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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **4340**

04/09/2018 Authored by Bahr, C.,  
The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act  
1.2 relating to energy; reducing the number of cooperative electric associations and  
1.3 municipal electric utilities subject to the conservation improvement program;  
1.4 amending Minnesota Statutes 2017 Supplement, section 216B.241, subdivision  
1.5 1b.

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

1.7 Section 1. Minnesota Statutes 2017 Supplement, section 216B.241, subdivision 1b, is  
1.8 amended to read:

1.9 Subd. 1b. **Conservation improvement by cooperative association or municipality.**

1.10 (a) This subdivision applies to:

1.11 (1) a cooperative electric association that provides retail service to more than ~~5,000~~  
1.12 15,000 members;

1.13 (2) a municipality that provides electric service to more than ~~1,000~~ 3,000 retail customers;  
1.14 and

1.15 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales  
1.16 to natural gas retail customers.

1.17 (b) Each cooperative electric association and municipality subject to this subdivision  
1.18 shall spend and invest for energy conservation improvements under this subdivision the  
1.19 following amounts:

1.20 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
1.21 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
1.22 operating revenues from electric and gas service provided in the state to large electric  
1.23 customer facilities; and

2.1 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
2.2 from service provided in the state, excluding gross operating revenues from service provided  
2.3 in the state to large electric customer facilities indirectly through a distribution cooperative  
2.4 electric association.

2.5 (c) Each municipality and cooperative electric association subject to this subdivision  
2.6 shall identify and implement energy conservation improvement spending and investments  
2.7 that are appropriate for the municipality or association, except that a municipality or  
2.8 association may not spend or invest for energy conservation improvements that directly  
2.9 benefit a large energy facility or a large electric customer facility for which the commissioner  
2.10 has issued an exemption under subdivision 1a, paragraph (b).

2.11 (d) Each municipality and cooperative electric association subject to this subdivision  
2.12 may spend and invest annually up to ten percent of the total amount required to be spent  
2.13 and invested on energy conservation improvements under this subdivision on research and  
2.14 development projects that meet the definition of energy conservation improvement in  
2.15 subdivision 1 and that are funded directly by the municipality or cooperative electric  
2.16 association.

2.17 (e) Load-management activities may be used to meet 50 percent of the conservation  
2.18 investment and spending requirements of this subdivision.

2.19 (f) A generation and transmission cooperative electric association that provides energy  
2.20 services to cooperative electric associations that provide electric service at retail to consumers  
2.21 may invest in energy conservation improvements on behalf of the associations it serves and  
2.22 may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate  
2.23 basis. A municipal power agency or other not-for-profit entity that provides energy service  
2.24 to municipal utilities that provide electric service at retail may invest in energy conservation  
2.25 improvements on behalf of the municipal utilities it serves and may fulfill the conservation,  
2.26 spending, reporting, and energy-savings goals on an aggregate basis, under an agreement  
2.27 between the municipal power agency or not-for-profit entity and each municipal utility for  
2.28 funding the investments.

2.29 (g) Each municipality or cooperative shall file energy conservation improvement plans  
2.30 by June 1 on a schedule determined by order of the commissioner, but at least every three  
2.31 years. Plans received by June 1 must be approved or approved as modified by the  
2.32 commissioner by December 1 of the same year. The municipality or cooperative shall  
2.33 provide an evaluation to the commissioner detailing its energy conservation improvement  
2.34 spending and investments for the previous period. The evaluation must briefly describe

3.1 each conservation program and must specify the energy savings or increased efficiency in  
3.2 the use of energy within the service territory of the utility or association that is the result of  
3.3 the spending and investments. The evaluation must analyze the cost-effectiveness of the  
3.4 utility's or association's conservation programs, using a list of baseline energy and capacity  
3.5 savings assumptions developed in consultation with the department. The commissioner  
3.6 shall review each evaluation and make recommendations, where appropriate, to the  
3.7 municipality or association to increase the effectiveness of conservation improvement  
3.8 activities.

3.9 (h) The commissioner shall consider and may require a utility, association, or other  
3.10 entity providing energy efficiency and conservation services under this section to undertake  
3.11 a program suggested by an outside source, including a political subdivision, nonprofit  
3.12 corporation, or community organization.

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