display and distribution requirements under subdivision 1; and
- (3) the telephone number and mailing address of the notification center.

History: 1987 c 353 s 8

216D.03 NOTIFICATION CENTER.

Subdivision 1. **Participation.** An operator shall participate in and share in the costs of one statewide notification center operated by a vendor selected under subdivision 2.

Subd. 2. **Establishment of notification center; rules.** (a) The notification center services must be provided by a nonprofit corporation approved in writing by the commissioner. The nonprofit corporation must be governed by a board of directors of up to 20 members, one of whom is the director of the Office of Pipeline Safety. The other board members must represent and be elected by operators, excavators, and other persons eligible to participate in the center. In deciding to approve a nonprofit corporation, the commissioner shall consider whether it meets the requirements of this paragraph and whether it demonstrates that it has the ability to contract for and implement the notification center service.

(b) The commissioner shall adopt rules:

- (1) establishing a notification process and competitive bidding procedure for selecting a vendor to provide the notification service;
- (2) governing the operating procedures and technology needed for a statewide notification center; and
- (3) setting forth the method for assessing the cost of the service among operators.

(c) The commissioner shall select a vendor to provide the notification center service. The commissioner may advertise for bids as provided in section 16C.06, subdivisions 1 and 2, and base the selection of a vendor on best value as provided in section 16C.06, subdivision 6. The commissioner shall select and contract with the vendor to provide the notification center service, but all costs of the center must be paid by the operators. The commissioner may at any time appoint a task force to advise on the renewal of the contract or any other matter involving the center's operations.

(d) An operator may submit a bid and be selected to contract to provide the notification center service under paragraph (a) or (c). The commissioner shall annually review the services provided by the nonprofit corporation approved under paragraph (a) or the vendor selected under paragraph (c).

Subd. 3. **Cooperation with local government.** In establishing operating procedures and technology for the statewide notification center, the board of directors or the commissioner must work in cooperation with the League of Minnesota Cities, the Association of Minnesota Counties, and the Township Officers' Association. The purpose of this cooperation is to maximize the participation of local governmental units that issue permits for activities involving excavation to assure that excavators receive notice of and comply with the requirements of sections 216D.01 to 216D.07.

Subd. 4. **Notice to local government.** The notification center shall provide local governmental units with a master list, by county, of the operators in the county who are participants in the notification center, and the telephone number and mailing address of the notification center.

History: 1987 c 353 s 9; 1997 c 187 art 1 s 15; 1998 c 386 art 2 s 69

216D.04 EXCAVATION; LAND SURVEY.

Subdivision 1. **Notice required; contents.** (a) Except in an emergency, an excavator shall and a land surveyor may contact the notification center and provide notice at least 48 hours, excluding Saturdays, Sundays, and holidays and not more than 14 calendar days before beginning any excavation or boundary survey. An excavation or boundary survey begins, for purposes of this requirement, the first time excavation or a boundary survey occurs in an area that was not previously identified by the excavator or land surveyor in the notice.

(b) The notice may be oral or written, and must contain the following information:

- (1) the name of the individual providing the notice;
- (2) the precise location of the proposed area of excavation or survey;
- (3) the name, address, and telephone number of the individual or individual's company;
- (4) the field telephone number, if one is available;
- (5) the type and extent of the activity;
- (6) whether or not the discharge of explosives is anticipated;
- (7) the date and time when the excavation or survey is to commence; and
- (8) the estimated duration of the activity.

Subd. 1a. **Plans for excavation.** (a) Any person, prior to soliciting bids or entering into a contract for excavation, shall provide a proposed notice to the notification center to obtain from the affected operators of underground facilities the type, size, and general location of underground facilities. Affected operators shall provide the information within 15 working days. An operator who provides information to a person who is not a unit of government may indicate any portions of the information which are proprietary and may require the person to provide appropriate confidentiality protection. The information obtained from affected operators must be submitted on the final drawing used for the bid or contract and must depict the utility quality level of that information. This information must be updated not more than 90 days before completion of the final drawing used for the bid or contract.

(b) This subdivision does not apply to bids and contracts for:

- (1) routine maintenance of underground facilities or installation, maintenance, or repair of service lines;
- (2) excavation for operators of underground facilities performed on a unit of work or similar basis; or
- (3) excavation for home construction and projects by home owners.

(c) A person required by this section to show existing underground facilities on its drawings shall conduct one or more preliminary design meetings during the design phase to communicate the project design and coordinate utility relocation. Affected facility operators shall attend these meetings or make other arrangements to provide information.

(d) A person required by this section to show existing underground facilities on its drawings shall conduct one or more preconstruction meetings to communicate the project design and coordinate utility re-

location. Affected facility operators and contractors shall attend these meetings or make other arrangements to provide information.

(e) This subdivision does not affect the obligation to provide a notice of excavation as required under subdivision 1.

Subd. 2. Duties of notification center; regarding notice. The notification center shall assign an inquiry identification number to each notice and retain a record of all notices received for at least six years. The center shall immediately transmit the information contained in a notice to every operator that has an underground facility in the area of the proposed excavation or boundary survey.

Subd. 3. Locating underground facility; operator. (a) Prior to the excavation start time on the notice, an operator shall locate and mark or otherwise provide the approximate horizontal location of the underground facilities of the operator and provide readily available information regarding the operator's abandoned and out-of-service underground facilities as shown on maps, drawings, diagrams, or other records used in the operator's normal course of business, without cost to the excavator. The excavator shall determine the precise location of the underground facility, without damage, before excavating within two feet of the marked location of the underground facility.

(b) Within 96 hours or the time specified in the notice, whichever is later, after receiving a notice for boundary survey from the notification center, excluding Saturdays, Sundays, and holidays, unless otherwise agreed to between the land surveyor and operator, an operator shall locate and mark or otherwise provide the approximate horizontal location of the underground facilities of the operator, without cost to the land surveyor.

(c) For the purpose of this section, the approximate horizontal location of the underground facilities is a strip of land two feet on either side of the underground facilities.

(d) Markers used to designate the approximate location of underground facilities must follow the current color code standard used by the American Public Works Association.

(e) If the operator cannot complete marking of the excavation or boundary survey area before the excavation or boundary survey start time stated in the notice, the operator shall promptly contact the excavator or land surveyor.

(f) After December 31, 1998, operators shall maintain maps, drawings, diagrams, or other records of any underground facility abandoned or out-of-service after December 31, 1998.

(g) An operator or other person providing information pursuant to this subdivision is not responsible to any person, for any costs, claims, or damages for information provided in good faith regarding abandoned, out-of-service, or private or customer-owned underground facilities.

Subd. 4. Locating underground facility; excavator or land surveyor. (a) The excavator or land surveyor shall determine the precise location of the underground facility, without damage, before excavating within two feet on either side of the marked location of the underground facility.

(b) If the excavator or land surveyor cancels the excavation or boundary survey, the excavator or land surveyor shall cancel the notice through the notification center.

(c) The notice is valid for 14 calendar days from the start time stated on the notice. If the activity will continue after the expiration time, then the person responsible for the activity shall serve an additional notice

at least 48 hours, excluding Saturdays, Sundays, and holidays, before the expiration time of the original notice, unless the excavator makes arrangements with the operators affected to periodically verify or refresh the marks, in which case the notice is valid for six months from the start time stated on the notice.

(d) The excavator is responsible for reasonably protecting and preserving the marks until no longer required for proper and safe excavation near the underground facility. If the excavator has reason to believe the marks are obliterated, obscured, missing, or incorrect, the excavator shall notify the facility operator or notification center in order to have an operator verify or refresh the marks.

History: 1987 c 353 s 10; 1992 c 493 s 5; 1993 c 341 art 1 s 21; 1997 c 196 s 1; 1998 c 348 s 1-3; 2004 c 163 s 2-6

216D.05 PRECAUTIONS TO AVOID DAMAGE.

An excavator shall:

(1) plan the excavation to avoid damage to and minimize interference with underground facilities in and near the construction area;

(2) use white markings for proposed excavations except where it can be shown that it is not practical;

(3) maintain a clearance between an underground facility and the cutting edge or point of any mechanized equipment, considering the known limit of control of the cutting edge or point to avoid damage to the facility;

(4) provide support for underground facilities in and near the construction area, including during backfill operations, to protect the facilities; and

(5) conduct the excavation in a careful and prudent manner.

History: 1987 c 353 s 11; 1998 c 348 s 4; 2004 c 163 s 7

216D.06 DAMAGE TO FACILITY.

Subdivision 1. **Notice; repair.** (a) If any damage occurs to an underground facility or its protective covering, the excavator shall notify the operator promptly. When the operator receives a damage notice, the operator shall promptly dispatch personnel to the damage area to investigate. If the damage results in the escape of any flammable, toxic, or corrosive gas or liquid or endangers life, health, or property, the excavator responsible shall immediately notify the operator and the 911 public safety answering point, as defined in section 403.02, subdivision 19, and take immediate action to protect the public and property. The excavator shall also attempt to minimize the hazard until arrival of the operator's personnel or until emergency responders have arrived and completed their assessment. The 911 public safety answering point shall maintain a response plan for notifications generated by this section.

(b) An excavator shall delay backfilling in the immediate area of the damaged underground facilities until the damage has been investigated by the operator, unless the operator authorizes otherwise. The repair of damage must be performed by the operator or by qualified personnel authorized by the operator.

(c) An excavator who knowingly damages an underground facility, and who does not notify the operator as soon as reasonably possible or who backfills in violation of paragraph (b), is guilty of a misdemeanor.

Subd. 2. **Cost reimbursement.** (a) If an excavator damages an underground facility, the excavator shall reimburse the operator for the cost of necessary repairs, and for a pipeline the cost of the product that was being carried in the pipeline and was lost as a direct result of the damage.

(b) Reimbursement is not required if the damage to the underground facility was caused by the sole negligence of the operator or the operator failed to comply with section 216D.04, subdivision 3.

Subd. 3. **Prima facie evidence of negligence.** It is prima facie evidence of the excavator's negligence in a civil court action if damage to the underground facilities of an operator resulted from excavation, and the excavator failed to give an excavation notice under section 216D.04 or provide support as required by section 216D.05.

History: 1987 c 353 s 12; 1999 c 43 s 1

216D.07 EFFECT ON LOCAL ORDINANCES.

(a) Sections 216D.01 to 216D.07 do not affect or impair local ordinances, charters, or other provisions of law requiring permits to be obtained before excavating.

(b) A person with a permit for excavation from the state or a public agency is subject to sections 216D.01 to 216D.07. The state or public agency that issued a permit for excavation is not liable for the actions of an excavator who fails to comply with sections 216D.01 to 216D.07.

History: 1987 c 353 s 13

216D.08 CIVIL PENALTIES; PROCEEDS TO SAFETY ACCOUNT; RULES.

Subdivision 1. **Penalties.** A person who is engaged in excavation for remuneration or an operator other than an operator subject to section 299F.59, subdivision 1, who violates sections 216D.01 to 216D.07 is subject to a civil penalty to be imposed by the commissioner not to exceed \$1,000 for each violation per day of violation. An operator subject to section 299F.59, subdivision 1, who violates sections 216D.01 to 216D.07 is subject to a civil penalty to be imposed under section 299F.60. The district court may hear, try, and determine actions commenced under this section. Trials under this section must be to the court sitting without a jury. If the fine exceeds the maximum limit for conciliation court, the person appealing the fine may request the commissioner to conduct an administrative hearing under chapter 14.

Subd. 2. **Settlement.** The commissioner may negotiate a compromise settlement of a civil penalty. In determining the amount of the penalty, or the amount of the compromise settlement, the commissioner shall consider the appropriateness of the penalty to the size of the business of the person charged, the gravity of the violation, and the good faith of the person charged in attempting to achieve compliance, after notification of a violation. Unless the commissioner chooses to proceed in district court under subdivision 1, the contested case and judicial review provisions of chapter 14 apply to the orders of the commissioner imposing a penalty under sections 216D.01 to 216D.07. The amount of the penalty, when finally determined, may be deducted from sums owing by the state of Minnesota to the person charged.

Subd. 3. **Credited to pipeline safety account; appropriation.** Penalties collected under this section must be deposited in the state treasury and credited to the pipeline safety account to be applied to the reduction of expenses or costs assessed by the commissioner against persons regulated under this chapter. Penalties collected under this section are annually appropriated to the commissioner of public safety.

Subd. 4. **Rules.** The commissioner shall adopt rules establishing reasonable guidelines for imposing penalties. The rules must provide for notice that a penalty is assessed and may exempt activities from penalties unless the excavator or operator as defined in this section has evidenced a course of action in disregard of this chapter.

History: 1989 c 244 s 6; 1998 c 348 s 5,6; 2005 c 136 art 8 s 4,5

216D.09 INJUNCTIVE RELIEF.

Subdivision 1. **Jurisdiction.** The district courts of the state of Minnesota have jurisdiction, subject to the provisions of the statutes and the rules of practice and procedure of the state of Minnesota relative to civil actions in the district courts, to restrain violations of sections 216D.01 to 216D.07, on petition by the attorney general on behalf of the state of Minnesota. When practicable, the commissioner shall give notice to a person against whom an action for injunctive relief is contemplated and afford the person an opportunity to present views and, except in the case of a knowing and willful violation, shall afford the person reasonable opportunity to achieve compliance. However, the failure to give the notice and afford an opportunity to present views does not preclude the granting of appropriate relief.

Subd. 2. **Venue.** Actions under this section must be brought in district court in the district where the defendant's principal place of business in the state is located, and process in these cases may be served in any other district in the state of Minnesota where the defendant may be found or in which the defendant is an inhabitant or transacts business.

History: 1989 c 244 s 7

CHAPTER 216E

ELECTRIC POWER FACILITY PERMITS

<p>216E.001 CITATION.</p> <p>216E.01 DEFINITIONS.</p> <p>216E.02 SITING AUTHORITY.</p> <p>216E.021 SOLAR ENERGY SYSTEM SIZE DETERMINATION.</p> <p>216E.03 DESIGNATING SITES AND ROUTES.</p> <p>216E.04 ALTERNATIVE REVIEW OF APPLICATIONS.</p> <p>216E.05 LOCAL REVIEW OF APPLICATIONS.</p> <p>216E.06 EMERGENCY PERMIT.</p> <p>216E.07 ANNUAL HEARING.</p> <p>216E.08 PUBLIC PARTICIPATION.</p> <p>216E.09 PUBLIC MEETINGS; TRANSCRIPTS; WRITTEN RECORDS.</p>	<p>216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE PERMITS.</p> <p>216E.11 IMPROVEMENT OF SITES AND ROUTES.</p> <p>216E.12 EMINENT DOMAIN POWERS; POWER OF CONDEMNATION.</p> <p>216E.13 FAILURE TO ACT.</p> <p>216E.14 REVOCATION OR SUSPENSION.</p> <p>216E.15 JUDICIAL REVIEW.</p> <p>216E.16 RULES.</p> <p>216E.17 ENFORCEMENT, PENALTIES.</p> <p>216E.18 BIENNIAL REPORT; APPLICATION FEES; APPROPRIATION; FUNDING.</p>
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216E.001 CITATION.

This chapter shall be known as the "Minnesota Power Plant Siting Act."

History: *1973 c 591 s 1*

216E.01 DEFINITIONS.

Subdivision 1. **Applicability.** As used in this chapter, the terms defined in this section have the meanings given them, unless otherwise provided or indicated by the context.

Subd. 2. **Commission.** "Commission" means the Public Utilities Commission.

Subd. 3. **Construction.** "Construction" means any clearing of land, excavation, or other action that would adversely affect the natural environment of the site or route but does not include changes needed for temporary use of sites or routes for nonutility purposes, or uses in securing survey or geological data, including necessary borings to ascertain foundation conditions.

Subd. 4. **High-voltage transmission line.** "High-voltage transmission line" means a conductor of electric energy and associated facilities designed for and capable of operation at a nominal voltage of 100 kilovolts or more and is greater than 1,500 feet in length.

Subd. 5. **Large electric power generating plant.** "Large electric power generating plant" shall mean electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more.

Subd. 6. **Large electric power facilities.** "Large electric power facilities" means high voltage transmission lines and large electric power generating plants.

Subd. 7. **Person.** "Person" shall mean an individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

Subd. 8. **Route.** "Route" means the location of a high voltage transmission line between two end points. The route may have a variable width of up to 1.25 miles.

Subd. 9. **Site.** "Site" means the location of a large electric power generating plant.

Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy.

Subd. 10. **Utility.** "Utility" shall mean any entity engaged or intending to engage in this state in the generation, transmission, or distribution of electric energy including, but not limited to, a private investor-owned utility, cooperatively owned utility, and a public or municipally owned utility.

History: 1973 c 591 s 2; 1975 c 271 s 6; 1977 c 439 s 1-5; 2001 c 212 art 7 s 1,2; 2005 c 97 art 3 s 1,2; 2014 c 254 s 17

216E.02 SITING AUTHORITY.

Subdivision 1. **Policy.** The legislature hereby declares it to be the policy of the state to locate large electric power facilities in an orderly manner compatible with environmental preservation and the efficient use of resources. In accordance with this policy the commission shall choose locations that minimize adverse human and environmental impact while insuring continuing electric power system reliability and integrity and insuring that electric energy needs are met and fulfilled in an orderly and timely fashion.

Subd. 2. **Jurisdiction.** The commission is hereby given the authority to provide for site and route selection for large electric power facilities. The commission shall issue permits for large electric power facilities in a timely fashion and in a manner consistent with the overall determination of need for the project under section 216B.243 or 216B.2425. Questions of need, including size, type, and timing; alternative system configurations; and voltage must not be included in the scope of environmental review conducted under this chapter.

Subd. 3. **Interstate routes.** If a route is proposed in two or more states, the commission shall attempt to reach agreement with affected states on the entry and exit points prior to designating a route. The commission, in discharge of its duties pursuant to this chapter may make joint investigations, hold joint hearings within or without the state, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any state or of the United States. The commission may negotiate and enter into any agreements or compacts with agencies of other states, pursuant to any consent of Congress, for cooperative efforts in certifying the construction, operation, and maintenance of large electric power facilities in accord with the purposes of this chapter and for the enforcement of the respective state laws regarding such facilities.

History: 1973 c 591 s 3; 1975 c 271 s 6; 1977 c 439 s 6; 2001 c 212 art 7 s 3,4; 2005 c 97 art 3 s 3,19

216E.021 SOLAR ENERGY SYSTEM SIZE DETERMINATION.

(a) This section must be used to determine whether a combination of solar energy generating systems meets the definition of large electric power generating plant and is subject to the commission's siting authority jurisdiction under this chapter. The alternating current nameplate capacity of one solar energy generating system must be combined with the alternating current nameplate capacity of any other solar energy generating system that:

(1) is constructed within the same 12-month period as the solar energy generating system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) The commissioner of commerce shall provide forms and assistance for applicants to make a request for a size determination. Upon written request of an applicant, the commissioner shall provide a written size determination within 30 days of receipt of the request and of any information requested by the commissioner. In the case of a dispute, the chair of the Public Utilities Commission shall make the final size determination.

History: 2014 c 254 s 18

216E.03 DESIGNATING SITES AND ROUTES.

Subdivision 1. **Site permit.** No person may construct a large electric generating plant without a site permit from the commission. A large electric generating plant may be constructed only on a site approved by the commission. The commission must incorporate into one proceeding the route selection for a high-voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant to the transmission system and whose need is certified under section 216B.243.

Subd. 2. **Route permit.** No person may construct a high-voltage transmission line without a route permit from the commission. A high-voltage transmission line may be constructed only along a route approved by the commission.

Subd. 3. **Application.** Any person seeking to construct a large electric power generating plant or a high-voltage transmission line must apply to the commission for a site or route permit. The application shall contain such information as the commission may require. The applicant shall propose at least two sites for a large electric power generating plant and two routes for a high-voltage transmission line. Neither of the two proposed routes may be designated as a preferred route and all proposed routes must be numbered and designated as alternatives. The commission shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

Subd. 3a. **Project notice.** At least 90 days before filing an application with the commission, the applicant shall provide notice to each local unit of government within which a route may be proposed. The notice must describe the proposed project and the opportunity for a preapplication consultation meeting with local units of government as provided in subdivision 3b.

Subd. 3b. **Preapplication consultation meetings.** Within 30 days of receiving a project notice, local units of government may request the applicant to hold a consultation meeting with local units of government. Upon receiving notice from a local unit of government requesting a preapplication consultation meeting, the applicant shall arrange the meeting at a location chosen by the local units of government. A single public meeting for which each local government unit requesting a meeting is given notice satisfies the meeting requirement of this subdivision.

Subd. 4. **Application notice.** Within 15 days after submission of an application to the commission, the applicant shall publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed and send a copy of the application by certified mail to any

regional development commission, county, incorporated municipality, and town in which any part of the site or route is proposed. Within the same 15 days, the applicant shall also send a notice of the submission of the application and description of the proposed project to each owner whose property is on or adjacent to any of the proposed sites for the power plant or along any of the proposed routes for the transmission line. The notice must identify a location where a copy of the application can be reviewed. For the purpose of giving mailed notice under this subdivision, owners are those shown on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. The failure to give mailed notice to a property owner, or defects in the notice, does not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. Within the same 15 days, the applicant shall also send the same notice of the submission of the application and description of the proposed project to those persons who have requested to be placed on a list maintained by the commission for receiving notice of proposed large electric generating power plants and high voltage transmission lines.

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

Subd. 6. Public hearing. The commission shall hold a public hearing on an application for a site permit for a large electric power generating plant or a route permit for a high-voltage transmission line. All hearings held for designating a site or route shall be conducted by an administrative law judge from the Office of Administrative Hearings pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given by the commission at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities.

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

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

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

Subd. 8. **Recording of survey points.** The permanent location of monuments or markers found or placed by a utility in a survey of right-of-way for a route shall be placed on record in the office of the county recorder or registrar of titles. No fee shall be charged to the utility for recording this information.

Subd. 9. **Timing.** The commission shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge. A final decision on the request for a site permit or route permit shall be made within one year after the commission's determination that an application is complete. The commission may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

Subd. 11. **Department of Commerce to provide technical expertise and other assistance.** The commissioner of the Department of Commerce shall consult with other state agencies and provide technical expertise and other assistance to the commission or to individual members of the commission for activities and proceedings under this chapter and chapters 216F and 216G. This assistance shall include the sharing of power plant siting and routing staff and other resources as necessary. The commissioner shall periodically report to the commission concerning the Department of Commerce's costs of providing assistance. The report shall conform to the schedule and include the required contents specified by the commission. The commission shall include the costs of the assistance in assessments for activities and proceedings under those sections and reimburse the special revenue fund for those costs. If either the commissioner or the commission deems it necessary, the department and the commission shall enter into an interagency agreement establishing terms and conditions for the provision of assistance and sharing of resources under this subdivision.

History: 1973 c 591 s 7; 1975 c 271 s 6; 1977 c 439 s 10; 1986 c 444; 1987 c 384 art 2 s 21; 1989 c 346 s 1; 1994 c 644 s 1; 2000 c 289 s 1; 2001 c 212 art 7 s 5-13; 2005 c 97 art 3 s 4-6,19; 2008 c 296 art 1 s 15-17; 2010 c 288 s 3; 2014 c 221 s 1

216E.04 ALTERNATIVE REVIEW OF APPLICATIONS.

Subdivision 1. **Alternative review.** An applicant who seeks a site permit or route permit for one of the projects identified in this section shall have the option of following the procedures in this section rather than the procedures in section 216E.03. The applicant shall notify the commission at the time the application is submitted which procedure the applicant chooses to follow.

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects:

- (1) large electric power generating plants with a capacity of less than 80 megawatts;
- (2) large electric power generating plants that are fueled by natural gas;
- (3) high-voltage transmission lines of between 100 and 200 kilovolts;
- (4) high-voltage transmission lines in excess of 200 kilovolts and less than five miles in length in Minnesota;
- (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy.

Subd. 3. **Application.** The applicant for a site or route permit for any of the projects listed in subdivision 2 who chooses to follow these procedures shall submit information as the commission may require, but the applicant shall not be required to propose a second site or route for the project. The applicant shall identify in the application any other sites or routes that were rejected by the applicant and the commission may identify additional sites or routes to consider during the processing of the application. The commission shall determine whether an application is complete and advise the applicant of any deficiencies.

Subd. 4. **Notice of application.** Upon submission of an application under this section, the applicant shall provide the same notice as required by section 216E.03, subdivision 4.

Subd. 5. **Environmental review.** For the projects identified in subdivision 2 and following these procedures, the commissioner of the Department of Commerce shall prepare for the commission an environmental assessment. The environmental assessment shall contain information on the human and environmental impacts of the proposed project and other sites or routes identified by the commission and shall address mitigating measures for all of the sites or routes considered. The environmental assessment shall be the only state environmental review document required to be prepared on the project.

Subd. 6. **Public hearing.** The commission shall hold a public hearing in the area where the facility is proposed to be located. The commission shall give notice of the public hearing in the same manner as notice under section 216E.03, subdivision 6. The commission shall conduct the public hearing under procedures established by the commission. The applicant shall be present at the hearing to present evidence and to answer questions. The commission shall provide opportunity at the public hearing for any person to present comments and to ask questions of the applicant and commission staff. The commission shall also afford interested persons an opportunity to submit written comments into the record.

Subd. 7. **Timing.** The commission shall make a final decision on an application within 60 days after completion of the public hearing. A final decision on the request for a site permit or route permit under this section shall be made within six months after the commission's determination that an application is complete. The commission may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Subd. 8. **Considerations.** The considerations in section 216E.03, subdivision 7, shall apply to any projects subject to this section.

Subd. 9. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route designation shall be made in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing,

right-of-way preparation, and facility construction it deems necessary and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

History: 2001 c 212 art 7 s 14; 2005 c 97 art 3 s 7,19; 2014 c 254 s 19

216E.05 LOCAL REVIEW OF APPLICATIONS.

Subdivision 1. **Local review.** (a) Notwithstanding the requirements of sections 216E.03 and 216E.04, an applicant who seeks a site or route permit for one of the projects identified in this section shall have the option of applying to those local units of government that have jurisdiction over the site or route for approval to build the project. If local approval is granted, a site or route permit is not required from the commission. If the applicant files an application with the commission, the applicant shall be deemed to have waived its right to seek local approval of the project.

(b) A local unit of government with jurisdiction over a project identified in this section to whom an applicant has applied for approval to build the project may request the commission to assume jurisdiction and make a decision on a site or route permit under the applicable provisions of this chapter. A local unit of government must file the request with the commission within 60 days after an application for the project has been filed with any one local unit of government. If one of the local units of government with jurisdiction over the project requests the commission to assume jurisdiction, jurisdiction over the project transfers to the commission. If the local units of government maintain jurisdiction over the project, the commission shall select the appropriate local unit of government to be the responsible governmental unit to conduct environmental review of the project.

Subd. 2. **Applicable projects.** Applicants may seek approval from local units of government to construct the following projects:

- (1) large electric power generating plants with a capacity of less than 80 megawatts;
- (2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;
- (3) high-voltage transmission lines of between 100 and 200 kilovolts;
- (4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;
- (5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and
- (6) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

Subd. 3. **Notice of application.** Within ten days of submission of an application to a local unit of government for approval of an eligible project, the applicant shall notify the commission that the applicant has elected to seek local approval of the proposed project.

History: 2001 c 212 art 7 s 15; 2005 c 97 art 3 s 19

216E.06 EMERGENCY PERMIT.

(a) Any utility whose electric power system requires the immediate construction of a large electric power generating plant or high-voltage transmission line due to a major unforeseen event may apply to the commission for an emergency permit. The application shall provide notice in writing of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the commission's acceptance of the application and upon a finding by the commission that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified in section 216E.03 would jeopardize the utility's electric power system or would jeopardize the utility's ability to meet the electric needs of its customers in an orderly and timely manner.

(b) A public hearing to determine if an emergency exists must be held within 90 days of the application. The commission, after notice and hearing, shall adopt rules specifying the criteria for emergency certification.

History: 2001 c 212 art 7 s 16; 2005 c 97 art 3 s 8

216E.07 ANNUAL HEARING.

The commission shall hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding any matters relating to the siting of large electric generating power plants and routing of high-voltage transmission lines. At the meeting, the commission shall advise the public of the permits issued by the commission in the past year. The commission shall provide at least ten days but no more than 45 days' notice of the annual meeting by mailing or serving electronically, as provided in section 216.17, a notice to those persons who have requested notice and by publication in the EQB Monitor and the commission's weekly calendar.

History: 1973 c 591 s 8; 1975 c 271 s 6; 1977 c 439 s 11; 1980 c 615 s 60; 1982 c 424 s 130; 1984 c 640 s 32; 2001 c 212 art 7 s 17; 2005 c 97 art 3 s 9; 2007 c 10 s 12

216E.08 PUBLIC PARTICIPATION.

Subdivision 1. **Advisory task force.** The commission may appoint one or more advisory task forces to assist it in carrying out its duties. Task forces appointed to evaluate sites or routes considered for designation shall be comprised of as many persons as may be designated by the commission, but at least one representative from each of the following: Regional development commissions, counties and municipal corporations and one town board member from each county in which a site or route is proposed to be located. No officer, agent, or employee of a utility shall serve on an advisory task force. Reimbursement for expenses incurred shall be made pursuant to the rules governing state employees. The task forces expire as provided in section 15.059, subdivision 6. At the time the task force is appointed, the commission shall specify the charge to the task force. The task force shall expire upon completion of its charge, upon designation by the commission of alternative sites or routes to be included in the environmental impact statement, or upon the specific date identified by the commission in the charge, whichever occurs first.

Subd. 2. **Other public participation.** The commission shall adopt broad spectrum citizen participation as a principal of operation. The form of public participation shall not be limited to public hearings and advisory task forces and shall be consistent with the commission's rules and guidelines as provided for in section 216E.16.

Subd. 3. **Public advisor.** The commission shall designate one staff person for the sole purpose of assisting and advising those affected and interested citizens on how to effectively participate in site or route proceedings.

Subd. 4. **Scientific advisory task force.** The commission may appoint one or more advisory task forces composed of technical and scientific experts to conduct research and make recommendations concerning generic issues such as health and safety, underground routes, double circuiting and long-range route and site planning. Reimbursement for expenses incurred shall be made pursuant to the rules governing reimbursement of state employees. The task forces expire as provided in section 15.059, subdivision 6. The time allowed for completion of a specific site or route procedure may not be extended to await the outcome of these generic investigations.

History: 1973 c 591 s 9; 1975 c 271 s 6; 1977 c 439 s 12,13; 1985 c 248 s 70; 1988 c 629 s 19-21; 2001 c 212 art 7 s 18,19; 2005 c 97 art 3 s 19

216E.09 PUBLIC MEETINGS; TRANSCRIPTS; WRITTEN RECORDS.

Meetings of the commission, including hearings, shall be open to the public. Minutes shall be kept of commission meetings and a complete record of public hearings shall be kept. All books, records, files, and correspondence of the commission shall be available for public inspection at any reasonable time. The commission shall also be subject to chapter 13D.

History: 1973 c 591 s 10; 1975 c 271 s 6; 2001 c 212 art 7 s 20; 2005 c 97 art 3 s 19

216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE PERMITS.

Subdivision 1. **Site or route permit prevails over local provisions.** To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county, and local governments, and special purpose government districts, the issuance of a site permit or route permit and subsequent purchase and use of such site or route locations for large electric power generating plant and high-voltage transmission line purposes shall be the sole site or route approval required to be obtained by the utility. Such permit shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, utilities shall obtain state permits that may be required to construct and operate large electric power generating plants and high-voltage transmission lines. A state agency in processing a utility's facility permit application shall be bound to the decisions of the commission, with respect to the site or route designation, and with respect to other matters for which authority has been granted to the commission by this chapter.

Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits required for construction or operation of large electric power generating plants or high-voltage transmission lines shall participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval will be in compliance with state agency standards, rules, or policies.

(b) An applicant for a permit under this section or under chapter 216G shall notify the commissioner of agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 216G.01, subdivision 4. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if

the permit is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

History: 1973 c 591 s 11; 1975 c 271 s 6; 1977 c 439 s 14,15; 1985 c 248 s 70; 2001 c 212 art 7 s 21,22; 2005 c 97 art 3 s 10,19

216E.11 IMPROVEMENT OF SITES AND ROUTES.

Utilities that have acquired a site or route in accordance with this chapter may proceed to construct or improve the site or route for the intended purposes at any time, subject to section 216E.10, subdivision 2, provided that if the construction and improvement has not commenced within four years after a permit for the site or route has been issued, then the utility must certify to the commission that the site or route continues to meet the conditions upon which the site or route permit was issued.

History: 1973 c 591 s 12; 1975 c 271 s 6; 1977 c 439 s 16; 2001 c 212 art 7 s 23; 2005 c 97 art 3 s 19

216E.12 EMINENT DOMAIN POWERS; POWER OF CONDEMNATION.

Subdivision 1. **Generally.** Nothing in this section shall invalidate the power of eminent domain vested in utilities by statute or common law existing as of May 24, 1973, except to the extent modified herein. The power of eminent domain shall continue to exist for utilities and may be used according to law to accomplish any of the purposes and objectives of this chapter, including acquisition of the right to utilize existing high-voltage transmission facilities which are capable of expansion or modification to accommodate both existing and proposed conductors. Notwithstanding any law to the contrary, all easement interests shall revert to the then fee owner if a route is not used for high-voltage transmission line purposes for a period of five years.

Subd. 2. **Conduct of proceedings.** In eminent domain proceedings by a utility for the acquisition of real property proposed for construction of a route or a site, the proceedings shall be conducted in the manner prescribed in chapter 117, except as otherwise specifically provided in this section.

Subd. 3. **Payment.** When such property is acquired by eminent domain proceedings or voluntary purchase and the amount the owner shall receive for the property is finally determined, the owner who is entitled to payment may elect to have the amount paid in not more than ten annual installments, with interest on the deferred installments, at the rate of eight percent per annum on the unpaid balance, by submitting a written request to the utility before any payment has been made. After the first installment is paid the petitioner may make its final certificate, as provided by law, in the same manner as though the entire amount had been paid.

Subd. 4. **Contiguous land.** (a) When private real property that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and non-commercial seasonal residential recreational property, as those terms are defined in section 273.13 is proposed to be acquired for the construction of a site or route for a high-voltage transmission line with a capacity of 200 kilovolts or more by eminent domain proceedings, the owner shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which the owner wholly owns in undivided fee and elects in writing to transfer to the utility within 60 days after receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. Within 60 days after receipt by the utility of an owner's election to exercise this option, the utility shall provide written notice to the owner of any objection the utility has to the owner's election, and if no objection is made within that time, any objection shall be deemed waived. Within 120 days of the service of an objection by the utility, the district

court having jurisdiction over the eminent domain proceeding shall hold a hearing to determine whether the utility's objection is upheld or rejected. The utility has the burden of proof to prove by a preponderance of the evidence that the property elected by the owner is not commercially viable. The owner shall have only one such option and may not expand or otherwise modify an election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a right-of-way for a high-voltage transmission line with a capacity of 200 kilovolts or more shall automatically be converted into a fee taking.

(b) All rights and protections provided to an owner under chapter 117 apply to acquisition of land or an interest in land under this section.

(c) Within 120 days of an owner's election under this subdivision to require the utility to acquire land, or 120 days after a district court decision overruling a utility objection to an election made pursuant to paragraph (a), the utility must make a written offer to acquire that land and amend its condemnation petition to include the additional land.

(d) For purposes of this subdivision, "owner" means the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner.

Subd. 5. Notification. A utility shall notify by certified mail each person who has transferred any interest in real property to the utility after July 1, 1974, but prior to the effective date of Laws 1977, chapter 439, for the purpose of a site or route that the person may elect in writing within 90 days after receipt of notice to require the utility to acquire any remaining contiguous parcel of land pursuant to this section or to return any payment to the utility and require it to make installment payments pursuant to this section.

History: 1973 c 591 s 13; 1977 c 439 s 17; 1978 c 674 s 15; 1980 c 614 s 87; 1Sp1985 c 14 art 4 s 15; 1986 c 444; 1Sp1986 c 1 art 4 s 7; 1987 c 268 art 6 s 1; 2002 c 398 s 1; 2006 c 214 s 20; 2013 c 132 s 4

216E.13 FAILURE TO ACT.

If the commission fails to act within the times specified in section 216E.03, the applicant or any affected person may seek an order of the district court requiring the commission to designate or refuse to designate a site or route.

History: 1973 c 591 s 14; 1975 c 271 s 6; 1977 c 439 s 19; 2001 c 212 art 7 s 24; 2005 c 97 art 3 s 19

216E.14 REVOCATION OR SUSPENSION.

A site or route permit may be revoked or suspended by the commission after adequate notice of the alleged grounds for revocation or suspension and a full and fair hearing in which the affected utility has an opportunity to confront any witness and respond to any evidence against it and to present rebuttal or mitigating evidence upon a finding by the commission of:

(1) any false statement knowingly made in the application or in accompanying statements or studies required of the applicant, if a true statement would have warranted a change in the commission's findings;

(2) failure to comply with material conditions of the site certificate or construction permit, or failure to maintain health and safety standards; or

(3) any material violation of the provisions of this chapter, any rule promulgated pursuant thereto, or any order of the commission.

History: 1977 c 439 s 20; 1978 c 658 s 1; 2001 c 212 art 7 s 25; 2005 c 97 art 3 s 19

216E.15 JUDICIAL REVIEW.

Any applicant, party or person aggrieved by the issuance of a site or route permit or emergency permit from the commission or a certification of continuing suitability filed by a utility with the commission or by a final order in accordance with any rules promulgated by the commission, may appeal to the Court of Appeals in accordance with chapter 14. The appeal shall be filed within 30 days after the publication in the State Register of notice of the issuance of the permit by the commission or certification filed with the commission or the filing of any final order by the commission.

History: 1973 c 591 s 15; 1975 c 271 s 6; 1977 c 439 s 21; 1980 c 509 s 28; 1982 c 424 s 130; 1983 c 247 s 54; 2001 c 212 art 7 s 26; 2005 c 97 art 3 s 19

216E.16 RULES.

The commission, in order to give effect to the purposes of this chapter, may adopt rules consistent with this chapter, including promulgation of site and route designation criteria, the description of the information to be furnished by the utilities, establishment of minimum guidelines for public participation in the development, revision, and enforcement of any rule, plan, or program established by the commission, procedures for the revocation or suspension of a site or route permit, and the procedure and timeliness for proposing alternative routes and sites. No rule adopted by the commission shall grant priority to state-owned wildlife management areas over agricultural lands in the designation of route avoidance areas. The provisions of chapter 14 shall apply to the appeal of rules adopted by the commission to the same extent as it applies to review of rules adopted by any other agency of state government.

The chief administrative law judge shall adopt procedural rules for public hearings relating to the site and route permit process. The rules shall attempt to maximize citizen participation in these processes consistent with the time limits for commission decision established in sections 216E.03, subdivision 10, and 216E.04, subdivision 7.

History: 1973 c 591 s 16; 1975 c 271 s 6; 1977 c 439 s 22; 1978 c 658 s 2; 1982 c 424 s 130; 1984 c 640 s 32; 2001 c 212 art 7 s 27; 2005 c 97 art 3 s 19

216E.17 ENFORCEMENT, PENALTIES.

Subdivision 1. **Criminal penalty.** Any person who violates this chapter or any rule promulgated hereunder, or knowingly submits false information in any report required by this chapter is guilty of a misdemeanor for the first offense and a gross misdemeanor for the second and each subsequent offense. Each day of violation shall constitute a separate offense.

Subd. 2. **Enforcement.** The provisions of this chapter or any rules promulgated hereunder may be enforced by injunction, action to compel performance or other appropriate action in the district court of the county wherein the violation takes place. The attorney general shall bring any action under this subdivision upon the request of the commission.

Subd. 3. **Civil penalty.** When the court finds that any person has violated this chapter, any rule hereunder, knowingly submitted false information in any report required by this chapter, or has violated any court order issued under this chapter, the court may impose a civil penalty of not more than \$10,000 for each violation. These penalties shall be paid to the general fund in the state treasury.

History: 1973 c 591 s 18; 1975 c 271 s 6; 1977 c 439 s 24; 2005 c 97 art 3 s 19

216E.18 BIENNIAL REPORT; APPLICATION FEES; APPROPRIATION; FUNDING.

Subdivision 1. **Biennial report.** Before November 15 of each even-numbered year the commission shall prepare and submit to the legislature a report of its operations, activities, findings, and recommendations concerning this chapter. The report shall also contain information on the commission's biennial expenditures, its proposed budget for the following biennium, and the amounts paid in permit application fees and in assessments pursuant to this section. The proposed budget for the following biennium shall be subject to legislative review.

Subd. 2. **Site application fee.** Every applicant for a site permit shall pay to the commissioner of commerce a fee to cover the necessary and reasonable costs incurred by the commission in acting on the permit application and carrying out the requirements of this chapter. The commission may adopt rules providing for the payment of the fee. Section 16A.1283 does not apply to establishment of this fee. All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the commissioner of commerce to pay expenses incurred in processing applications for site permits in accordance with this chapter and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 2a. **Route application fee; appropriation.** Every applicant for a transmission line route permit shall pay to the commissioner of commerce a fee to cover the necessary and reasonable costs incurred by the commission in acting on the permit application and carrying out the requirements of this chapter. The commission may adopt rules providing for the payment of the fee. Section 16A.1283 does not apply to the establishment of this fee. All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the commissioner of commerce to pay expenses incurred in processing applications for route permits in accordance with this chapter and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 3. **Funding; assessment.** The commission shall finance its baseline studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site and route permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the commission against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the commission. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the commission for carrying out the purposes of this subdivision. The assessment for the third

quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

History: *1973 c 591 s 19 subs 1-3; 1975 c 271 s 6; 1977 c 439 s 25; 1981 c 356 s 313-315; 1982 c 482 s 5; 1Sp1985 c 13 s 240; 1987 c 186 s 15; 1987 c 304 s 1; 1988 c 690 art 1 s 4; 1989 c 335 art 1 s 269; 1990 c 597 s 56; 1995 c 220 s 110; 2001 c 212 art 7 s 28; 2005 c 97 art 3 s 11,12,19; 2011 c 97 s 29*

CHAPTER 216F

WIND ENERGY CONVERSION SYSTEMS

216F.01	DEFINITIONS.	216F.05	RULES.
216F.011	SIZE DETERMINATION.	216F.06	MODEL ORDINANCE.
216F.012	SIZE ELECTION.	216F.07	PREEMPTION.
216F.02	EXEMPTIONS.	216F.08	PERMIT AUTHORITY; ASSUMPTION BY COUNTIES.
216F.03	SITING OF LWECS.	216F.081	APPLICATION OF COUNTY STANDARDS.
216F.04	SITE PERMIT.		

216F.01 DEFINITIONS.

Subdivision 1. **Scope.** As used in this chapter, the terms defined in section 216E.01 and this section have the meanings given them, unless otherwise provided or indicated by the context or by this section.

Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy conversion system" or "LWECS" means any combination of WECS with a combined nameplate capacity of 5,000 kilowatts or more.

Subd. 3. **Small wind energy conversion system or SWECS.** "Small wind energy conversion system" or "SWECS" means any combination of WECS with a combined nameplate capacity of less than 5,000 kilowatts.

Subd. 4. **Wind energy conversion system or WECS.** "Wind energy conversion system" or "WECS" means any device such as a wind charger, windmill, or wind turbine and associated facilities that converts wind energy to electrical energy.

History: 1995 c 203 s 1

216F.011 SIZE DETERMINATION.

(a) The total size of a combination of wind energy conversion systems for the purpose of determining what jurisdiction has siting authority under this chapter must be determined according to this section. The nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that:

- (1) is located within five miles of the wind energy conversion system;
- (2) is constructed within the same 12-month period as the wind energy conversion system; and

(3) exhibits characteristics of being a single development, including, but not limited to, ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) The commissioner shall provide forms and assistance for project developers to make a request for a size determination. Upon written request of a project developer, the commissioner of commerce shall provide a written size determination within 30 days of receipt of the request and of any information requested by the commissioner. In the case of a dispute, the chair of the Public Utilities Commission shall make the final size determination.

(c) An application to a county for a permit under this chapter for a wind energy conversion system is not complete without a size determination made under this section.

History: 2007 c 136 art 4 s 12

216F.012 SIZE ELECTION.

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).

History: 2008 c 296 art 1 s 18

216F.02 EXEMPTIONS.

(a) The requirements of chapter 216E do not apply to the siting of LWECS, except for sections 216E.01; 216E.03, subdivision 7; 216E.08; 216E.11; 216E.12; 216E.14; 216E.15; 216E.17; and 216E.18, subdivision 3, which do apply.

(b) Any person may construct an SWECS without complying with chapter 216E or this chapter.

(c) Nothing in this chapter shall preclude a local governmental unit from establishing requirements for the siting and construction of SWECS.

History: 1995 c 203 s 2

216F.03 SITING OF LWECS.

The legislature declares it to be the policy of the state to site LWECS in an orderly manner compatible with environmental preservation, sustainable development, and the efficient use of resources.

History: 1995 c 203 s 3

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

History: *1995 c 203 s 4; 2005 c 97 art 3 s 19*

216F.05 RULES.

The commission shall adopt rules governing the consideration of an application for a site permit for an LWECS that address the following:

(1) criteria that the commission shall use to designate LWECS sites, which must include the impact of LWECS on humans and the environment;

(2) procedures that the commission will follow in acting on an application for an LWECS;

(3) procedures for notification to the public of the application and for the conduct of a public information meeting and a public hearing on the proposed LWECS;

(4) requirements for environmental review of the LWECS;

(5) conditions in the site permit for turbine type and designs; site layout and construction; and operation and maintenance of the LWECS, including the requirement to restore, to the extent possible, the area affected by construction of the LWECS to the natural conditions that existed immediately before construction of the LWECS;

(6) revocation or suspension of a site permit when violations of the permit or other requirements occur; and

(7) payment of fees for the necessary and reasonable costs of the commission in acting on a permit application and carrying out the requirements of this chapter.

History: *1995 c 203 s 5; 2005 c 97 art 3 s 19*

216F.06 MODEL ORDINANCE.

The commission may assist local governmental units in adopting ordinances and other requirements to regulate the siting, construction, and operation of SWECS, including the development of a model ordinance.

History: *1995 c 203 s 6; 2005 c 97 art 3 s 19*

216F.07 PREEMPTION.

A permit under this chapter is the only site approval required for the location of an LWECS. The site permit supersedes and preempts all zoning, building, or land use rules, regulations, or ordinances adopted by regional, county, local, and special purpose governments.

History: *1995 c 203 s 7*

216F.08 PERMIT AUTHORITY; ASSUMPTION BY COUNTIES.

(a) A county board may, by resolution and upon written notice to the Public Utilities Commission, assume responsibility for processing applications for permits required under this chapter for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to an appropriate county officer or employee. Processing by a county shall be done in accordance with procedures and processes established under chapter 394.

(b) A county board that exercises its option under paragraph (a) may issue, deny, modify, impose conditions upon, or revoke permits pursuant to this section. The action of the county board about a permit application is final, subject to appeal as provided in section 394.27.

(c) The commission shall, by order, establish general permit standards, including appropriate property line set-backs, governing site permits for LWECS under this section. The order must consider existing and historic commission standards for wind permits issued by the commission. The general permit standards shall apply to permits issued by counties and to permits issued by the commission for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The commission or a county may grant a variance from a general permit standard if the variance is found to be in the public interest.

(d) The commission and the commissioner of commerce shall provide technical assistance to a county with respect to the processing of LWECS site permit applications.

History: 2007 c 136 art 4 s 13

216F.081 APPLICATION OF COUNTY STANDARDS.

A county may adopt by ordinance standards for LWECS that are more stringent than standards in commission rules or in the commission's permit standards. The commission, in considering a permit application for LWECS in a county that has adopted more stringent standards, shall consider and apply those more stringent standards, unless the commission finds good cause not to apply the standards.

History: 2007 c 136 art 4 s 14

216F.09 [Repealed, 2011 c 97 s 34]

CHAPTER 216G

PIPELINES

216G.01	DEFINITIONS.	216G.07	PROTECTING PUBLIC FACILITIES AND AGRICULTURAL LAND.
216G.02	ROUTING OF CERTAIN PIPELINES.	216G.08	LIMITATION OF LIABILITY.
216G.03	PIPELINE PROPOSAL; EASEMENT ACQUISITION.	216G.09	REVERSION OF EASEMENTS.
216G.04	INFORMATION BOOK.	216G.10	RECORDING OF SURVEY POINTS.
216G.05	PUBLIC MEETINGS REQUIRED.	216G.11	SEVERABILITY.
216G.06	INTERSTATE GAS PIPELINES EXEMPT UNDER FEDERAL LAW.	216G.12	SAVINGS PROVISION.

216G.01 DEFINITIONS.

Subdivision 1. **Scope.** As used in this chapter, the terms defined in this section have the meanings given them, unless otherwise provided or indicated by the context.

Subd. 2. **Construction.** "Construction" means any clearing of land, excavation, or other action that would adversely affect the natural environment of a pipeline route but does not include changes needed for temporary use of a route for purposes other than installation of a pipeline, for securing survey or geological data, for the repair or replacement of an existing pipeline within the existing right-of-way, or for the minor relocation of less than three-quarters of a mile of an existing pipeline.

Subd. 3. **Pipeline.** "Pipeline" means a pipeline located in this state which is used to transport natural or synthetic gas at a pressure of more than 90 pounds per square inch, or to transport crude petroleum or petroleum fuels or oil or their derivatives, coal, anhydrous ammonia or any mineral slurry to a distribution center or storage facility which is located within or outside of this state. "Pipeline" does not include a pipeline owned or operated by a natural gas public utility as defined in section 216B.02, subdivision 4.

Subd. 4. **Cultivated agricultural land.** "Cultivated agricultural land" means land which is used to raise agricultural crops, is capable of use for that purpose or is plowed, fallow or contains harvested crop residue or is pasture land.

History: 1979 c 194 s 1; 1980 c 440 s 1; 1980 c 533 s 1; 1989 c 244 s 1

216G.02 ROUTING OF CERTAIN PIPELINES.

Subdivision 1. **Definition.** For purposes of this section and notwithstanding section 216G.01, subdivision 3, "pipeline" means:

(1) pipe with a nominal diameter of six inches or more that is designed to transport hazardous liquids, but does not include pipe designed to transport a hazardous liquid by gravity, and pipe designed to transport or store a hazardous liquid within a refining, storage, or manufacturing facility; or

(2) pipe designed to be operated at a pressure of more than 275 pounds per square inch and to carry gas.

Subd. 2. **Prohibition.** A person may not construct a pipeline without a pipeline routing permit issued by the Public Utilities Commission unless the pipeline is exempted from the commission's routing authority

under this section or rules adopted under this section. A pipeline requiring a permit may only be constructed on a route designated by the commission.

Subd. 3. **Rules.** (a) The Public Utilities Commission shall adopt rules governing the routing of pipelines. The rules apply only to the route of pipelines and may not set safety standards for the construction of pipelines.

(b) The rules must:

(1) require that a person proposing construction of a pipeline submit to the commission one preferred route for the pipeline and evidence of consideration of alternatives;

(2) provide for notice of proposed pipeline routes to local units of government and to owners and lessees of property along the routes being considered;

(3) provide for public hearings on proposed pipeline routes, which may follow the commission's procedures for public hearings on proposed power line routes and electrical generating plant sites;

(4) provide criteria that the commission will use in determining pipeline routes, which must include the existence of populated areas, consideration of local government land use laws including ordinances adopted under section 299J.05, and the impact of the proposed pipeline on the natural environment;

(5) provide a procedure that the commission will follow in issuing pipeline routing permits and require the commission to issue the permits within nine months after the permit application is received by the commission, unless the commission extends this deadline for cause;

(6) provide for the payment of fees by persons proposing to construct pipelines to cover the costs of the commission in implementing this section;

(7) allow the commission to provide exemptions from all or part of the pipeline routing permit application process in emergencies or if the commission determines that the proposed pipeline will not have a significant impact on humans or the environment;

(8) require exemption determinations to be made within 90 days after an application; and

(9) require that a person who has constructed a pipeline, to the extent possible, restore the area affected by the pipeline to the natural conditions that existed immediately before construction of the pipeline, provided that this restoration is compatible with the safe operation, maintenance, and inspection of the pipeline.

(c) The rules do not apply to temporary use of a route for purposes other than installation of a pipeline, to securing survey or geological data, to repair or replacement of an existing pipeline within the existing right-of-way, or to minor relocation of less than three-quarters of a mile of an existing pipeline. The rules do not apply to construction of new pipeline in a right-of-way in which pipeline has been constructed before July 1, 1988, or in a right-of-way that has been approved by the commission after July 1, 1988, except when the commission determines that there is a significant chance of an adverse effect on the environment or that there has been a significant change in land use or population density in or near the right-of-way since the first construction of pipeline in the right-of-way, or since the commission first approved the right-of-way.

Subd. 4. **Primary responsibility and regulation of route designation.** The issuance of a pipeline routing permit under this section and subsequent purchase and use of the route locations is the only site approval required to be obtained by the person owning or constructing the pipeline. The pipeline routing

permit supersedes and preempts all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local, and special purpose governments.

History: 1987 c 353 s 1; 1988 c 624 s 1; 2005 c 97 art 3 s 19

216G.03 PIPELINE PROPOSAL; EASEMENT ACQUISITION.

Subdivision 1. **Compliance; penalty.** Any person proposing to construct or operate a pipeline shall comply with the provisions of this section before negotiating or acquiring any easement or right-of-way agreement for that purpose. Any person who negotiates or acquires an easement without complying with the provisions of this section is guilty of a gross misdemeanor.

Subd. 2. **When routing permit required.** Any person proposing to construct or operate a pipeline for which a pipeline routing permit is not required under section 216G.02, shall so notify the Public Utilities Commission and the county board of each county through which the pipeline will be constructed. The notice shall include a description of the route on which the pipeline is proposed to be located, the size and type of pipeline to be constructed, the types of commodities to be carried and the construction and operational characteristics of the pipeline. The proposed route shall be described in sufficient detail so that the owners or lessees of property on which the route is located can be identified. Notice to the Public Utilities Commission shall be accompanied by a fee of \$25,000 for preparation of an information book as provided in section 216G.04 and for expenses incurred by state agencies to participate in public meetings as provided in section 216G.05. All fees received are appropriated to the Public Utilities Commission for its own use and for distribution to state agencies for these purposes. The Public Utilities Commission shall refund any amount that exceeds the actual cost to the commission of preparing the information book, including necessary revisions, and to state agencies for participating in the public meetings.

If the pipeline route described in the notice is changed to the extent that, in any county, 20 percent or more of the owners or lessees of property on which the new route is located were not owners or lessees of property on which the other route was located, the person proposing to construct and operate the pipeline shall notify the Public Utilities Commission and the county board of that county of the change in the proposed route. No additional fee shall be required for a notice of change of a proposed route.

Subd. 3. **When routing permit not required.** (a) If a pipeline routing permit is not required for construction of a pipeline under section 216G.02, a person may not negotiate or acquire an easement or right-of-way agreement for the purpose of constructing and operating a pipeline until 30 days after:

(1) a public meeting has been held as provided in section 216G.05 in the county in which the right-of-way in question is located; and

(2) that person has provided to the owner or lessee from whom the easement or agreement is acquired a copy of the information book prepared pursuant to section 216G.04.

(b) If the original information book is revised pursuant to section 216G.04, each owner or lessee of property which the original route did not affect shall be provided with a copy of the revised book.

History: 1979 c 194 s 2; 1987 c 353 s 2,3; 2005 c 97 art 3 s 19

216G.04 INFORMATION BOOK.

(a) Within 45 days after receiving the notification and fee required by section 216G.03, the Public Utilities Commission shall prepare and make available to the person proposing to construct the pipeline

sufficient copies of an information book for owners and lessees of property along the pipeline route. The commission may allow the person proposing the pipeline to prepare the book at that person's own expense subject to approval of the book by the commission.

(b) The information book shall contain at least the following information:

(1) a description of the pipeline proposed for construction, including the proposed route, types of commodities to be carried, size of the line and construction and operational characteristics;

(2) explanation of the steps which must be taken to acquire right-of-way for the pipeline and of the rights and alternatives of the owner;

(3) explanation of the legal requirements that must be met in constructing the pipeline; and

(4) explanation of the county inspection procedure and instructions for contacting the inspector in the event of noncompliance with legal requirements.

(c) Within 45 days after receiving notification of a change in a proposed route, the commission shall prepare and make available or shall approve a revision of the original information book so that a description of the new route and any other required information relevant to the new route is incorporated in the book.

History: 1979 c 194 s 3; 1986 c 444; 2005 c 97 art 3 s 19

216G.05 PUBLIC MEETINGS REQUIRED.

(a) Within 60 days of receiving notification as provided in section 216G.03, the county board of each county in which the pipeline route is proposed to be located shall hold a public meeting as provided in this section. If a county board receives a required notification of a change in the proposed pipeline route in that county, the board shall hold an additional public meeting as provided in this section within 30 days after receiving that notification. The purpose of a public meeting held pursuant to this section shall be to provide information to the public concerning:

(1) the pipeline proposed for construction, including the proposed route, the size of the pipeline, types of commodities to be carried and construction and operating characteristics; and

(2) the legal requirements which must be met in acquiring easements and in constructing and operating the pipeline.

(b) Notice and agenda of the public meeting shall be given by the county board at least ten days but no earlier than 45 days before the meetings. Notice shall be by publication in a legal newspaper of the county and a newspaper of general circulation in the area in which the public meeting is to be held and written notice to the clerk of each town and incorporated municipality in the county.

(c) State agencies authorized to issue permits required for construction or operation of the pipeline shall participate in the public meetings in each county. The agencies shall explain the procedures for issuing the permits and the manner in which the public may participate in those procedures.

History: 1979 c 194 s 4

216G.06 INTERSTATE GAS PIPELINES EXEMPT UNDER FEDERAL LAW.

Any person that proposes to construct or operate an interstate natural gas pipeline and that has power to acquire an easement or right-of-way agreement for that pipeline by an action in eminent domain under

the authority of the federal Natural Gas Act, United States Code, title 15, chapter 15B, shall not be required to comply with the provisions of sections 216G.02 to 216G.05 as a condition of acquiring the easement, right-of-way, or route.

History: 1979 c 194 s 5; 1989 c 244 s 2

216G.07 PROTECTING PUBLIC FACILITIES AND AGRICULTURAL LAND.

Subdivision 1. **Depth of cover.** Unless waived in the manner provided in subdivisions 2 or 3, any pipeline installed after May 26, 1979, shall be buried with a minimum level cover of not less than 4-1/2 feet in all areas where the pipeline crosses the right-of-way of any public drainage facility or any county, town or municipal street or highway and where the pipeline crosses cultivated agricultural land. Where the pipeline crosses the right-of-way of any drainage ditch, the pipeline shall be at least 4-1/2 feet below the authorized depth of the ditch, unless waived in the manner provided in subdivisions 2 and 3.

Subd. 2. **Waiver of depth requirement.** In any easement granting right-of-way for a pipeline over cultivated agricultural land the grantor of the easement may waive the minimum depth of cover requirement of subdivision 1 with respect to all or part of the pipeline to be buried under that land. A waiver of the minimum depth of cover requirement of subdivision 1 shall be effective only if the waiver:

(a) is separately and expressly stated in the easement agreement and includes an express statement by the grantor acknowledging that the grantor has read and understood the waiver;

(b) is printed in capital letters and in language understandable to an average person not learned in law; and

(c) is separately signed or initialed by the grantor.

Subd. 3. **Waiver and rules of political subdivisions.** Any political subdivision authorized by law to approve the use of the right-of-way of any public drainage facility or any public street or highway for a pipeline may:

(1) waive the minimum depth of cover requirement of subdivision 1 if the depth of cover or other means approved for the use of the right-of-way adequately protects the health and safety of the public; or

(2) adopt and enforce by ordinance or resolution reasonable rules or regulations establishing a greater depth of cover than the minimum required in subdivision 1 and other measures for protection of public roads and drainage facilities under their jurisdiction.

Subd. 4. **Interstate gas pipelines; exemption.** Subdivisions 1 to 3 shall not apply to interstate natural gas pipelines subject to safety regulations under the federal Natural Gas Pipeline Safety Act of 1968, Public Law 90-481, as amended.

Subd. 5. **Agricultural protection standards.** A county board may establish by ordinance reasonable standards and conditions for pipeline construction which are necessary to protect and restore cultivated agricultural land crossed by a pipeline and to mitigate the adverse impact of pipeline construction on the productive use of that land. The standards may include but shall not be limited to standards and conditions concerning restoration of drainage tile and drainage patterns, soil compaction and removal of rocks and debris after construction. A county adopting standards and conditions for pipeline construction shall consult with adjacent counties and other counties in the same development region and shall endeavor to adopt

standards and conditions which are reasonably uniform with standards and conditions in adjacent counties and in other counties in that region.

Subd. 6. **Inspection fee.** Before beginning construction a person proposing to construct a pipeline shall pay an inspection fee to the treasurer of each county through which the pipeline will be constructed. The fee shall be in the amount of \$500 for each mile or fraction of a mile of pipeline that will be constructed in the county.

Subd. 7. **County inspector.** The county board of each county through which a pipeline will be constructed shall designate an inspector who shall conduct on-site inspections of the construction to determine whether the pipeline is constructed in compliance with the provisions of this section and ordinances or resolutions adopted pursuant to this section. The inspector shall promptly report to the county board any failure or refusal to comply with the provisions of this section or ordinances or resolutions adopted pursuant to this section and shall issue a written notice to the person constructing the pipeline specifying the violation and the action to be taken in order to comply.

During on-site inspection the inspector shall maintain a written log which shall include a record of comments and complaints concerning the pipeline construction made by owners and lessees of land crossed by the pipeline and by local officials. The log shall note in particular any complaints concerning failure to settle damage claims filed by any owner or lessee or failure to comply with the terms of an easement agreement. The log, reports and other records of the inspector shall be preserved by the county board.

Subd. 8. **Equitable relief.** The provisions of subdivision 1 or of ordinances or resolutions adopted pursuant to subdivisions 3 and 5 may be enforced by injunction, action to compel performance or other appropriate equitable relief in the district court of the county in which the violation occurs. The relief may be sought by petition of the county attorney or the attorney of the political subdivision that adopted the ordinance or resolution violated or in which the violation occurs.

Subd. 9. **Criminal penalty.** Any person who violates the provisions of subdivision 1 or any ordinance or resolution adopted pursuant to subdivisions 3 and 5 is guilty of a misdemeanor for each offense.

Subd. 10. **Civil penalty.** When the court finds that any person has violated the provisions of subdivision 1 or any ordinance or resolution adopted pursuant to subdivisions 3 and 5 or has violated any court order issued under subdivision 8 the court may impose a civil penalty of not more than \$5,000 for each violation. These penalties shall be paid to the county in which the violation occurred.

History: 1979 c 194 s 6; 1986 c 444

216G.08 LIMITATION OF LIABILITY.

Subdivision 1. **General rule.** Any owner or lessee of any real property or any person acting with the authority of that owner or lessee who, in the ordinary conduct of agricultural operations upon that property, causes any injury to any underground pipeline, shall not be liable for any of the direct or incidental costs of repairing, restoring or replacing the pipeline in the absence of a showing of gross negligence or willful or wanton misconduct.

"Ordinary conduct of agricultural operations," as that term is used in this subdivision, does not include well drilling or other excavation but includes the installation or repair of agricultural drainage tile subject to the provisions of subdivision 2.

Subd. 2. **Notice requirement.** A person who installs or repairs agricultural drainage tile shall be relieved of liability as provided in subdivision 1 only if that person gives oral or written notice to the one call excavation notice system in compliance with section 216D.04.

History: 1979 c 194 s 7; 1986 c 444; 1993 c 341 art 1 s 19

216G.09 REVERSION OF EASEMENTS.

Notwithstanding any law to the contrary, all easement interests acquired after May 26, 1979 for the purpose of constructing and operating a pipeline shall revert to the then fee owner if the pipeline ceases operation for a period of five years.

History: 1979 c 194 s 8

216G.10 RECORDING OF SURVEY POINTS.

The permanent location of monuments or markers found or placed in a survey of right-of-way for a pipeline route shall be placed on record in the office of the county recorder or registrar of titles by the owner of the pipeline. No fee shall be charged for recording this information.

History: 1979 c 194 s 9

216G.11 SEVERABILITY.

If any provision of this chapter is found to be unconstitutional and void with respect to pipelines transporting one or more of the substances enumerated in section 216G.01, subdivision 3, the provision shall remain effective with respect to pipelines transporting any of the other enumerated substances. This provision shall supplement any general law on the subject of severability.

History: 1979 c 194 s 10

216G.12 SAVINGS PROVISION.

Sections 216G.03 to 216G.05 shall not apply to a pipeline if, on or before May 26, 1979:

(1) an application for a certificate of need has been filed for the pipeline pursuant to section 216B.243 and easements have been acquired for at least 85 percent of the length of the proposed pipeline right-of-way; or

(2) an environmental impact statement has been prepared, pursuant to chapter 116D concerning the construction of the pipeline and the Public Utilities Commission has determined that the statement is adequate under that chapter.

History: 1979 c 194 s 11; 1981 c 356 s 248; 1983 c 289 s 115 subd 2; 1984 c 558 art 4 s 10; 2005 c 97 art 3 s 19

CHAPTER 216H

GREENHOUSE GAS EMISSIONS

216H.01	DEFINITIONS.	216H.07	EMISSIONS-REDUCTION ATTAINMENT; POLICY DEVELOPMENT PROCESS.
216H.02	GREENHOUSE GAS EMISSIONS CONTROL.	216H.10	DEFINITIONS.
216H.021	GREENHOUSE GAS EMISSIONS REPORTING.	216H.11	HIGH-GWP GREENHOUSE GAS REPORTING.
216H.03	FAILURE TO ADOPT GREENHOUSE GAS CONTROL PLAN.	216H.12	MOBILE AIR CONDITIONER LEAKAGE RATES; DISCLOSURE.
216H.06	EMISSIONS CONSIDERATION IN RESOURCE PLANNING.	216H.13	ENFORCEMENT.

216H.01 DEFINITIONS.

Subdivision 1. **Scope.** For the purpose of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Statewide greenhouse gas emissions.** "Statewide greenhouse gas emissions" include emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within the state and from the generation of electricity imported from outside the state and consumed in Minnesota. Carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws, and carbon dioxide associated with the combustion of fuels other than coal, petroleum, and natural gas are not counted as contributing to statewide greenhouse gas emissions.

History: 2007 c 136 art 5 s 1

216H.02 GREENHOUSE GAS EMISSIONS CONTROL.

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

Subd. 2. **Climate change action plan.** By February 1, 2008, the commissioner of commerce, in consultation with the commissioners of the Pollution Control Agency, the Housing Finance Agency, and the Departments of Natural Resources, Agriculture, Employment and Economic Development, and Transportation, and the chair of the Metropolitan Council, shall submit to the legislature a climate change action plan that meets the requirements of this section.

Subd. 3. **Stakeholder process.** The plan required by subdivision 2 must be developed through a structured, broadly inclusive stakeholder-based review of potential policies and initiatives that will reduce statewide greenhouse gas emissions from a broad range of sources and activities. The commissioner shall engage a nationally recognized independent expert entity to conduct the stakeholder process. The report of the stakeholder process must form the basis for the plan submitted by the commissioner under subdivision 2.

Subd. 4. **General elements of the plan.** The plan must:

(1) estimate 1990 and 2005 greenhouse gas emissions in the state and make projections of emissions in 2015, 2025, and 2050;

(2) identify, evaluate, and integrate a broad range of statewide greenhouse gas reduction options for all emission sectors in the state;

(3) assess the costs, benefits, and feasibility of implementing the options;

(4) recommend an integrated set of reduction options and strategies for implementing the options that will achieve the goals in subdivision 1, including analysis of the associated costs and benefits to Minnesotans;

(5) estimate the statewide greenhouse gas emissions reductions anticipated from implementation of existing state policies;

(6) recommend a system to require the reporting of statewide greenhouse gas emissions, identifying which facilities must report, and how emission estimates should be made; and

(7) evaluate the option of exempting a project from the prohibitions contained in section 216H.03, subdivision 3, if the project contributes a specified fee per ton of carbon dioxide emissions emitted annually by the project, the proceeds of which would be used to fund permanent, quantifiable, verifiable, and enforceable reductions in greenhouse gas emissions that would not otherwise have occurred.

Subd. 5. Specific plan requirements. (a) The plan must evaluate and recommend interim goals as steps to achieve the goals in subdivision 1.

(b) The plan must determine the feasibility, assess the costs and benefits, and recommend how the state could adopt a regulatory system that imposes a cap on the aggregate air pollutant emissions of a group of sources, requires those subject to the cap to own an allowance for each ton of the air pollutant emitted, and allows for market-based trading of those allowances. The evaluation must contain an analysis of the state implementing a cap and trade system alone, in coordination with other states, and as a requirement of federal law applying to all states. The plan must recommend the parameters of a cap and trade system that includes a cap that would prevent significant increases in greenhouse gas emissions above current levels with a schedule for lowering the cap periodically to achieve the goals in subdivision 1 and interim goals recommended under paragraph (a). The plan must consider cost savings and cost increases on energy consumers in the state.

(c) The plan must include recommendations for improvements in the emissions inventory and recommend whether the state should require greenhouse gas emissions reporting from specific sources and, if so, which sources should be required to report. The plan must also evaluate options for an emissions registry after reviewing registries in other states and recommend a registry that will insure the greatest opportunity for Minnesota entities to obtain marketable credits.

Subd. 6. Regional activities. The state must, to the extent possible, with other states in the Midwest region, develop and implement a regional approach to reducing greenhouse gas emissions from activities in the region, including consulting on a regional cap and trade system. The commissioner of commerce shall coordinate Minnesota's regional activities under this subdivision and report to the legislative committees in the senate and house of representatives with jurisdiction over energy and environmental policy by February 1, 2008, and February 1, 2009, on the progress made and recommendations for further action. The commissioner of commerce, as part of the activities required under this subdivision, must meet with responsible

officials from bordering states, other states in the Midwest region, and states in other regions of the country to:

- (1) determine whether other states are interested in establishing and cooperating in a multistate or regional greenhouse gas cap and trade allowance program;
- (2) identify and prepare an inventory of greenhouse gas reduction resources available to support a multistate or regional greenhouse gas cap and trade allowance program;
- (3) seek cooperation on a regional inventory of greenhouse gas emission sources; and
- (4) prepare an inventory of available renewable energy resources within a state or region.

The commissioner of commerce must develop a definition of scope of this regional activity that is in addition to the components described in clauses (1) to (4). The commissioner must report on the additional scoping definitions to the chairs and ranking minority members of the legislative committees with jurisdiction over energy and environmental finance and policy on or before the commencement of the 2008 regular legislative session.

History: 2007 c 136 art 5 s 2

216H.021 GREENHOUSE GAS EMISSIONS REPORTING.

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

Subd. 2. **Reporting system design.** (a) The commissioner shall, to the extent practicable, design the system to coordinate with other regional or federal greenhouse gas emissions-reporting and inventory systems. The coordination may, without limitation, include the use of similar forms and reports, the sharing of information, and the use of common facilities, systems, and databases.

(b) The reporting system need not include all sources of emissions nor all amounts of emissions but, at its outset, must include:

(1) all stationary sources and other facilities required to obtain a permit under Title V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq.; and

(2) facilities whose annual carbon dioxide equivalent emissions, as defined in section 216H.10, subdivision 3, exceed a threshold set by the commissioner at between 10,000 tons and 25,000 tons. The reporting threshold set by the commissioner must be consistent with the goal of accurately tracking progress in attaining greenhouse gas emissions-reduction goals and the need for emissions data to assist in developing greenhouse gas emissions-reduction strategies.

(c) In designing the greenhouse gas emissions-reporting system, the commissioner shall consider requiring the reporting of greenhouse gas emissions from transportation fuels and greenhouse gas emissions from natural gas combustion that are not included in reporting from stationary sources. In determining whether to include reporting of these emissions, the commissioner must consider both the goal of accurately

tracking progress in attaining greenhouse gas emissions-reduction goals and the need for emissions data to assist in developing greenhouse gas emissions-reduction strategies recommended by the Minnesota Climate Change Advisory Group. If the commissioner decides that transportation fuels and portions of natural gas combustion should not be included in the initial emissions-reporting system, the commissioner must report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy and environmental policy the reasons for that decision and suggestions for steps that should be taken to allow their inclusion in the emissions-reporting system in the future.

(d) A facility reporting greenhouse gas emissions under this section must maintain the data used to create the reports for a minimum of five years.

Subd. 3. **Rules.** The commissioner of the Pollution Control Agency may adopt rules for the purposes of this section.

History: 2009 c 37 art 1 s 54; 2013 c 134 s 30; 2013 c 142 art 3 s 36

216H.03 FAILURE TO ADOPT GREENHOUSE GAS CONTROL PLAN.

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

Subd. 2. **Definition; statewide power sector carbon dioxide emissions.** For the purpose of this section, "statewide power sector carbon dioxide emissions" means the total annual emissions of carbon dioxide from the generation of electricity within the state and all emissions of carbon dioxide from the generation of electricity imported from outside the state and consumed in Minnesota. Emissions of carbon dioxide associated with transmission and distribution line losses are included in this definition. Carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws, and emissions of carbon dioxide associated with the combustion of biomass, as defined in section 216B.2411, subdivision 2, paragraph (c), clauses (1) to (4), are not counted as contributing to statewide power sector carbon dioxide emissions.

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

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

(2) import or commit to import from outside the state power from a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; or

(3) enter into a new long-term power purchase agreement that would increase statewide power sector carbon dioxide emissions. For purposes of this section, a long-term power purchase agreement means an agreement to purchase 50 megawatts of capacity or more for a term exceeding five years.

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

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

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

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

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

Subd. 5. **Exception for new steel production facility.** The prohibitions in subdivision 3 do not apply to increases in statewide power sector carbon dioxide emissions from a new steel production project located in a taconite relief area that has filed an application for an air quality permit from the Pollution Control Agency prior to January 1, 2007.

Subd. 6. **Exception for iron nugget production facility.** The prohibitions in subdivision 3 do not apply to an iron nugget production facility that began construction prior to January 31, 2007, nor to associated mining activities and beneficiation facilities with a concentrate capacity of up to three million tons annually. For the purposes of this subdivision, "iron nugget" means a product with at least 90 percent iron content.

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

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

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

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

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

Subd. 8. **Enforcement.** Whenever the commission or the Department of Commerce determines that any person is violating or about to violate this section, it may refer the matter to the attorney general who shall take appropriate legal action. This section may be enforced by the attorney general on the same basis as a law listed in section 8.31, subdivision 1, except that the remedies provided by section 8.31, subdivision 3a, do not apply to a violation of this section.

History: 2007 c 136 art 5 s 3; 2011 c 97 s 30

216H.06 EMISSIONS CONSIDERATION IN RESOURCE PLANNING.

By January 1, 2008, the Public Utilities Commission shall establish an estimate of the likely range of costs of future carbon dioxide regulation on electricity generation. The estimate, which may be made in a commission order, must be used in all electricity generation resource acquisition proceedings. The estimates, and annual updates, must be made following informal proceedings conducted by the commissioners of commerce and pollution control that allow interested parties to submit comments.

History: 2007 c 136 art 5 s 4

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

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

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

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

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

Subd. 4. [Repealed, 2012 c 272 s 98]

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

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

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

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

(4) public education is a key component;

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

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

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

History: 2008 c 296 art 1 s 20; 2009 c 86 art 1 s 33; 2012 c 272 s 80

216H.10 DEFINITIONS.

Subdivision 1. **Applicability.** For purposes of sections 216H.10 to 216H.13, the following terms have the meanings given.

Subd. 2. **Agency.** "Agency" means the Pollution Control Agency.

Subd. 3. **Carbon dioxide equivalent.** "Carbon dioxide equivalent" means the quantity of carbon dioxide that has the same global warming potential as a given amount of another greenhouse gas.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of the Pollution Control Agency.

Subd. 5. **Global warming.** "Global warming" means the observed and predicted increase in the temperature of the atmosphere near the earth's surface and the oceans.

Subd. 6. **Global warming potential or GWP.** "Global warming potential" or "GWP" means a quantitative measure of the potential of an emission of a greenhouse gas to contribute to global warming over a 100-year period expressed in terms of the equivalent emission of carbon dioxide needed to produce the same 100-year warming effect, as reported in Fourth Assessment Report: Climate Change 2007, Intergovernmental Panel on Climate Change.

Subd. 7. **High-GWP greenhouse gas.** "High-GWP greenhouse gas" means hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrous trifluoride, and any other gas the agency determines by rule to have a high global warming potential.

Subd. 8. **Mobile air conditioner.** "Mobile air conditioner" means mechanical vapor compression refrigeration equipment used to cool the passenger compartment of a motor vehicle.

Subd. 9. **Motor vehicle.** "Motor vehicle" has the meaning given in section 168.002, subdivision 18.

Subd. 10. **New motor vehicle.** "New motor vehicle" has the meaning given in section 80E.03, subdivision 7.

Subd. 11. **Refrigerant.** "Refrigerant" means a substance used, sold for use, or designed and intended for use in a mobile air conditioner to transfer heat out of the space being cooled.

History: 2008 c 296 art 1 s 21; 2009 c 37 art 1 s 55

216H.11 HIGH-GWP GREENHOUSE GAS REPORTING.

Subdivision 1. **Gas manufacturers.** By October 1 each year, a manufacturer of a high-GWP greenhouse gas must report to the agency the total amount of each high-GWP greenhouse gas sold to a purchaser in this state during the previous year.

Subd. 2. **Purchases.** By October 1 each year, a person who purchases 10,000 metric tons or more carbon dioxide equivalent of a high-GWP greenhouse gas for use or retail sale in this state must report to the agency, on a form prescribed by the commissioner, the total amount of each high-GWP greenhouse gas purchased for use or retail sale in this state during the previous year and the purpose for which the gas was used. The commissioner may adopt rules under chapter 14 to establish a different reporting threshold or to adopt specific reporting requirements for commercial or industrial facilities that purchase high-GWP gases for use or retail sale in this state.

Subd. 3. **Acceptance of federal filing.** With the approval of the commissioner, this section may be satisfied by filing with the commissioner a copy of a greenhouse gas emissions report filed with a federal agency or a regional or national greenhouse gas registry, provided that the entity with which the report is filed requires the emissions data to be verified.

History: 2008 c 296 art 1 s 22; 2009 c 37 art 1 s 56

216H.12 MOBILE AIR CONDITIONER LEAKAGE RATES; DISCLOSURE.

Subdivision 1. **Leakage disclosure.** Beginning January 1, 2009, a manufacturer selling or offering for sale a new motor vehicle in this state containing a mobile air conditioner that uses the high-GWP greenhouse gas HFC-134a (1,1,1,2-tetrafluoroethane) as a refrigerant must, 90 days prior to the initial sale or offer for sale, report to the commissioner the leakage rate, in grams of refrigerant per year, for the type of mobile air conditioner contained in that make, model, and model year. The leakage rate must be calculated using the information provided in the most recently published version of the SAE International document J2727, "HFC-134a Mobile Air Conditioning System Emission Chart." The method by which the leakage rate is calculated, accounting for each component of the air conditioning unit, must also be reported to the commissioner.

Subd. 2. **Posting.** Beginning January 1, 2009, the agency and the Office of the Attorney General must post on their Web sites:

(1) the leakage rate disclosed by a manufacturer under subdivision 1 for each model and make of new motor vehicle sold or offered for sale in this state; and

(2) the following statement: "Vehicle air conditioning systems may leak refrigerants. Information provided in the chart compares the potential global warming effects of refrigerant leakage from different makes and models of vehicles."

History: 2008 c 296 art 1 s 23

216H.13 ENFORCEMENT.

Sections 216H.10 to 216H.12 may be enforced under section 116.072.

History: 2008 c 296 art 1 s 24