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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1386**

02/06/2023 Authored by Hollins, Hemmingsen-Jaeger, Hornstein, Newton and Carroll

The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

02/28/2023 Adoption of Report: Amended and re-referred to the Committee on Environment and Natural Resources Finance and Policy

1.1 A bill for an act

1.2 relating to energy; adding and modifying provisions to support deployment of

1.3 energy storage; directing the Public Utilities Commission to issue an order;

1.4 requiring utilities to install an energy storage system under certain conditions;

1.5 directing public utilities to file a tariff with the Public Utilities Commission;

1.6 requiring the Public Utilities Commission to order the installation of energy storage

1.7 systems; requiring public utilities to file a plan to install energy storage systems;

1.8 establishing an incentive program to install energy storage systems; appropriating

1.9 money; authorizing rulemaking; amending Minnesota Statutes 2022, sections

1.10 216B.1611, by adding a subdivision; 216B.2422, subdivision 7; 216E.01,

1.11 subdivision 6, by adding a subdivision; 216E.03, subdivisions 1, 3, 5, as amended,

1.12 6, 7, as amended; 216E.04, subdivision 2, as amended; 216E.06; 216E.07; 216E.10;

1.13 proposing coding for new law in Minnesota Statutes, chapters 216B; 216C.

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

1.15 Section 1. Minnesota Statutes 2022, section 216B.1611, is amended by adding a subdivision

1.16 to read:

1.17 Subd. 5. **Distributed generation capacity; treatment.** (a) No later than November 1,

1.18 2023, the commission must issue an order clarifying that for the purpose of interconnecting

1.19 an on-site customer-owned distributed generation facility, the capacity of the facility must

1.20 be measured and expressed as:

1.21 (1) export capacity rather than nameplate capacity; and

1.22 (2) alternating current capacity.

1.23 (b) For the purposes of this subdivision, "export capacity" means a distributed generation

1.24 facility's nameplate capacity net of any limitations on the amount of power the distributed

1.25 generating facility can export to a utility's distribution system resulting from physical

1.26 equipment that is part of or connected to the generating facility, including but not limited

2.1 to an inverter, relay, or energy storage system, as defined in section 216B.2422, subdivision  
2.2 1, paragraph (f), as reported to the utility by the owner of the distributed generation facility.

2.3 (c) The owner of a distributed generation facility interconnected to a utility's distribution  
2.4 system may not increase the export capacity of the distributed generation facility beyond  
2.5 the level that was first interconnected to the utility's distribution system without the utility's  
2.6 written approval. The utility must respond in writing to an owner's notice of intent to increase  
2.7 export capacity within 90 days of receipt, and may reject the request only upon determining  
2.8 that acceding to the request would reduce safety or the reliability of electric service.

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

2.10 **Sec. 2. [216B.1615] FEEDER LINE REPLACEMENT; STORAGE REQUIREMENT.**

2.11 (a) When replacing a feeder line with a feeder line of higher capacity, a public utility  
2.12 must install at the applicable distribution substation an energy storage system that is of  
2.13 sufficient capacity to insure customer safety and grid reliability.

2.14 (b) For the purposes of this section:

2.15 (1) "energy storage system" has the meaning given in section 216B.2422, subdivision  
2.16 1, paragraph (f); and

2.17 (2) "feeder line" means a powerline (i) that transfers power from a distribution system  
2.18 substation to distribution transformers, and (ii) whose current flow is the same at the sending  
2.19 and receiving end of the powerline.

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

2.21 **Sec. 3. [216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.**

2.22 (a) No later than September 15, 2023, the commission must initiate a docket designed  
2.23 to result in a commission order requiring public utilities providing electric service to file a  
2.24 tariff with the commission, based on guidelines established in the order, to compensate  
2.25 customer-owners of on-site energy storage systems, as defined in section 216B.2422,  
2.26 subdivision 1, paragraph (f), for the discharge of stored energy that is net input to the utility  
2.27 during periods of peak electricity demand by utility customers.

2.28 (b) Within 90 days of the date the commission issues an order under this subdivision,  
2.29 each public utility must file with the commission for commission approval, disapproval, or  
2.30 modification a tariff that is consistent with the order.

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

3.1 Sec. 4. [216B.1697] ENERGY STORAGE SYSTEMS; DEPLOYMENT TARGETS.

3.2 Subdivision 1. Definition. For the purposes of this section, "energy storage system" has  
3.3 the meaning given in Minnesota Statutes, section 216B.2422, subdivision 1.

3.4 Subd. 2. Deployment targets. (a) Each utility required to file a resource plan under  
3.5 section 216B.2422 must deploy energy storage systems of a capacity to be determined by  
3.6 the commission under paragraph (b). No later than December 31, 2033, the aggregate  
3.7 statewide capacity of energy storage systems deployed by all utilities subject to this section  
3.8 must be at least 3,000 megawatts.

3.9 (b) No later than October 1, 2023, the commission must issue an order specifying the  
3.10 amount of energy storage capacity required of each utility subject to this section in order  
3.11 to meet the statewide capacity target and schedule in paragraph (a). The amount of energy  
3.12 storage capacity required of an individual utility must be calculated by dividing each utility's  
3.13 total electric retail sales to Minnesota customers in 2022 by total electric retail sales to  
3.14 Minnesota customers in 2022 of all utilities subject to this section, and multiplying that  
3.15 quotient by 3,000 megawatts. The commission may establish interim energy storage capacity  
3.16 targets that utilities are required to meet before the 2033 target date.

3.17 Subd. 3. Application. (a) A utility must file an application with the commission prior  
3.18 to each proposed installation of an energy storage system. Each application must contain:

3.19 (1) the energy storage system's technical specifications, including but not limited to:

3.20 (i) the maximum amount of electric output that the energy storage system can provide;

3.21 (ii) the length of time the energy storage system can sustain maximum output;

3.22 (iii) the location of the project within the utility's distribution system and a description  
3.23 of the analysis conducted to determine the location;

3.24 (iv) a description of the utility's electric system needs that the proposed energy storage  
3.25 system addresses;

3.26 (v) a description of the types of services the energy storage system is expected to provide;  
3.27 and

3.28 (vi) a description of the technology required to construct, operate, and maintain the  
3.29 energy storage system, including any data or communication system necessary to operate  
3.30 the energy storage system;

3.31 (2) the estimated cost of the project, including:

3.32 (i) capital costs;

4.1 (ii) the estimated cost per unit of energy delivered by the energy storage system; and

4.2 (iii) an evaluation of the cost-effectiveness of the energy storage system;

4.3 (3) the estimated benefits of the energy storage system to the utility's electric system,  
4.4 including but not limited to:

4.5 (i) deferred investments in generation, transmission, or distribution capacity;

4.6 (ii) reduced need for electricity during times of peak demand;

4.7 (iii) improved reliability of the utility's transmission or distribution system; and

4.8 (iv) improved integration of the utility's renewable energy resources;

4.9 (4) a description indicating how the addition of an energy storage system complements  
4.10 the utility's proposed actions described in the most recent integrated resource plan submitted  
4.11 under section 216B.2422 to meet expected demand with the least expensive combination  
4.12 of resources; and

4.13 (5) any additional information required by the commission.

4.14 (b) A utility must include in the application an evaluation of the potential to store energy  
4.15 throughout the utility's electric system and must identify geographic areas in the utility's  
4.16 service area where the deployment of energy storage systems has the greatest potential to  
4.17 achieve the economic benefits identified in paragraph (a), clause (3).

4.18 Subd. 4. **Commission review.** The commission must review each proposal submitted  
4.19 under this section and may approve, reject, or modify the proposal. The commission must  
4.20 approve a proposal the commission determines: (1) is in the public interest; and (2) reasonably  
4.21 balances the value derived from the deployment of an energy storage system for ratepayers  
4.22 and the utility's operations with the cost to procure, construct, operate, and maintain the  
4.23 energy storage system.

4.24 Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently  
4.25 incurred by the public utility to deploy an energy storage system approved by the commission  
4.26 under this section, net of any revenues generated by the operation of the energy storage  
4.27 system.

4.28 Subd. 6. **Reporting; compliance.** The commission must establish reporting procedures  
4.29 for utilities sufficient in content and frequency to keep the commission informed regarding  
4.30 compliance with this section.

4.31 Subd. 7. **Commission authority; orders.** The commission may issue orders and conduct  
4.32 proceedings necessary to implement and administer this section.

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

5.2 Sec. 5. Minnesota Statutes 2022, section 216B.2422, subdivision 7, is amended to read:

5.3 Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a  
5.4 resource plan under subdivision 2 must incorporate in its resource planning the energy  
5.5 storage targets it is required to meet under section 216B.1697 and must include in the filing  
5.6 an assessment of energy storage systems that analyzes how the deployment of energy storage  
5.7 systems contributes to:

5.8 (1) meeting identified generation and capacity needs; ~~and~~

5.9 (2) the factors identified in section 216B.1697, subdivision 3, paragraph (a), clause (3);

5.10 and

5.11 ~~(2)~~ (3) evaluating ancillary services.

5.12 (b) The assessment must employ appropriate modeling methods to enable the analysis  
5.13 required in paragraph (a).

5.14 Sec. 6. **[216C.377] ENERGY STORAGE INCENTIVE PROGRAM.**

5.15 (a) The public utility subject to section 116C.779 must develop and operate a program  
5.16 to provide a grant to customers to reduce the cost to purchase and install an on-site energy  
5.17 storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The public  
5.18 utility subject to this section must file a plan with the commissioner to operate the program  
5.19 no later than November 1, 2023. The public utility must not operate the program until it is  
5.20 approved by the commissioner. Any change to an operating program must be approved by  
5.21 the commissioner.

5.22 (b) To be eligible to receive a grant under this section, an energy storage system:

5.23 (1) must have a capacity no greater than 50 kilowatt hours; and

5.24 (2) must be located within the electric service area of the public utility subject to this  
5.25 section.

5.26 (c) An owner of an energy storage system is eligible to receive a grant under this section  
5.27 if:

5.28 (1) a solar energy generating system is operating at the same site as the proposed energy  
5.29 storage system; or

6.1 (2) the owner has filed an application with the public utility subject to this section to  
6.2 interconnect a solar energy generating system at the same site as the proposed energy storage  
6.3 system.

6.4 (d) The amount of a grant awarded under this section must be based on the number of  
6.5 watt-hours that reflects the duration of the energy storage system at its rated capacity, up  
6.6 to a maximum of \$.....

6.7 (e) The commissioner must annually review and may adjust the amount of grants awarded  
6.8 under this section, but must not increase the amount over that awarded in previous years  
6.9 unless the commissioner demonstrates in writing that an upward adjustment is warranted  
6.10 by market conditions.

6.11 (f) A customer who receives a grant under this section is eligible to receive financial  
6.12 assistance under programs operated by the state or the utility for the solar energy generating  
6.13 system operating in conjunction with the energy storage system.

6.14 (g) For the purposes of this section, "solar energy generating system" has the meaning  
6.15 given in section 216E.01, subdivision 9a.

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

6.17 Sec. 7. Minnesota Statutes 2022, section 216E.01, is amended by adding a subdivision to  
6.18 read:

6.19 Subd. 3a. **Energy storage system.** "Energy storage system" means equipment and  
6.20 associated facilities designed with a nameplate capacity of 5,000 kilowatts or more that is  
6.21 capable of storing generated electricity for a period of time and delivering the electricity  
6.22 for use after storage.

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

6.24 Sec. 8. Minnesota Statutes 2022, section 216E.01, subdivision 6, is amended to read:

6.25 Subd. 6. **Large electric power facilities.** "Large electric power facilities" means high  
6.26 voltage transmission lines ~~and~~, large electric power generating plants, and energy storage  
6.27 systems.

6.28 Sec. 9. Minnesota Statutes 2022, section 216E.03, subdivision 1, is amended to read:

6.29 Subdivision 1. **Site permit.** No person may construct a large electric generating plant  
6.30 or an energy storage system without a site permit from the commission. A large electric  
6.31 generating plant or an energy storage system may be constructed only on a site approved

7.1 by the commission. The commission must incorporate into one proceeding the route selection  
7.2 for a high-voltage transmission line that is directly associated with and necessary to  
7.3 interconnect the large electric generating plant to the transmission system and whose need  
7.4 is certified under section 216B.243.

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

7.6 Sec. 10. Minnesota Statutes 2022, section 216E.03, subdivision 3, is amended to read:

7.7 Subd. 3. **Application.** Any person seeking to construct a large electric power ~~generating~~  
7.8 ~~plant or a high-voltage transmission line~~ facility must apply to the commission for a site or  
7.9 route permit, as applicable. The application shall contain such information as the commission  
7.10 may require. The applicant shall propose at least two sites for a large electric power  
7.11 ~~generating plant~~ facility and two routes for a high-voltage transmission line. Neither of the  
7.12 two proposed routes may be designated as a preferred route and all proposed routes must  
7.13 be numbered and designated as alternatives. The commission shall determine whether an  
7.14 application is complete and advise the applicant of any deficiencies within ten days of  
7.15 receipt. An application is not incomplete if information not in the application can be obtained  
7.16 from the applicant during the first phase of the process and that information is not essential  
7.17 for notice and initial public meetings.

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

7.19 Sec. 11. Minnesota Statutes 2022, section 216E.03, subdivision 5, as amended by Laws  
7.20 2023, chapter 7, section 25, is amended to read:

7.21 Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce  
7.22 shall prepare for the commission an environmental impact statement on each proposed large  
7.23 electric power ~~generating plant or high-voltage transmission line~~ facility for which a complete  
7.24 application has been submitted. The commissioner shall not consider whether or not the  
7.25 project is needed. No other state environmental review documents shall be required. The  
7.26 commissioner shall study and evaluate any site or route proposed by an applicant and any  
7.27 other site or route the commission deems necessary that was proposed in a manner consistent  
7.28 with rules concerning the form, content, and timeliness of proposals for alternate sites or  
7.29 routes, excluding any alternate site for a solar energy generating system that was not proposed  
7.30 by an applicant.

7.31 (b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a  
7.32 large electric power generating plant and is not proposed by a utility, the commissioner  
7.33 must make a finding in the environmental impact statement whether the project is likely to

8.1 result in a net reduction of carbon dioxide emissions, considering both the utility providing  
8.2 electric service to the proposed cogeneration facility and any reduction in carbon dioxide  
8.3 emissions as a result of increased efficiency from the production of thermal energy on the  
8.4 part of the customer operating or owning the proposed cogeneration facility.

8.5 (c) Environmental review of energy storage systems seeking a site permit under this  
8.6 section shall be conducted under chapter 116D and Minnesota Rules, chapter 4410. The  
8.7 commission shall serve as the responsible governmental unit for the project. Preparation of  
8.8 an environmental impact statement may not be required for an energy storage system.

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

8.10 Sec. 12. Minnesota Statutes 2022, section 216E.03, subdivision 6, is amended to read:

8.11 Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application  
8.12 for a site or route permit for a large electric power generating plant or a route permit for a  
8.13 high-voltage transmission line facility. All hearings held for designating a site or route shall  
8.14 be conducted by an administrative law judge from the Office of Administrative Hearings  
8.15 pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given  
8.16 by the commission at least ten days in advance but no earlier than 45 days prior to the  
8.17 commencement of the hearing. Notice shall be by publication in a legal newspaper of general  
8.18 circulation in the county in which the public hearing is to be held and by certified mail to  
8.19 chief executives of the regional development commissions, counties, organized towns,  
8.20 townships, and the incorporated municipalities in which a site or route is proposed. Any  
8.21 person may appear at the hearings and offer testimony and exhibits without the necessity  
8.22 of intervening as a formal party to the proceedings. The administrative law judge may allow  
8.23 any person to ask questions of other witnesses. The administrative law judge shall hold a  
8.24 portion of the hearing in the area where the power plant or transmission line is proposed to  
8.25 be located.

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

8.27 Sec. 13. Minnesota Statutes 2022, section 216E.03, subdivision 7, as amended by Laws  
8.28 2023, chapter 7, section 26, is amended to read:

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



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

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

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

9.12 (3) evaluation of the effects of new electric power generation and transmission  
9.13 technologies and systems related to power plants designed to minimize adverse environmental  
9.14 effects;

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

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

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

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

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

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

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

9.31 (11) evaluation of irreversible and irretrievable commitments of resources should the  
9.32 proposed site or route be approved;

10.1 (12) when appropriate, consideration of problems raised by other state and federal  
10.2 agencies and local entities;

10.3 (13) evaluation of the benefits of the proposed facility with respect to (i) the protection  
10.4 and enhancement of environmental quality, and (ii) the reliability of state and regional  
10.5 energy supplies;

10.6 (14) evaluation of the proposed facility's impact on socioeconomic factors; and

10.7 (15) evaluation of the proposed facility's employment and economic impacts in the  
10.8 vicinity of the facility site and throughout Minnesota, including the quantity and quality of  
10.9 construction and permanent jobs and their compensation levels. The commission must  
10.10 consider a facility's local employment and economic impacts, and may reject or place  
10.11 conditions on a site or route permit based on the local employment and economic impacts.

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

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

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

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

10.21 Sec. 14. Minnesota Statutes 2022, section 216E.04, subdivision 2, as amended by Laws  
10.22 2023, chapter 7, section 29, is amended to read:

10.23 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to  
10.24 the following projects:

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

10.26 (2) large electric power generating plants that are fueled by natural gas;

10.27 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

10.28 (4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in  
10.29 length in Minnesota;

11.1 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of  
 11.2 the distance of the line in Minnesota will be located along existing high-voltage transmission  
 11.3 line right-of-way;

11.4 (6) a high-voltage transmission line service extension to a single customer between 200  
 11.5 and 300 kilovolts and less than ten miles in length;

11.6 (7) a high-voltage transmission line rerouting to serve the demand of a single customer  
 11.7 when the rerouted line will be located at least 80 percent on property owned or controlled  
 11.8 by the customer or the owner of the transmission line; ~~and~~

11.9 (8) large electric power generating plants that are powered by solar energy; and

11.10 (9) energy storage systems.

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

11.12 Sec. 15. Minnesota Statutes 2022, section 216E.06, is amended to read:

11.13 **216E.06 EMERGENCY PERMIT.**

11.14 (a) Any utility whose electric power system requires the immediate construction of a  
 11.15 large electric power ~~generating plant or high-voltage transmission line~~ facility due to a major  
 11.16 unforeseen event may apply to the commission for an emergency permit. The application  
 11.17 shall provide notice in writing of the major unforeseen event and the need for immediate  
 11.18 construction. The permit must be issued in a timely manner, no later than 195 days after  
 11.19 the commission's acceptance of the application and upon a finding by the commission that  
 11.20 (1) a demonstrable emergency exists, (2) the emergency requires immediate construction,  
 11.21 and (3) adherence to the procedures and time schedules specified in section 216E.03 would  
 11.22 jeopardize the utility's electric power system or would jeopardize the utility's ability to meet  
 11.23 the electric needs of its customers in an orderly and timely manner.

11.24 (b) A public hearing to determine if an emergency exists must be held within 90 days  
 11.25 of the application. The commission, after notice and hearing, shall adopt rules specifying  
 11.26 the criteria for emergency certification.

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

11.28 Sec. 16. Minnesota Statutes 2022, section 216E.07, is amended to read:

11.29 **216E.07 ANNUAL HEARING.**

11.30 The commission shall hold an annual public hearing at a time and place prescribed by  
 11.31 rule in order to afford interested persons an opportunity to be heard regarding any matters

12.1 relating to the siting and routing of large electric ~~generating power plants and routing of~~  
 12.2 ~~high-voltage transmission lines~~ facilities. At the meeting, the commission shall advise the  
 12.3 public of the permits issued by the commission in the past year. The commission shall  
 12.4 provide at least ten days but no more than 45 days' notice of the annual meeting by mailing  
 12.5 or serving electronically, as provided in section 216.17, a notice to those persons who have  
 12.6 requested notice and by publication in the EQB Monitor and the commission's weekly  
 12.7 calendar.

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

12.9 Sec. 17. Minnesota Statutes 2022, section 216E.10, is amended to read:

12.10 **216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE**  
 12.11 **PERMITS.**

12.12 Subdivision 1. **Site or route permit prevails over local provisions.** To assure the  
 12.13 paramount and controlling effect of the provisions herein over other state agencies, regional,  
 12.14 county, and local governments, and special purpose government districts, the issuance of a  
 12.15 site permit or route permit and subsequent purchase and use of such site or route locations  
 12.16 for large electric power ~~generating plant and high-voltage transmission line~~ facility purposes  
 12.17 shall be the sole site or route approval required to be obtained by the utility. Such permit  
 12.18 shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances  
 12.19 promulgated by regional, county, local and special purpose government.

12.20 Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, utilities  
 12.21 shall obtain state permits that may be required to construct and operate large electric power  
 12.22 ~~generating plants and high-voltage transmission lines~~ facilities. A state agency in processing  
 12.23 a utility's facility permit application shall be bound to the decisions of the commission, with  
 12.24 respect to the site or route designation, and with respect to other matters for which authority  
 12.25 has been granted to the commission by this chapter.

12.26 Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits  
 12.27 required for construction or operation of large electric power generating plants or high-voltage  
 12.28 transmission lines shall participate during routing and siting at public hearings and all other  
 12.29 activities of the commission on specific site or route designations and design considerations  
 12.30 of the commission, and shall clearly state whether the site or route being considered for  
 12.31 designation or permit and other design matters under consideration for approval will be in  
 12.32 compliance with state agency standards, rules, or policies.

13.1 (b) An applicant for a permit under this section or under chapter 216G shall notify the  
13.2 commissioner of agriculture if the proposed project will impact cultivated agricultural land,  
13.3 as that term is defined in section 216G.01, subdivision 4. The commissioner may participate  
13.4 and advise the commission as to whether to grant a permit for the project and the best options  
13.5 for mitigating adverse impacts to agricultural lands if the permit is granted. The Department  
13.6 of Agriculture shall be the lead agency on the development of any agricultural mitigation  
13.7 plan required for the project.

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

13.9 Sec. 18. **RULES AUTHORIZED.**

13.10 (a) The commission is authorized to develop and adopt rules for siting energy storage  
13.11 systems and to reflect the provisions of this act.

13.12 (b) Until the commission adopts rules under this section, the commission shall utilize  
13.13 applicable provisions of Minnesota Rules, chapter 7850, to site energy storage systems,  
13.14 except that Minnesota Rules, part 7850.4400, subpart 4, shall not apply to energy storage  
13.15 systems.

13.16 (c) For the purposes of this section, "energy storage system" has the meaning given in  
13.17 Minnesota Statutes, section 216E.01, subdivision 3a.

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

13.19 Sec. 19. **APPROPRIATION.**

13.20 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),  
13.21 \$..... in fiscal year 2024 is appropriated from the renewable development account established  
13.22 in Minnesota Statutes, section 116C.779, to the commissioner of commerce to award grants  
13.23 to install energy storage systems under Minnesota Statutes, section 216C.377, and to pay  
13.24 the reasonable costs of the department to administer that section. This appropriation remains  
13.25 available until expended. The base for this program in fiscal year 2025 is \$.....

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

13.27 Sec. 20. **REVISOR INSTRUCTION.**

13.28 The revisor of statutes shall make any necessary changes in Minnesota Rules resulting  
13.29 from the changes made to Minnesota Statutes, chapter 216E, in this act.

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