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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 899

01/25/2023 Authored by Rehm, Freiberg and Lillie
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; modifying electric utility renewable energy standard obligations;
1.3 exempting certain wind projects from certificate of need proceedings; including
1.4 low-voltage transmission lines in the definition of "solar energy generating system"
1.5 for siting purposes; modifying Public Utility Commission authority to issue site
1.6 permits for electric generation facilities; amending Minnesota Statutes 2022,
1.7 sections 216B.1691, subdivisions 1, 2a, 2b, 2d, 2e, 2f, 3, 4, 5, 7, 9, 10, by adding
1.8 subdivisions; 216B.2422, subdivision 3; 216B.243, subdivision 8; 216E.01,
1.9 subdivision 9a; 216E.03, subdivisions 5, 10, 11; 216E.04, subdivision 2; 216F.04;
1.10 repealing Minnesota Statutes 2022, section 216B.1691, subdivision 2.

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

1.12 Section 1. Minnesota Statutes 2022, section 216B.1691, subdivision 1, is amended to read:

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

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

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

1.19 (1) solar;

1.20 (2) wind;

1.21 (3) hydroelectric ~~with a capacity of less than 100 megawatts;~~

1.22 (4) hydrogen, ~~provided that after January 1, 2010, the hydrogen must be generated from~~
1.23 the resources listed in this paragraph; or

2.1 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
 2.2 system; the predominantly organic components of wastewater effluent, sludge, or related
 2.3 by-products from publicly owned treatment works, but not including incineration of
 2.4 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an
 2.5 energy recovery facility used to capture the heat value of mixed municipal solid waste or
 2.6 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

2.7 ~~(b)~~ (d) "Electric utility" means a public utility providing electric service, a generation
 2.8 and transmission cooperative electric association, a municipal power agency, or a power
 2.9 district.

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

2.13 (1) 50 percent or more of the area's total population is nonwhite;

2.14 (2) 40 percent or more of households in the area have an income that is at or below 185
 2.15 percent of the federal poverty level; or

2.16 (3) the area is located within Indian country, as defined in United State Code, title 18,
 2.17 section 1151.

2.18 ~~(e)~~ (f) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year
 2.19 by an electric utility to retail customers of the electric utility or to a distribution utility for
 2.20 distribution to the retail customers of the distribution utility. "Total retail electric sales"
 2.21 does not include the sale of hydroelectricity supplied by a federal power marketing
 2.22 administration or other federal agency, regardless of whether the sales are directly to a
 2.23 distribution utility or are made to a generation and transmission utility and pooled for further
 2.24 allocation to a distribution utility.

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

2.26 Sec. 2. Minnesota Statutes 2022, section 216B.1691, is amended by adding a subdivision
 2.27 to read:

2.28 Subd. 1a. **Exception; energy recovery facility.** An energy recovery facility used to
 2.29 capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed
 2.30 municipal solid waste as a primary fuel is not an eligible energy technology, as defined in
 2.31 subdivision 1, if:

- 3.1 (1) air pollutants emitted by the facility are deposited in an environmental justice area;
 3.2 and
 3.3 (2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

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

3.5 Sec. 3. Minnesota Statutes 2022, section 216B.1691, subdivision 2a, is amended to read:

3.6 Subd. 2a. **Eligible energy technology standard.** ~~(a) Except as provided in paragraph~~
 3.7 ~~(b),~~ Each electric utility shall generate or procure sufficient electricity generated by an
 3.8 eligible energy technology to provide its retail customers in Minnesota, or the retail customers
 3.9 of a distribution utility to which the electric utility provides wholesale electric service, so
 3.10 that at least the following standard percentages of the electric utility's total retail electric
 3.11 sales to retail customers in Minnesota are generated by eligible energy technologies by the
 3.12 end of the year indicated:

- | | | | |
|------|-----|-------------|--------------------|
| 3.13 | (1) | 2012 | 12 percent |
| 3.14 | (2) | 2016 | 17 percent |
| 3.15 | (3) | 2020 | 20 percent |
| 3.16 | (4) | 2025 | 25 percent. |
| 3.17 | (5) | <u>2035</u> | <u>55 percent.</u> |

3.18 ~~(b) An electric utility that owned a nuclear generating facility as of January 1, 2007,~~
 3.19 ~~must meet the requirements of this paragraph rather than paragraph (a). An electric utility~~
 3.20 ~~subject to this paragraph must generate or procure sufficient electricity generated by an~~
 3.21 ~~eligible energy technology to provide its retail customers in Minnesota or the retail customer~~
 3.22 ~~of a distribution utility to which the electric utility provides wholesale electric service so~~
 3.23 ~~that at least the following percentages of the electric utility's total retail electric sales to~~
 3.24 ~~retail customers in Minnesota are generated by eligible energy technologies by the end of~~
 3.25 ~~the year indicated:~~

- | | | | |
|------|-----|------|-------------|
| 3.26 | (1) | 2010 | 15 percent |
| 3.27 | (2) | 2012 | 18 percent |
| 3.28 | (3) | 2016 | 25 percent |
| 3.29 | (4) | 2020 | 30 percent. |

3.30 ~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind~~
 3.31 ~~energy conversion systems and the remaining five percent by other eligible energy~~
 3.32 ~~technology. Of the 25 percent that must be generated by wind or solar, no more than one~~

4.1 percent may be solar generated and the remaining 24 percent or greater must be wind
4.2 generated.

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

4.4 Sec. 4. Minnesota Statutes 2022, section 216B.1691, subdivision 2b, is amended to read:

4.5 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay
4.6 the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in
4.7 part, if the commission determines it that modifying or delaying the standard obligation is
4.8 in the public interest ~~to do so~~. The commission, when ~~requested~~ evaluating a request to
4.9 modify or delay implementation of a standard, must consider:

4.10 (1) the impact of implementing the standard on its customers' utility costs, including the
4.11 economic and competitive pressure on the utility's customers;

4.12 (2) the environmental costs that would be incurred as a result of a delay or modification,
4.13 based on the full range of environmental cost values established in section 216B.2422,
4.14 subdivision 3;

4.15 ~~(2)~~ (3) the effects of implementing the standard on the reliability of the electric system;

4.16 ~~(3)~~ (4) technical advances or technical concerns;

4.17 ~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting
4.18 or other permitting approvals;

4.19 ~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or
4.20 commercial operation of an eligible energy technology facility;

4.21 ~~(6)~~ (7) transmission constraints preventing delivery of service; ~~and~~

4.22 ~~(7)~~ (8) other statutory obligations imposed on the commission or a utility; and

4.23 (9) impacts on environmental justice areas.

4.24 The commission may modify or delay implementation of a standard obligation under
4.25 clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact,
4.26 requires significant measures to address reliability, or raises significant technical issues.

4.27 The commission may modify or delay implementation of a standard obligation under clauses
4.28 ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due
4.29 to circumstances beyond an electric utility's control and make compliance not feasible.

4.30 (b) When evaluating transmission capacity constraints under paragraph (a), clause (7),
4.31 the commission must consider whether the utility has:

5.1 (1) taken reasonable measures that are under the utility's control and consistent with the
 5.2 utility's obligations under local, state, and federal laws and regulations, and the utility's
 5.3 obligations as a member of a regional transmission organization or independent system
 5.4 operator, to acquire sites, necessary permit approvals, and necessary equipment to develop
 5.5 and construct new transmission lines or upgrade existing transmission lines to transmit
 5.6 electricity generated by eligible energy technologies; and

5.7 (2) taken all reasonable operational measures to maximize cost-effective electricity
 5.8 delivery from eligible energy technologies in advance of transmission availability.

5.9 ~~(b)~~ (c) When considering whether to delay or modify implementation of a standard
 5.10 obligation, the commission must give due consideration to a preference for electric generation
 5.11 through use of eligible energy technology and to the achievement of the standards set by
 5.12 this section.

5.13 ~~(e)~~ (d) An electric utility ~~requesting~~ that requests a modification or delay ~~in~~ to the
 5.14 implementation of a standard must file a plan to comply with ~~its~~ the electric utility's standard
 5.15 obligation ~~in~~ as part of the same proceeding that it is requesting in which the electric utility
 5.16 requests the modification or delay.

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

5.18 Sec. 5. Minnesota Statutes 2022, section 216B.1691, subdivision 2d, is amended to read:

5.19 Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing
 5.20 the criteria and standards ~~by which it will~~ used to (1) measure an electric utility's efforts to
 5.21 meet the renewable energy objectives of subdivision 2 to standards under subdivisions 2a,
 5.22 2f, and 2g; and (2) determine whether the utility is making the required good faith effort
 5.23 achieving the standards. In this order, the commission shall include criteria and standards
 5.24 that protect against undesirable impacts on the reliability of the utility's system and economic
 5.25 impacts on the utility's ratepayers and that consider technical feasibility.

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

5.27 Sec. 6. Minnesota Statutes 2022, section 216B.1691, subdivision 2e, is amended to read:

5.28 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must
 5.29 submit to the commission and the legislative committees with primary jurisdiction over
 5.30 energy policy a report containing an estimation of the rate impact of activities of the electric
 5.31 utility necessary to comply with this section. In consultation with the Department of
 5.32 Commerce, the commission shall determine a uniform reporting system to ensure that

6.1 individual utility reports are consistent and comparable, and shall, by order, require each
 6.2 electric utility subject to this section to use that reporting system. The rate impact estimate
 6.3 must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall
 6.4 also be for the impact on the electric utility's retail rates. Those activities include, without
 6.5 limitation, energy purchases, generation facility acquisition and construction, and
 6.6 transmission improvements. ~~An initial report must be submitted within 150 days of May~~
 6.7 ~~28, 2011. After the initial report,~~ A report must be updated and submitted as part of each
 6.8 integrated resource plan or plan modification filed by the electric utility under section
 6.9 216B.2422. The reporting obligation of an electric utility under this subdivision expires
 6.10 December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and
 6.11 December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b) 2040.

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

6.13 Sec. 7. Minnesota Statutes 2022, section 216B.1691, subdivision 2f, is amended to read:

6.14 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
 6.15 and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by
 6.16 solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020,
 6.17 at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota
 6.18 is generated by solar energy.

6.19 (b) For a public utility with more than 200,000 retail electric customers, at least ten
 6.20 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
 6.21 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

6.22 (c) A public utility with between 50,000 and 200,000 retail electric customers:

6.23 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
 6.24 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
 6.25 less; and

6.26 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
 6.27 of 40 kilowatts or less to a community solar garden program operated by the public utility
 6.28 that has been approved by the commission.

6.29 (d) The solar energy standard established in this subdivision is subject to all the provisions
 6.30 of this section governing a utility's standard obligation under subdivision 2a.

6.31 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
 6.32 electric sales in Minnesota be generated by solar energy.

7.1 (f) For the purposes of calculating the total retail electric sales of a public utility under
7.2 this subdivision, there shall be excluded retail electric sales to customers that are:

7.3 (1) an iron mining extraction and processing facility, including a scam mining facility
7.4 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

7.5 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
7.6 manufacturer.

7.7 Those customers may not have included in the rates charged to them by the public utility
7.8 any costs of satisfying the solar standard specified by this subdivision.

7.9 (g) A public utility may not use energy used to satisfy the solar energy standard under
7.10 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
7.11 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
7.12 solar standard under this subdivision.

7.13 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
7.14 with a solar photovoltaic device installed and generating electricity in Minnesota after
7.15 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
7.16 under this subdivision.

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

7.18 Sec. 8. Minnesota Statutes 2022, section 216B.1691, is amended by adding a subdivision
7.19 to read:

7.20 **Subd. 2g. Carbon-free standard.** In addition to the requirements under subdivisions
7.21 2a and 2f, each electric utility must generate or procure sufficient electricity generated from
7.22 a carbon-free energy technology to provide the electric utility's retail customers in Minnesota,
7.23 or the retail customers of a distribution utility to which the electric utility provides wholesale
7.24 electric service, so that at least the following standard percentages of the electric utility's
7.25 total retail electric sales to retail customers in Minnesota are generated from carbon-free
7.26 energy technologies by the end of the year indicated:

7.27 (1) 2030 80 percent

7.28 (2) 2035 90 percent

7.29 (3) 2040 100 percent.

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

8.1 Sec. 9. Minnesota Statutes 2022, section 216B.1691, subdivision 3, is amended to read:

8.2 Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on
8.3 its plans, activities, and progress with regard to the ~~objectives and standards of~~ standard
8.4 obligations under this section in its filings under section 216B.2422 or in a separate report
8.5 submitted to the commission every two years, whichever is more frequent, demonstrating
8.6 to the commission the utility's effort to comply with this section. In its resource plan or a
8.7 separate report, each electric utility shall provide a description of:

8.8 (1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~
8.9 standard obligations;

8.10 (2) efforts taken to meet the ~~objective and standards~~ standard obligations;

8.11 (3) any obstacles encountered or anticipated in meeting the ~~objective or standards; and~~
8.12 standard obligations;

8.13 (4) potential solutions to the obstacles;

8.14 (5) the number of Minnesotans employed to construct facilities designed to meet the
8.15 utility's standard obligations under this section;

8.16 (6) efforts taken to retain and retrain workers employed at electric generating facilities
8.17 that the utility has ceased operating or designated to cease operating for new positions
8.18 constructing or operating facilities used to meet a utility's standard obligation;

8.19 (7) the impacts of facilities designed to meet the utility's standard obligations under this
8.20 section on areas of concern for environmental justice; and

8.21 (8) efforts made to increase the diversity of both the utility's workforce and vendors.

8.22 (b) The commissioner shall compile the information provided to the commission under
8.23 paragraph (a), and report to the chairs of the house of representatives and senate committees
8.24 with jurisdiction over energy and environment policy issues as to the progress of utilities
8.25 in the state, including the progress of each individual electric utility, in increasing the amount
8.26 of renewable energy provided to retail customers, with any recommendations for regulatory
8.27 or legislative action, by January 15 of each odd-numbered year.

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

8.29 Sec. 10. Minnesota Statutes 2022, section 216B.1691, subdivision 4, is amended to read:

8.30 Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the
8.31 commission, by rule or order, shall establish by January 1, 2008, a program for tradable

9.1 renewable energy credits for electricity generated by eligible energy technology. The credits
 9.2 must represent energy produced by an eligible energy technology, as defined in subdivision
 9.3 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour
 9.4 of eligible energy technology generated or procured by an electric utility if it is produced
 9.5 by an eligible energy technology. The program must permit a credit to be used only once.
 9.6 The program must treat all eligible energy technology equally and shall not give more or
 9.7 less credit to energy based on the state where the energy was generated or the technology
 9.8 with which the energy was generated. The commission must determine the period in which
 9.9 the credits may be used for purposes of the program.

9.10 (b) In lieu of generating or procuring energy directly to satisfy ~~the eligible energy~~
 9.11 ~~technology objective or a standard of this section~~ obligation under subdivision 2a, 2f, or
 9.12 2g, an electric utility may utilize renewable energy credits allowed under the program to
 9.13 satisfy the ~~objective or standard~~.

9.14 (c) The commission shall facilitate the trading of renewable energy credits between
 9.15 states.

9.16 (d) The commission shall require all electric utilities to participate in a
 9.17 commission-approved credit-tracking system or systems. Once a credit-tracking system is
 9.18 in operation, the commission shall issue an order establishing protocols for trading credits.

9.19 ~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable~~
 9.20 ~~energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

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

9.22 Sec. 11. Minnesota Statutes 2022, section 216B.1691, subdivision 5, is amended to read:

9.23 Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel
 9.24 combustion through fuel blending or co-firing under paragraph (b) may only count toward
 9.25 a utility's ~~objectives or standards~~ standard obligation if the generation facility:

9.26 (1) was constructed in compliance with new source performance standards promulgated
 9.27 under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a
 9.28 generation facility of that type; or

9.29 (2) employs the maximum achievable or best available control technology available for
 9.30 a generation facility of that type.

9.31 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,
 9.32 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage

10.1 of electricity that is attributable to a fuel listed in that clause can be counted toward an
 10.2 electric utility's ~~renewable energy objectives~~ standard obligation.

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

10.4 Sec. 12. Minnesota Statutes 2022, section 216B.1691, subdivision 7, is amended to read:

10.5 Subd. 7. **Compliance.** The commission must regularly investigate whether an electric
 10.6 utility is in compliance with ~~its good faith objective under subdivision 2 and~~ the electric
 10.7 utility's standard obligation under subdivision subdivisions 2a, 2f, and 2g. If the commission
 10.8 finds noncompliance, it may order the electric utility to construct facilities, purchase energy
 10.9 generated by eligible energy technology, purchase renewable energy credits, or engage in
 10.10 other activities to achieve compliance. If an electric utility fails to comply with an order
 10.11 under this subdivision, the commission may impose a financial penalty on the electric utility
 10.12 in an amount not to exceed the estimated cost of the electric utility to achieve compliance.
 10.13 The penalty may not exceed the lesser of the cost of constructing facilities or purchasing
 10.14 credits. The commission must deposit financial penalties imposed under this subdivision
 10.15 in the energy and conservation account established in the special revenue fund under section
 10.16 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other
 10.17 authority of the commission to enforce this section.

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

10.19 Sec. 13. Minnesota Statutes 2022, section 216B.1691, subdivision 9, is amended to read:

10.20 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its
 10.21 the commission's statutory authority to ensure this section is implemented to maximize in
 10.22 a manner that maximizes net benefits to all Minnesota citizens, balancing. Reasonable
 10.23 actions the commission must take and benefits that must be maximized include but are not
 10.24 limited to:

10.25 (1) the creation of high-quality jobs in Minnesota paying wages that support families;

10.26 (2) recognition of the rights of workers to organize and unionize;

10.27 (3) ensuring that workers have the necessary tools, opportunities, and economic assistance
 10.28 to adapt successfully during the energy transition, particularly in areas of concern for
 10.29 environmental justice;

10.30 (4) ensuring that all Minnesotans share (i) the benefits of clean and renewable energy,
 10.31 and (ii) the opportunity to participate fully in the clean energy economy;

11.1 (5) ensuring that statewide air emissions are reduced, particularly in areas of concern
 11.2 for environmental justice; and

11.3 (6) the provision of affordable electric service to Minnesotans, particularly to low-income
 11.4 consumers.

11.5 (b) The commission must also implement this section in a manner that balances factors
 11.6 such as local ownership of or participation in energy production, development and ownership
 11.7 of eligible energy technology facilities by independent power producers, Minnesota utility
 11.8 ownership of eligible energy technology facilities, the costs of energy generation to satisfy
 11.9 the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to
 11.10 Minnesotans.

11.11 (c) When making investments to meet the requirements under this section, utilities are
 11.12 encouraged to locate new energy generating facilities in Minnesota communities where
 11.13 fossil-fuel-generating plants have been retired or are scheduled for retirement.

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

11.15 Sec. 14. Minnesota Statutes 2022, section 216B.1691, subdivision 10, is amended to read:

11.16 Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process
 11.17 established by the commission prior to June 1, 2007, shall not apply to a utility for the
 11.18 construction, ownership, and operation of generation facilities used to satisfy the requirements
 11.19 of this section unless, upon a finding that it is in the public interest, the commission issues
 11.20 an order on or after June 1, 2007, that requires compliance by a utility with a competitive
 11.21 resource acquisition process. A utility that owns a nuclear generation facility and intends
 11.22 to construct, own, or operate facilities under this section shall file with the commission ~~on~~
 11.23 ~~or before March 1, 2008,~~ as part of the utility's filing under section 216B.2422 a renewable
 11.24 energy plan setting forth the manner in which the utility proposes to meet the requirements
 11.25 of this section. ~~The utility shall update the plan as necessary in its filing under section~~
 11.26 ~~216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing
 11.27 and comment, that the plan is not in the public interest. As part of its determination of public
 11.28 interest, the commission shall consider the plan's impact on balancing the state's interest in:

11.29 (1) promoting the policy of economic development in rural areas through the development
 11.30 of renewable energy projects, as expressed in subdivision 9;

11.31 (2) maintaining the reliability of the state's electric power grid; and

11.32 (3) minimizing cost impacts on ratepayers.

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

12.2 Sec. 15. Minnesota Statutes 2022, section 216B.2422, subdivision 3, is amended to read:

12.3 Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable,
12.4 quantify and establish a range of environmental costs associated with each method of
12.5 electricity generation. A utility shall use the values established by the commission in
12.6 conjunction with other external factors, including socioeconomic costs, when evaluating
12.7 and selecting resource options in all proceedings before the commission, including resource
12.8 plan and certificate of need proceedings.

12.9 (b) The commission shall provisionally adopt and apply the draft cost of greenhouse gas
12.10 emissions valuations presented in the United States Environmental Protection Agency's
12.11 EPA External Review Draft of Report on the Social Cost of Greenhouse Gases: Estimates
12.12 Incorporating Recent Scientific Advances, released in September 2022, including the time
12.13 horizon, global estimates of damages, and the full range of discount rates from 2.5 to 1.5
12.14 percent, with two percent as the central estimate. The commission shall adopt the estimates
12.15 contained in the final version of the external review draft report when it becomes available.

12.16 (c) If, at any time, the estimates adopted by the commission under paragraph (a) are
12.17 exceeded by estimates released by the federal Interagency Working Group on the Social
12.18 Cost of Greenhouse Gases or its successors, the commission shall adopt the working group
12.19 estimates.

12.20 (d) The commission shall establish interim environmental cost values associated with
12.21 each method of electricity generation by March 1, 1994. These values expire on the date
12.22 the commission establishes environmental cost values under paragraph (a).

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

12.24 Sec. 16. Minnesota Statutes 2022, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

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

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

13.14 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision
 13.15 2, or a solar ~~electric generation facility~~ energy generating system, as defined in section
 13.16 216E.01, subdivision 9a, if the system ~~or facility~~ is owned and operated by an independent
 13.17 power producer and the electric output of the system ~~or facility~~:

13.18 (i) is not sold to an entity that provides retail service in Minnesota or wholesale electric
 13.19 service to another entity in Minnesota other than an entity that is a federally recognized
 13.20 regional transmission organization or independent system operator; or

13.21 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric
 13.22 service to another entity in Minnesota other than an entity that is a federally recognized
 13.23 regional transmission organization or independent system operator, provided that the system
 13.24 represents solar or wind capacity that the entity purchasing the system's electric output was
 13.25 ordered by the commission to develop in the entity's most recent integrated resource plan
 13.26 approved under section 216B.2422; or

13.27 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
 13.28 2, or a solar energy generating system that is a large energy facility, as defined in section
 13.29 216B.2421, subdivision 2, engaging in a repowering project that:

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

13.32 (ii) will result in the facility system exceeding the nameplate capacity under its most
 13.33 recent interconnection agreement, provided that the Midcontinent Independent System

14.1 Operator has provided a signed generator interconnection agreement that reflects the expected
14.2 net power increase.

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

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

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

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

14.10 **EFFECTIVE DATE.** This section is effective the day following final enactment and
14.11 applies to a large wind energy conversion system or a solar energy generating system whose
14.12 owner has filed an application for a certificate of need with the Public Utilities Commission
14.13 on or after that date.

14.14 Sec. 17. Minnesota Statutes 2022, section 216E.01, subdivision 9a, is amended to read:

14.15 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a
14.16 set of devices whose primary purpose is to produce electricity by means of any combination
14.17 of collecting, transferring, or converting solar-generated energy, and may include
14.18 transmission lines designed for and capable of operating at 100 kilovolts or less that
14.19 interconnect a solar energy generating system with a high-voltage transmission line.

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

14.21 Sec. 18. Minnesota Statutes 2022, section 216E.03, subdivision 5, is amended to read:

14.22 Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce
14.23 shall prepare for the commission an environmental impact statement on each proposed large
14.24 electric power generating plant or high-voltage transmission line for which a complete
14.25 application has been submitted. The commissioner shall not consider whether or not the
14.26 project is needed. No other state environmental review documents shall be required. The
14.27 commissioner shall study and evaluate any site or route proposed by an applicant and any
14.28 other site, other than a site for a solar energy generating system, or route the commission
14.29 deems necessary that was proposed in a manner consistent with rules concerning the form,
14.30 content, and timeliness of proposals for alternate sites or routes.

15.1 (b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a
15.2 large electric power generating plant and is not proposed by a utility, the commissioner
15.3 must make a finding in the environmental impact statement whether the project is likely to
15.4 result in a net reduction of carbon dioxide emissions, considering both the utility providing
15.5 electric service to the proposed cogeneration facility and any reduction in carbon dioxide
15.6 emissions as a result of increased efficiency from the production of thermal energy on the
15.7 part of the customer operating or owning the proposed cogeneration facility.

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

15.9 Sec. 19. Minnesota Statutes 2022, section 216E.03, subdivision 10, is amended to read:

15.10 Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site
15.11 selection standards and criteria established in this section and in rules adopted by the
15.12 commission. When the commission designates a site, it shall issue a site permit to the
15.13 applicant with any appropriate conditions. The commission shall publish a notice of its
15.14 decision in the State Register within 30 days of issuance of the site permit.

15.15 (b) No route permit shall be issued in violation of the route selection standards and
15.16 criteria established in this section and in rules adopted by the commission. When the
15.17 commission designates a route, it shall issue a permit for the construction of a high-voltage
15.18 transmission line specifying the design, routing, right-of-way preparation, and facility
15.19 construction it deems necessary, and with any other appropriate conditions. The commission
15.20 may order the construction of high-voltage transmission line facilities that are capable of
15.21 expansion in transmission capacity through multiple circuiting or design modifications. The
15.22 commission shall publish a notice of its decision in the State Register within 30 days of
15.23 issuance of the permit.

15.24 (c) The commission may require as a condition of permit issuance that the recipient of
15.25 a site permit to construct a large electric power generating plant, including all of the permit
15.26 recipient's construction contractors and subcontractors on the project, pay no less than the
15.27 prevailing wage rate, as defined in section 177.42. The commission may also require as a
15.28 condition of modifying a site permit for a large electric power generating plant repowering
15.29 project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of
15.30 the site permit, including all of the permit recipient's construction contractors and
15.31 subcontractors on the repowering project, pay no less than the prevailing wage rate, as
15.32 defined in section 177.42.

15.33 (d) When deciding whether to require payment of no less than the prevailing wage rate
15.34 under paragraph (c), the commission must consider relevant factors, including:

16.1 (1) the direct and indirect economic impact of construction; and

16.2 (2) the quality, efficiency, and safety of construction.

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

16.4 Sec. 20. Minnesota Statutes 2022, section 216E.03, subdivision 11, is amended to read:

16.5 Subd. 11. **Department of Commerce to provide technical expertise and other**
 16.6 **assistance.** (a) The commissioner of the Department of Commerce shall consult with other
 16.7 state agencies and provide technical expertise and other assistance to the commission or to
 16.8 individual members of the commission for activities and proceedings under this chapter
 16.9 and chapters 216F and 216G. This assistance shall include the sharing of power plant siting
 16.10 and routing staff and other resources as necessary. The commissioner shall periodically
 16.11 report to the commission concerning the Department of Commerce's costs of providing
 16.12 assistance. The report shall conform to the schedule and include the required contents
 16.13 specified by the commission. The commission shall include the costs of the assistance in
 16.14 assessments for activities and proceedings under those sections and reimburse the special
 16.15 revenue fund for those costs. If either the commissioner or the commission deems it
 16.16 necessary, the department and the commission shall enter into an interagency agreement
 16.17 establishing terms and conditions for the provision of assistance and sharing of resources
 16.18 under this subdivision.

16.19 (b) Notwithstanding the requirements of section 216B.33, the commissioner may take
 16.20 any action required or requested by the commission related to the environmental review
 16.21 requirements under chapter 216E or 216F immediately following a hearing and vote by the
 16.22 commission, prior to issuing a written order, finding, authorization, or certificate.

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

16.24 Sec. 21. Minnesota Statutes 2022, section 216E.04, subdivision 2, is amended to read:

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

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

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

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

16.30 (4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles
 16.31 in length in Minnesota;

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

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

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

17.9 (8) large electric power generating plants that are powered by solar energy.

17.10 EFFECTIVE DATE. This section is effective the day following final enactment and
 17.11 applies to a high-voltage transmission line in excess of 200 kilovolts whose owner has filed
 17.12 an application for a route permit with the Public Utilities Commission on or after that date.

17.13 Sec. 22. Minnesota Statutes 2022, section 216F.04, is amended to read:

17.14 **216F.04 SITE PERMIT.**

17.15 (a) No person may construct an LWECS without a site permit issued by the Public
 17.16 Utilities Commission.

17.17 (b) Any person seeking to construct an LWECS shall submit an application to the
 17.18 commission for a site permit in accordance with this chapter and any rules adopted by the
 17.19 commission. The permitted site need not be contiguous land.

17.20 (c) The commission shall make a final decision on an application for a site permit for
 17.21 an LWECS within 180 days after acceptance of a complete application by the commission.
 17.22 The commission may extend this deadline for cause.

17.23 (d) The commission may place conditions in a permit and may deny, modify, suspend,
 17.24 or revoke a permit.

17.25 (e) The commission may require as a condition of permit issuance that the recipient of
 17.26 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts,
 17.27 including all of the permit recipient's construction contractors and subcontractors on the
 17.28 project, pay no less than the prevailing wage rate, as defined in section 177.42. The
 17.29 commission may also require as a condition of modifying a site permit for an LWECS
 17.30 repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the
 17.31 recipient of the site permit, including all of the permit recipient's construction contractors

18.1 and subcontractors on the repowering project, pay no less than the prevailing wage rate, as
18.2 defined in section 177.42.

18.3 (f) When deciding whether to require payment of no less than the prevailing wage rate
18.4 under paragraph (e), the commission must consider relevant factors, including:

18.5 (1) the direct and indirect economic impact of construction; and

18.6 (2) the quality, efficiency, and safety of construction.

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

18.8 Sec. 23. **REVISOR INSTRUCTION.**

18.9 The revisor of statutes shall make any necessary cross-references changes in Minnesota
18.10 Statutes and Minnesota Rules resulting from the changes made to Minnesota Statutes, section
18.11 216B.1691, subdivision 1, in this act.

18.12 Sec. 24. **REPEALER.**

18.13 Minnesota Statutes 2022, section 216B.1691, subdivision 2, is repealed.

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

216B.1691 RENEWABLE ENERGY OBJECTIVES.

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.