

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 3901**

(SENATE AUTHORS: HOWE)

DATE  
03/10/2022

D-PG

Introduction and first reading  
Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to energy; prohibiting cost recovery for motor vehicle incentive programs;  
1.3 establishing that motor vehicle incentive programs are not an efficient  
1.4 fuel-switching improvement for consumer-owned utilities; amending Minnesota  
1.5 Statutes 2020, section 216B.16, by adding a subdivision; Minnesota Statutes 2021  
1.6 Supplement, section 216B.2403, subdivision 8.

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

1.8 Section 1. Minnesota Statutes 2020, section 216B.16, is amended by adding a subdivision  
1.9 to read:

1.10 Subd. 18a. **Motor vehicle incentive programs.** (a) The commission must not allow a  
1.11 public utility to recover costs from ratepayers relating to, place in the public utility's rate  
1.12 base, earn a rate of return from, or receive performance-based incentives for:

1.13 (1) investments made or expenses incurred by a public utility that consist of motor  
1.14 vehicle purchase or lease incentives;

1.15 (2) motor vehicle rebate programs; or

1.16 (3) incentives or rebate programs related to motor vehicle infrastructure.

1.17 (b) This subdivision does not:

1.18 (1) prohibit a public utility from otherwise providing a motor vehicle incentive program;

1.19 or

1.20 (2) impact a public utility's ability to offer time-of-use rates.

2.1 Sec. 2. Minnesota Statutes 2021 Supplement, section 216B.2403, subdivision 8, is amended  
2.2 to read:

2.3 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching  
2.4 improvement is deemed efficient if, applying the technical criteria established under section  
2.5 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being  
2.6 displaced:

2.7 (1) results in a net reduction in the amount of source energy consumed for a particular  
2.8 use, measured on a fuel-neutral basis;

2.9 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section  
2.10 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching  
2.11 improvement installed by an electric consumer-owned utility, the reduction in emissions  
2.12 must be measured based on the hourly emissions profile of the consumer-owned utility or  
2.13 the utility's electricity supplier, as reported in the most recent resource plan approved by  
2.14 the commission under section 216B.2422. If the hourly emissions profile is not available,  
2.15 the commissioner must develop a method consumer-owned utilities must use to estimate  
2.16 that value;

2.17 (3) is cost-effective, considering the costs and benefits from the perspective of the  
2.18 consumer-owned utility, participants, and society; and

2.19 (4) is installed and operated in a manner that improves the consumer-owned utility's  
2.20 system load factor.

2.21 (b) For purposes of this subdivision, "source energy" means the total amount of primary  
2.22 energy required to deliver energy services, adjusted for losses in generation, transmission,  
2.23 and distribution, and expressed on a fuel-neutral basis.

2.24 (c) A program that consists of motor vehicle purchase or lease incentives, motor vehicle  
2.25 rebates, or incentive or rebate programs related to motor vehicle infrastructure is not an  
2.26 efficient fuel-switching improvement. Nothing in this paragraph prohibits a consumer-owned  
2.27 utility from otherwise providing a rebate or incentive program or impacts a consumer-owned  
2.28 utility's ability to offer time-of-use rates.