

Senator Marty from the Committee on Finance, to which was referred

H.F. No. 2442: A bill for an act relating to energy; appropriating money for energy and renewable development account programs and activities.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

ARTICLE 1  
CLIMATE AND ENERGY FINANCE

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027. If an appropriation in this article is enacted more than once in the 2025 regular or a special legislative session, the appropriation must be given effect only once.

APPROPRIATIONS			
Available for the Year			
Ending June 30			
		2026	2027
Sec. 2. DEPARTMENT OF COMMERCE			
Subdivision 1. Total Appropriation	\$	12,644,000	\$ 12,644,000
Appropriations by Fund			
		2026	2027
General		11,047,000	11,047,000
Petroleum Tank		1,597,000	1,597,000
The amounts that may be spent for each purpose are specified in the following subdivisions.			
Subd. 2. Energy Resources		11,047,000	11,047,000
(a) \$150,000 the first year and \$150,000 the second year are to remediate vermiculite insulation from households that are eligible			

2.1 for weatherization assistance under  
2.2 Minnesota's weatherization assistance program  
2.3 state plan under Minnesota Statutes, section  
2.4 216C.264. Remediation must be performed in  
2.5 conjunction with federal weatherization  
2.6 assistance program services.

2.7 (b) \$189,000 each year is for activities  
2.8 associated with a utility's implementation of  
2.9 a natural gas innovation plan under Minnesota  
2.10 Statutes, section 216B.2427.

2.11 (c) \$500,000 each year is for a grant to the  
2.12 clean energy resource teams under Minnesota  
2.13 Statutes, section 216C.385, subdivision 2, to  
2.14 provide additional capacity to perform the  
2.15 duties specified under Minnesota Statutes,  
2.16 section 216C.385, subdivision 3. This  
2.17 appropriation may be used to reimburse  
2.18 reasonable costs incurred by the Department  
2.19 of Commerce to administer the grant.

2.20 (d) \$301,000 each year is to implement energy  
2.21 benchmarking under Minnesota Statutes,  
2.22 section 216C.331.

2.23 (e) \$164,000 each year is for activities  
2.24 associated with a public utility's transportation  
2.25 electrification plan filing under Minnesota  
2.26 Statutes, section 216B.1615.

2.27 (f) \$77,000 each year is for activities  
2.28 associated with appeals of consumer  
2.29 complaints to the commission under  
2.30 Minnesota Statutes, section 216B.172.

2.31 (g) \$961,000 each year is for activities  
2.32 required under Minnesota Statutes, section  
2.33 216B.1641, for community solar gardens. This  
2.34 appropriation must be assessed directly to the

3.1 public utility subject to Minnesota Statutes,  
3.2 section 116C.779.

3.3 (h) \$46,000 each year is for work to align  
3.4 energy transmission and distribution planning  
3.5 activities with opportunities along trunk  
3.6 highway rights-of-way.

3.7 (i) \$265,000 each year is to (1) participate in  
3.8 a Public Utilities Commission proceeding to  
3.9 review electric transmission line owners' plans  
3.10 to deploy grid-enhancing technologies, and  
3.11 (2) issue an order to implement the plans. The  
3.12 base in fiscal year 2028 is \$0.

3.13 The general fund base is \$10,782,000 in fiscal  
3.14 year 2028 and \$10,782,000 in fiscal year 2029.

3.15	<u>Subd. 3. <b>Petroleum Tank Release Compensation</b></u>		
3.16	<u><b>Board</b></u>	<u>1,597,000</u>	<u>1,597,000</u>

3.17 This appropriation is from the petroleum tank  
3.18 fund.

3.19	<u>Sec. 3. <b>PUBLIC UTILITIES COMMISSION</b></u>	<u>\$ 13,330,000</u>	<u>\$ 13,417,000</u>
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3.20 The general fund base is \$13,183,000 in fiscal  
3.21 year 2028 and later.

3.22 Sec. 4. **TRANSFERS.**

3.23 \$1,199,000 in fiscal year 2026 and \$1,199,000 in fiscal year 2027 are transferred from  
3.24 the general fund to the preweatherization account in the special revenue fund under Minnesota  
3.25 Statutes, section 216C.264, subdivision 1c. The commissioner of management and budget  
3.26 must include a transfer of \$1,199,000 each year from the general fund to the  
3.27 preweatherization account in the special revenue fund in each forecast prepared under  
3.28 Minnesota Statutes, section 16A.103, from the effective date of this section through the  
3.29 February 2027 forecast.

**Sec. 5. APPROPRIATION EXTENSION.**

5.1 remaining on June 30, 2027, cancels to the  
5.2 renewable development account.

5.3 **Subd. 3. Microgrid Research and Application**

5.4 \$1,200,000 the first year is for a grant to the  
5.5 University of St. Thomas Center for Microgrid  
5.6 Research, which must be used to:

5.7 (1) increase the center's capacity to provide  
5.8 industry partners with opportunities to test  
5.9 near-commercial microgrid products on a  
5.10 real-world scale and to multiply opportunities  
5.11 for innovative research;

5.12 (2) procure advanced equipment and controls  
5.13 to enable the extension of the university's  
5.14 microgrid to additional buildings; and

5.15 (3) expand (i) hands-on educational  
5.16 opportunities for undergraduate and graduate  
5.17 electrical engineering students to increase  
5.18 understanding of microgrid operations, and  
5.19 (ii) partnerships with community colleges.

5.20 This is a onetime appropriation and is  
5.21 available until June 30, 2028.

5.22 **Subd. 4. Green Hydrogen Project**

5.23 \$2,000,000 the first year is for a grant to the  
5.24 city of St. Cloud for the Green Hydrogen  
5.25 Project to incorporate a battery and renewable  
5.26 energy system. This is a onetime appropriation  
5.27 and is available until June 30, 2028.

5.28 **Subd. 5. Anaerobic Digester Energy System**

5.29 \$4,000,000 the first year is for a grant to  
5.30 Ramsey/Washington Recycling and Energy,  
5.31 in partnership with Dem-Con HZI Bioenergy,  
5.32 LLC, to construct an anaerobic digester energy  
5.33 system in Louisville Township. For the

6.1 purposes of this subdivision, "anaerobic  
6.2 digester energy system" means a facility that  
6.3 uses diverted food and organic waste to create  
6.4 renewable natural gas and biochar. This is a  
6.5 onetime appropriation and is available until  
6.6 June 30, 2028.

6.7 **Subd. 6. Como Zoo Geothermal Energy System**

6.8 \$2,200,000 the first year is for a grant to Como  
6.9 Zoo in the city of St. Paul to construct a  
6.10 geothermal energy system that provides space  
6.11 heating and cooling to the large cats building.  
6.12 For the purposes of this subdivision,  
6.13 "geothermal energy system" means a system  
6.14 composed of a heat pump that moves a  
6.15 heat-transferring fluid through piping  
6.16 embedded in the earth and absorbs the earth's  
6.17 constant temperature, a heat exchanger, and  
6.18 ductwork to distribute heated and cooled air  
6.19 to a building. This is a onetime appropriation  
6.20 and is available until June 30, 2028.

6.21 **Subd. 7. Minnesota Energy Alley**

6.22 (a) \$1,000,000 the first year for a grant to  
6.23 Clean Energy Economy Minnesota for the  
6.24 Minnesota Energy Alley initiative. The  
6.25 initiative is designed to promote energy  
6.26 innovation through supporting energy  
6.27 entrepreneurs and emerging businesses to  
6.28 commercialize energy solutions by matching  
6.29 promising innovators with established and  
6.30 trustworthy Minnesota-based public and  
6.31 private partners to demonstrate emerging  
6.32 technologies in real-world applications. The  
6.33 grant may be used to provide seed funding for  
6.34 businesses, develop a training and  
6.35 development program, support recruitment of

7.1 entrepreneurs to Minnesota, and secure  
7.2 funding from federal programs and corporate  
7.3 partners to establish a self-sustaining,  
7.4 long-term revenue model. This is a onetime  
7.5 appropriation and is available until June 30,  
7.6 2027.

7.7 (b) By January 15, 2027, the commissioner of  
7.8 commerce must submit a written report to the  
7.9 chairs and ranking minority members of the  
7.10 house of representatives and senate  
7.11 committees with jurisdiction over energy  
7.12 finance and policy on the activities and  
7.13 accomplishments of the Minnesota Energy  
7.14 Alley initiative during the previous fiscal year  
7.15 and the disposition of this appropriation,  
7.16 including a separate statement of the amount  
7.17 of administrative costs.

7.18 Subd. 8. **Grant Administration**

7.19 Notwithstanding Minnesota Statutes, section  
7.20 16B.98, subdivision 14, the commissioner may  
7.21 use up to \$100,000 of the amount in this  
7.22 section for the administrative costs of the  
7.23 grants in this section.

7.24 <u>Sec. 3. <b>DEPARTMENT OF</b></u>			
7.25 <u><b>ADMINISTRATION</b></u>	<u>\$</u>	<u>92,000</u>	<u>\$ 92,000</u>

7.26 \$92,000 each year is for software and  
7.27 administrative costs associated with the state  
7.28 building energy conservation improvement  
7.29 revolving loan program under Minnesota  
7.30 Statutes, section 16B.87.

7.31 <u>Sec. 4. <b>UNIVERSITY OF MINNESOTA</b></u>	<u>\$</u>	<u>5,000,000</u>	<u>\$ -0-</u>
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7.32 \$5,000,000 the first year is for research,  
7.33 development, outreach, and demonstration of  
7.34 energy systems that use hydrogen and

8.1 ammonia production from renewable energy  
 8.2 resources and other sources of clean energy  
 8.3 as a means of storing and generating  
 8.4 electricity. This is a onetime appropriation and  
 8.5 is available until June 30, 2028.

8.6 Sec. 5. POLLUTION CONTROL AGENCY      \$      3,000,000 \$      -0-  
 8.7 \$3,000,000 the first year is for a grant to the  
 8.8 owner of a biomass energy generation plant  
 8.9 in Shakopee that uses waste heat from the  
 8.10 generation of electricity in the malting process  
 8.11 to purchase equipment to facilitate the disposal  
 8.12 of wood that is infested by emerald ash borer.  
 8.13 This is a onetime appropriation and is  
 8.14 available until June 30, 2028. Notwithstanding  
 8.15 Minnesota Statutes, section 16B.98,  
 8.16 subdivision 14, the commissioner of the  
 8.17 Pollution Control Agency may use up to  
 8.18 \$25,000 of the amount in this section for the  
 8.19 administrative costs of this grant.

8.20 Sec. 6. TRANSFER.

8.21 \$2,000,000 in fiscal year 2026 is transferred from the renewable development account  
 8.22 in the special revenue fund to the geothermal planning grant account under Minnesota  
 8.23 Statutes, section 216C.47, subdivision 3.

8.24 Sec. 7. APPROPRIATION EXTENSION.

8.25 Notwithstanding Minnesota Statutes, section 16A.28, and Laws 2023, chapter 60, article  
 8.26 11, section 2, subdivision 3, paragraph (c), the availability of the fiscal year 2024 and fiscal  
 8.27 year 2025 appropriations for grants to the University of St. Thomas Center for Microgrid  
 8.28 Research in Laws 2023, chapter 60, article 11, section 2, subdivision 3, are extended to June  
 8.29 30, 2028.

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



**ARTICLE 3****ENERGY POLICY**

Section 1. Minnesota Statutes 2024, section 116C.7792, is amended to read:

**116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) \$10,000,000 in 2021;

(2) \$10,000,000 in 2022;

(3) \$5,000,000 in 2023;

(4) \$11,250,000 in 2024;

(5) \$6,250,000 in 2025; and

(6) \$5,000,000 each year, beginning in 2026 through 2035.

(e) Notwithstanding the Department of Commerce's November 14, 2018, decision in Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production incentive program, half of the amounts allocated each year under paragraph (d), clauses (3), (4), ~~and (5), and (6)~~, must be reserved for solar energy systems whose installation meets the eligibility standards for the low-income program established in the November 14, 2018, decision or successor decisions of the department. All other program operations of the solar energy production incentive program are governed by the provisions of the November 14, 2018, decision or successor decisions of the department.

(f) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

(g) Any unspent amount remaining on January 1, ~~2028~~ 2038, must be transferred to the renewable development account.

(h) A solar energy system receiving a production incentive under this section must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system.

(i) The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

Sec. 2. Minnesota Statutes 2024, section 216B.16, is amended by adding a subdivision to read:

Subd. 1b. **Definitions.** For the purposes of this section, "low-income" means a household:

(1) that is approved as qualified for energy assistance from the low-income home energy assistance program;

(2) with a household income that is 50 percent or less of the state median income; or

(3) that meets another qualification established by the commission.

Sec. 3. Minnesota Statutes 2024, section 216B.16, subdivision 14, is amended to read:

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

11.1 affordability program must be designed to target participating customers with the lowest  
11.2 incomes and highest energy costs in order to lower the percentage of income they devote  
11.3 to energy bills, increase their payments, lower utility service disconnections, and decrease  
11.4 costs associated with collection activities on their accounts. For low-income customers who  
11.5 are 62 years of age or older or disabled, the program must include a \$15 discount in each  
11.6 billing period. For the purposes of this subdivision, "public utility" includes only those  
11.7 public utilities with more than 200,000 residential electric service customers. The commission  
11.8 may issue orders necessary to implement, administer, and recover the costs of the program  
11.9 on a timely basis.

11.10 Sec. 4. Minnesota Statutes 2024, section 216B.16, subdivision 15, is amended to read:

11.11 Subd. 15. **Low-income affordability programs.** (a) The commission must consider  
11.12 ability to pay as a factor in setting utility rates and may establish affordability programs for  
11.13 low-income residential ratepayers in order to ensure affordable, reliable, and continuous  
11.14 service to low-income utility customers. A public utility serving low-income residential  
11.15 ratepayers who use natural gas for heating must file an affordability program with the  
11.16 commission. ~~For purposes of this subdivision, "low-income residential ratepayers" means~~  
11.17 ~~ratepayers who receive energy assistance from the low-income home energy assistance~~  
11.18 ~~program (LIHEAP).~~

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

11.20 (1) lower the percentage of income that participating low-income households devote to  
11.21 energy bills;

11.22 (2) increase participating customer payments over time by increasing the frequency of  
11.23 payments;

11.24 (3) decrease or eliminate participating customer arrears;

11.25 (4) lower the utility costs associated with customer account collection activities; and

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

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

11.30 (1) the percentage of income that participating households devote to energy bills;

11.31 (2) service disconnections; and

11.32 (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.

Sec. 5. Minnesota Statutes 2024, section 216B.1641, is amended by adding a subdivision to read:

Subd. 15. **Sunset.** This section expires July 31, 2030.

Sec. 6. Minnesota Statutes 2024, section 216B.2402, subdivision 16, is amended to read:

Subd. 16. **Low-income household.** "Low-income household" means a household whose household income:

(1) is 80 percent or less of the area median household income for the geographic area in which the low-income household is located, as calculated by ~~the United States Department of Housing and Urban Development~~ a body of the state or federal government; or

(2) meets the income eligibility standards, as determined by the commissioner, required for a household to receive financial assistance from a federal, state, municipal, or utility program administered or approved by the department.

Sec. 7. Minnesota Statutes 2024, section 216B.2421, subdivision 2, is amended to read:

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 300 kilovolts or more and greater than one mile in length in Minnesota;

(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota;

13.1 (4) any pipeline greater than six inches in diameter and having more than 50 miles of  
13.2 its length in Minnesota used for the transportation of coal, crude petroleum or petroleum  
13.3 fuels or oil, or their derivatives;

13.4 (5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200  
13.5 pounds per square inch with more than 50 miles of its length in Minnesota;

13.6 (6) any facility designed for or capable of storing on a single site more than ~~100,000~~  
13.7 1,000,000 gallons of liquefied natural gas or synthetic gas;

13.8 (7) any underground gas storage facility requiring a permit pursuant to section 103I.681;

13.9 (8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

13.10 (9) any facility intended to convert any material into any other combustible fuel and  
13.11 having the capacity to process in excess of 75 tons of the material per hour.

13.12 Sec. 8. Minnesota Statutes 2024, section 216C.09, is amended to read:

13.13 **216C.09 COMMISSIONER DUTIES.**

13.14 (a) The commissioner shall:

13.15 (1) manage the department as the central repository within the state government for the  
13.16 collection of data on energy;

13.17 (2) prepare and adopt an emergency allocation plan specifying actions to be taken in the  
13.18 event of an impending serious shortage of energy, or a threat to public health, safety, or  
13.19 welfare;

13.20 (3) undertake a continuing assessment of trends in the consumption of all forms of energy  
13.21 and analyze the social, economic, and environmental consequences of these trends;

13.22 (4) carry out energy conservation and efficiency measures as specified by the legislature  
13.23 and recommend to the governor and the legislature additional energy policies and energy  
13.24 conservation measures and efficiency programming as required to meet the objectives of  
13.25 this chapter;

13.26 (5) collect and analyze data relating to present and future demands and resources for all  
13.27 sources of energy;

13.28 (6) evaluate policies governing the establishment of rates and prices for energy as related  
13.29 to energy conservation and energy efficiency, and other goals and policies of this chapter,  
13.30 and make recommendations for changes in energy pricing policies and rate schedules;

14.1 (7) study the impact and relationship of the state energy policies to international, national,  
14.2 and regional energy policies;

14.3 (8) design and implement a state program for ~~the energy~~ conservation ~~of energy and~~  
14.4 efficiency; ~~this the~~ program ~~shall~~ must include but is not ~~be~~ limited to; general commercial,  
14.5 industrial, ~~and~~ residential, and transportation areas; ~~such the~~ program ~~shall~~ must also provide  
14.6 for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air  
14.7 conditioning, building design and operation, and appliance manufacturing and operation;

14.8 (9) inform and educate the public about the sources and uses of energy and the ways in  
14.9 which ~~persons~~ Minnesotans can transition to a clean energy future, conserve energy, and  
14.10 save money;

14.11 (10) dispense funds made available for the purpose of research studies and projects ~~of~~  
14.12 ~~professional and civic orientation~~, which are related to either energy conservation, resource  
14.13 recovery, or the development of alternative energy technologies which conserve  
14.14 nonrenewable energy resources while creating minimum environmental impact;

14.15 (11) charge other governmental departments and agencies involved in energy-related  
14.16 activities with specific information gathering goals and require that those goals be met;

14.17 (12) design a comprehensive program for the development of ~~indigenous~~ energy  
14.18 resources. The program shall include, but not be limited to; providing technical,  
14.19 informational, educational, and financial services and materials to persons, businesses,  
14.20 municipalities, and organizations involved in the development of primary and emerging  
14.21 energy sources, including but not limited to solar, wind, hydropower, peat, fiber fuels,  
14.22 biomass, and other alternative energy resources. The program shall be evaluated by the  
14.23 alternative energy technical activity; and

14.24 (13) dispense loans, grants, or other financial ~~aid~~ resources from money received from  
14.25 litigation or a settlement of alleged violations of federal petroleum pricing regulations made  
14.26 available to the department for that purpose.

14.27 (b) Further, the commissioner may participate fully in hearings before the Public Utilities  
14.28 Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,  
14.29 utility conservation investments, small power production, cogeneration, and other rate issues.  
14.30 The commissioner shall support the policies stated in section 216C.05 and shall prepare  
14.31 and defend testimony proposed to encourage energy conservation improvements as defined  
14.32 in section 216B.241.

15.1 Sec. 9. Minnesota Statutes 2024, section 216C.10, is amended to read:

15.2 **216C.10 COMMISSIONER POWERS.**

15.3 (a) The commissioner may:

15.4 (1) adopt rules under chapter 14 as necessary to carry out the purposes of this chapter;

15.5 (2) make all contracts under this chapter and do all things necessary to cooperate with  
15.6 the United States government, and to qualify for, accept, and disburse any grant intended  
15.7 to administer this chapter;

15.8 (3) provide on-site technical assistance to units of local government in order to enhance  
15.9 local capabilities ~~for dealing with energy problems~~ to provide energy-related financial  
15.10 resources, planning, outreach, and engagement;

15.11 (4) administer for the state, energy programs under federal law, regulations, or guidelines,  
15.12 and coordinate the programs and activities with other state agencies, units of local  
15.13 government, and educational institutions;

15.14 (5) develop a state energy investment plan with yearly energy conservation and alternative  
15.15 energy development goals, investment targets, and marketing strategies;

15.16 (6) perform market analysis studies relating to conservation, alternative and renewable  
15.17 energy resources, and energy recovery;

15.18 (7) assist with the preparation of proposals for innovative conservation, renewable,  
15.19 alternative, or energy recovery projects;

15.20 (8) manage and disburse funds made available for the purpose of research studies or  
15.21 demonstration projects related to energy conservation or other activities deemed appropriate  
15.22 by the commissioner;

15.23 (9) intervene in certificate of need proceedings before the Public Utilities Commission;

15.24 (10) collect fees from recipients of loans, grants, or other financial aid from money  
15.25 received from litigation or settlement of alleged violations of federal petroleum-pricing  
15.26 regulations, which fees must be used to pay the department's costs in administering those  
15.27 financial aids; and

15.28 (11) collect fees from proposers and operators of conservation and other energy-related  
15.29 programs that are reviewed, evaluated, or approved by the department, other than proposers  
15.30 that are political subdivisions or community or nonprofit organizations, to cover the  
15.31 department's cost in making the reviewal, evaluation, or approval and in developing additional  
15.32 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 this chapter.

Sec. 10. Minnesota Statutes 2024, section 216C.11, is amended to read:

**216C.11 ENERGY CONSERVATION INFORMATION CENTER.**

(a) The commissioner ~~shall~~ must establish an Energy Information Center in the ~~department's offices in St. Paul~~ department. The information center ~~shall~~ must 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~~ physical, virtual, and mobile information service that collects, analyzes, and disseminates energy resources, data, technical assistance and expertise, financial assistance, connections, and information on a variety of energy topics relevant to Minnesota consumers, businesses, Tribal and local governments, and community organizations. The information center must be accessible and responsive to public inquiries and must conduct proactive outreach.

~~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.~~

(b) The information center ~~shall~~ must use the information collected under section 216C.02, subdivision 1, to maintain a central source of information on energy conservation, energy efficiency, and other energy-related programs, including ~~both~~ programs required by law or rule and programs developed and carried on voluntarily.



17.1 Sec. 11. Minnesota Statutes 2024, section 216C.12, is amended to read:

17.2 **216C.12 ENERGY CONSERVATION PUBLICITY LITERACY.**

17.3 (a) The commissioner, in consultation with other affected agencies or departments ~~shall,~~  
17.4 must develop informational materials, ~~pamphlets and radio and television messages and~~  
17.5 messaging on energy conservation and ~~housing~~ energy efficiency programs available in  
17.6 Minnesota, ~~renewable energy resources, and energy supply and demand. The printed materials~~  
17.7 ~~shall include information on available tax credits for residential energy conservation~~  
17.8 ~~measures, residential retrofitting loan and grant programs, and data on the economics of~~  
17.9 ~~energy conservation and renewable resource measures. Copies of printed materials shall be~~  
17.10 ~~distributed to members of the appropriate standing committees of the legislature. The~~  
17.11 commissioner must use modern and current outreach strategies and media to distribute the  
17.12 informational materials and messaging to the widest possible audience.

17.13 (b) The informational materials must promote energy literacy for individuals and  
17.14 communities to help individuals and communities make informed decisions on topics ranging  
17.15 from smart energy use at home and consumer choices to national and international energy  
17.16 policy. The informational materials must include but are not limited to information on energy  
17.17 sources, energy generation, energy use, energy conservation strategies, the energy workforce  
17.18 sector, and state and federal energy-related programs administered by the department.

17.19 Sec. 12. Minnesota Statutes 2024, section 216C.391, subdivision 1, is amended to read:

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

17.22 (b) "Competitive funds" means federal funds awarded to selected applicants based on  
17.23 the grantor's evaluation of the strength of an application measured against all other  
17.24 applications.

17.25 (c) "Disadvantaged community" has the meaning given by the federal agency disbursing  
17.26 federal funds.

17.27 (d) "Eligible entity" means an entity located in Minnesota that is eligible to receive  
17.28 federal funds, tax credits, loans, or an entity that has at least one Minnesota-based partner,  
17.29 as determined by the grantor of the federal funds, tax credits, or loans.

17.30 (e) "Federal funds" means federal formula or competitive funds available for award to  
17.31 applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law  
17.32 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

18.1 (f) "Formula funds" means federal funds awarded to all eligible applicants on a  
18.2 noncompetitive basis.

18.3 (g) "Loans" means federal loans from loan funds authorized or funded in the Inflation  
18.4 Reduction Act of 2022, Public Law 117-169.

18.5 (h) "Match" means the amount of ~~state~~ nonfederal money a successful grantee in  
18.6 Minnesota is required to contribute to a project as a condition of receiving federal funds.

18.7 (i) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

18.8 (j) "Project" means the activities proposed to be undertaken by an eligible entity awarded  
18.9 federal funds and are located in Minnesota or will directly benefit Minnesotans.

18.10 (k) "Tax credits" means federal tax credits authorized in the Inflation Reduction Act of  
18.11 2022, Public Law 117-169.

18.12 (l) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

18.13 Sec. 13. Minnesota Statutes 2024, section 216C.391, subdivision 3, is amended to read:

18.14 Subd. 3. **Grant awards; eligible entities; priorities.** (a) Grants may be awarded under  
18.15 this section to eligible entities in accordance with the following order of priorities:

18.16 (1) federal formula funds directed to the state that require a match;

18.17 (2) federal funds directed to a political subdivision or a Tribal government that require  
18.18 a match;

18.19 (3) federal funds directed to an institution of higher education, a consumer-owned utility,  
18.20 a business, or a nonprofit organization that require a match;

18.21 (4) federal funds directed to investor-owned utilities that require a match;

18.22 (5) federal funds directed to an eligible entity not included in clauses (1) to (4) that  
18.23 require a match; and

18.24 (6) all other grant opportunities directed to eligible entities that do not require a match  
18.25 but for which the commissioner determines that a grant made under this section is likely to  
18.26 enhance the likelihood of an applicant receiving federal funds, or to increase the potential  
18.27 amount of federal funds received.

18.28 (b) By November 15, 2023, the commissioner must develop and publicly post, and report  
18.29 to the chairs and ranking minority members of the legislative committees with jurisdiction  
18.30 over energy finance, the federal energy grant funds that are eligible for state matching funds  
18.31 under this section.

19.1 (c) Notwithstanding section 16B.98, subdivision 5, paragraph (b), a grant made under  
19.2 this section may exceed five years.

19.3 Sec. 14. Minnesota Statutes 2024, section 216C.47, subdivision 1, is amended to read:

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

19.6 (b) "Eligible applicant" means a county, city, town, Tribal government, or the  
19.7 Metropolitan Council.

19.8 (c) "Geothermal energy system" means a system that heats and cools one or more  
19.9 buildings by using the constant temperature of the earth as both a heat source and heat sink,  
19.10 and a heat exchanger consisting of an underground closed loop system of piping containing  
19.11 a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

19.12 (1) a bored geothermal heat exchanger, as defined in section 103I.005;

19.13 (2) a groundwater thermal exchange device, as defined in section 103I.005; and

19.14 (3) a submerged closed loop heat exchanger, as defined in section 103I.005.

19.15 (d) "Tribal government" means the elected government of a federally recognized Indian  
19.16 Tribe located in Minnesota.

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

## 19.18 ARTICLE 4

## 19.19 SECURITIZATION

19.20 Section 1. **[216B.491] DEFINITIONS.**

19.21 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.499, the terms  
19.22 defined in this section have the meanings given.

19.23 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means a bond, insurance policy,  
19.24 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity  
19.25 or credit support arrangement, or other financial arrangement entered into in connection  
19.26 with extraordinary event bonds that is designed to promote the credit quality and  
19.27 marketability of extraordinary event bonds or to mitigate the risk of an increase in interest  
19.28 rates.

Subd. 3. **Assignee.** "Assignee" means a person to which an interest in extraordinary event property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. **Bondholder.** "Bondholder" means a holder or owner of extraordinary event bonds.

Subd. 5. **Customer.** "Customer" means a person who purchases natural gas or natural gas transportation services from a utility in Minnesota. Customer does not include a person who:

(1) purchases natural gas transportation services from a utility in Minnesota that serves fewer than 350,000 natural gas customers in Minnesota; and

(2) does not purchase natural gas from a utility in Minnesota.

Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from unforeseen circumstances of sufficient magnitude, as determined by the commission:

(1) to impose significant costs on customers; and

(2) for which the issuance of extraordinary event bonds in response to the event meets the conditions of section 216B.492, subdivision 2.

(b) Extraordinary event includes but is not limited to a storm event or other natural disaster, an act of God, war, terrorism, sabotage, vandalism, a cybersecurity attack, or a temporary significant increase in the wholesale price of natural gas.

Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide natural gas service following one or more extraordinary events, including but not limited to activities related to mobilizing, staging, constructing, reconstructing, replacing, or repairing natural gas transmission, distribution, storage, or general facilities.

Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means debt securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership, that: (1) have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date; (2) are rated AA, Aa2, or higher by a major independent credit rating agency at the time of issuance; and (3) are issued by a utility or an assignee under a financing order.

21.1 Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a  
21.2 nonbypassable charge that:

21.3 (1) a utility that is the subject of a financing order or the utility's successor or assignee  
21.4 imposes on all of the utility's customers;

21.5 (2) is separate from the utility's base rates; and

21.6 (3) provides a source of revenue used only to repay, finance, or refinance extraordinary  
21.7 event costs.

21.8 Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

21.9 (1) means all incremental costs of extraordinary event activities that are approved by  
21.10 the commission in a financing order issued under section 216B.492 as being:

21.11 (i) necessary to enable the utility to restore or maintain natural gas service to customers  
21.12 after the utility experiences an extraordinary event; and

21.13 (ii) prudent and reasonable;

21.14 (2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary  
21.15 event activities;

21.16 (3) are net of applicable insurance proceeds, tax benefits, and any other amounts intended  
21.17 to reimburse the utility for extraordinary event activities, including government grants or  
21.18 aid of any kind;

21.19 (4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by  
21.20 a government agency or court under a federal or state environmental statute, rule, or  
21.21 regulation; and

21.22 (5) must be adjusted to reflect:

21.23 (i) the difference, as determined by the commission, between extraordinary event costs  
21.24 that the utility expects to incur and actual, reasonable, and prudent costs incurred; or

21.25 (ii) a more fair or reasonable allocation of extraordinary event costs to customers over  
21.26 time, as expressed in a commission order, provided that after the issuance of extraordinary  
21.27 event bonds relating to the extraordinary event costs, the adjustment must not (A) reduce  
21.28 or impair the extraordinary event property relating to the extraordinary event bonds, or (B)  
21.29 reduce, impair, postpone, or terminate extraordinary event charges relating to the  
21.30 extraordinary event bonds until all principal, interest, and redemption premium, if any,  
21.31 payable on the extraordinary event bonds, all financing costs for the extraordinary event

22.1 bonds, and all amounts that must be paid to an assignee or financing party under an ancillary  
22.2 agreement relating to the extraordinary event bonds are paid in full.

22.3 Subd. 11. **Extraordinary event property.** "Extraordinary event property" means:

22.4 (1) all rights and interests that a utility or the utility's successor or assignee possess under  
22.5 a financing order to impose, bill, collect, receive, and obtain periodic adjustments to  
22.6 extraordinary event charges authorized under a financing order issued by the commission;  
22.7 and

22.8 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds  
22.9 arising from the rights and interests specified in clause (1), regardless of whether any are  
22.10 commingled with other revenue, collections, rights to payment, payments, money, or  
22.11 proceeds.

22.12 Subd. 12. **Extraordinary event revenue.** "Extraordinary event revenue" means revenue,  
22.13 receipts, collections, payments, money, claims, or other proceeds arising from extraordinary  
22.14 event property.

22.15 Subd. 13. **Financing costs.** "Financing costs" means:

22.16 (1) principal, interest, and redemption premiums, if any, that are payable on extraordinary  
22.17 event bonds;

22.18 (2) payments required under an ancillary agreement and amounts required to fund or  
22.19 replenish a reserve account or other accounts established under the terms of any indenture,  
22.20 ancillary agreement, or other financing document pertaining to extraordinary event bonds;

22.21 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and  
22.22 servicing extraordinary event bonds, including but not limited to servicing fees, accounting  
22.23 and auditing fees, trustee fees, legal fees, consulting fees, financial adviser fees,  
22.24 administrative fees, placement and underwriting fees, capitalized interest, rating agency  
22.25 fees, stock exchange listing and compliance fees, security registration fees, filing fees,  
22.26 information technology programming costs, and any other demonstrable costs necessary to  
22.27 otherwise ensure and guarantee the timely payment of extraordinary event bonds, other  
22.28 amounts payable in connection with extraordinary event bonds, or other extraordinary event  
22.29 charges payable in connection with extraordinary event bonds;

22.30 (4) taxes and license fees imposed on the revenue generated from collecting an  
22.31 extraordinary event charge;

23.1 (5) state and local taxes, including franchise, sales and use, and other taxes or similar  
23.2 charges, including but not limited to regulatory assessment fees, whether paid, payable, or  
23.3 accrued; and

23.4 (6) costs incurred by the commission to (i) hire and compensate additional temporary  
23.5 staff needed to perform the commission's responsibilities under this section, and (ii) engage  
23.6 specialized counsel and expert consultants experienced in securitized utility ratepayer-backed  
23.7 bond financings similar to extraordinary event bonds financings, as provided under section  
23.8 216B.494.

23.9 Subd. 14. **Financing order.** "Financing order" means an order issued by the commission  
23.10 under section 216B.492 that authorizes an applicant to:

23.11 (1) issue extraordinary event bonds in one or more series;

23.12 (2) impose, charge, and collect extraordinary event charges; and

23.13 (3) create extraordinary event property.

23.14 Subd. 15. **Financing party.** "Financing party" means a holder of extraordinary event  
23.15 bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other  
23.16 person acting for the benefit of extraordinary event bondholders.

23.17 Subd. 16. **Natural gas facility.** "Natural gas facility" means natural gas pipelines,  
23.18 including distribution lines, underground storage areas, liquefied natural gas facilities,  
23.19 propane storage tanks, and other facilities the commission determines are used and useful  
23.20 to provide natural gas service to retail and transportation customers in Minnesota.

23.21 Subd. 17. **Nonbypassable.** "Nonbypassable" means an extraordinary event charge that  
23.22 a retail customer located within a utility service area cannot avoid and must pay.

23.23 Subd. 18. **Pretax costs.** "Pretax costs" means costs incurred by a utility and approved  
23.24 by the commission, including but not limited to:

23.25 (1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed  
23.26 by an extraordinary event;

23.27 (2) costs to decommission and restore the site of a natural gas facility damaged or  
23.28 destroyed by an extraordinary event;

23.29 (3) other applicable capital and operating costs, accrued carrying charges, deferred  
23.30 expenses, reductions for applicable insurance, and salvage proceeds; and

23.31 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing  
23.32 debt agreements, or for waivers or consents related to existing debt agreements.

24.1 Subd. 19. **Storm event.** "Storm event" means a tornado, derecho, ice or snow storm,  
24.2 wildfire, flood, earthquake, or other significant weather or natural disaster that causes  
24.3 substantial damage to a utility's infrastructure.

24.4 Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law  
24.5 to the rights and obligations of another legal entity as a result of bankruptcy, reorganization,  
24.6 restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or  
24.7 transfer of assets.

24.8 Subd. 21. **Utility.** "Utility" means a public utility, as defined in section 216B.02,  
24.9 subdivision 4, that provides natural gas service to Minnesota customers. Utility includes  
24.10 the utility's successors or assignees.

24.11 Sec. 2. **[216B.492] FINANCING ORDER.**

24.12 Subdivision 1. **Application.** (a) A utility may file an application with the commission  
24.13 requesting a financing order to enable the utility to recover extraordinary event costs by  
24.14 issuing extraordinary event bonds under this section.

24.15 (b) The application must include the following information, as applicable:

24.16 (1) a description of each natural gas facility to be repaired or replaced;

24.17 (2) the undepreciated value remaining in each natural gas facility under clause (1) that  
24.18 the utility proposes to repair or replace using financing obtained by issuing extraordinary  
24.19 event bonds under sections 216B.491 to 216B.499, and the method used to calculate the  
24.20 undepreciated value remaining;

24.21 (3) the estimated costs imposed on customers resulting from an extraordinary event that  
24.22 involves no physical damage to natural gas facilities;

24.23 (4) the estimated savings or estimated mitigation of rate impacts to utility customers if  
24.24 the financing order is issued as requested in the application, calculated by comparing the  
24.25 costs to customers that are expected to result from implementing the financing order and  
24.26 the estimated costs associated with implementing traditional utility financing mechanisms  
24.27 with respect to the same undepreciated balance, expressed in net present value terms;

24.28 (5) a description of (i) the nonbypassable extraordinary event charge utility customers  
24.29 must pay in order to fully recover financing costs, and (ii) the method and assumptions used  
24.30 to calculate the nonbypassable extraordinary event charge;

24.31 (6) a proposed methodology to allocate the revenue requirement for the extraordinary  
24.32 event charge among the utility's customer classes;



25.1 (7) a description of a proposed adjustment mechanism that is implemented when necessary  
25.2 to correct any overcollection or undercollection of extraordinary event charges, in order to  
25.3 complete payment of scheduled principal and interest on extraordinary event bonds and  
25.4 other financing costs in a timely fashion;

25.5 (8) a memorandum with supporting exhibits, developed by a securities firm that is  
25.6 experienced in the marketing of securitized utility ratepayer-backed bonds, indicating the  
25.7 proposed issuance satisfies: (i) the current published AA, Aa2, or higher rating; or (ii)  
25.8 equivalent rating criteria of at least one nationally recognized securities rating organization  
25.9 for issuances similar to the proposed extraordinary event bonds;

25.10 (9) an estimate of: (i) the timing of the extraordinary event bonds issuance; and (ii) the  
25.11 term of the extraordinary event bonds or series of bonds, provided that the scheduled final  
25.12 maturity for each bond issuance does not exceed 30 years;

25.13 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,  
25.14 interest in extraordinary event property, including identification of an assignee and  
25.15 demonstration that the assignee is a financing entity that is wholly owned, directly or  
25.16 indirectly, by the utility;

25.17 (11) identification of ancillary agreements that may be necessary or appropriate;

25.18 (12) one or more alternative financing scenarios in addition to the preferred scenario  
25.19 contained in the application;

25.20 (13) the extent of damage to the utility's natural gas facility caused by an extraordinary  
25.21 event and the estimated costs to repair or replace the damaged natural gas facility;

25.22 (14) a schedule of the proposed repairs to and replacement of the damaged natural gas  
25.23 facility;

25.24 (15) a description of the steps taken to provide customers interim natural gas service  
25.25 while the damaged natural gas facility is being repaired or replaced; and

25.26 (16) a description of the impacts on the utility's current workforce resulting from  
25.27 implementing a repair or replacement plan following an extraordinary event.

25.28 Subd. 2. **Findings.** After providing notice and holding a public hearing on an application  
25.29 filed under subdivision 1, the commission may issue a financing order if the commission  
25.30 finds that:

25.31 (1) the extraordinary event costs described in the application are reasonable;

- 26.1 (2) the proposed issuance of extraordinary event bonds and the imposition and collection  
26.2 of extraordinary event charges:
- 26.3 (i) are just and reasonable;
- 26.4 (ii) are consistent with the public interest;
- 26.5 (iii) constitute a prudent and reasonable mechanism to finance the extraordinary event  
26.6 costs; and
- 26.7 (iv) provide tangible and quantifiable benefits to customers, either by providing lower  
26.8 overall costs or mitigating rate impacts relative to traditional methods of financing, that  
26.9 exceed the benefits achieved absent the issuance of extraordinary event bonds; and
- 26.10 (3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:
- 26.11 (i) lower overall costs to customers or mitigate rate impacts to customers relative to  
26.12 traditional methods of financing; and
- 26.13 (ii) achieve customer savings or mitigate rate impacts to customers, as determined by  
26.14 the commission in a financing order, consistent with market conditions at the time of sale  
26.15 and the terms of the financing order.
- 26.16 Subd. 3. **Contents.** (a) A financing order issued under this section must:
- 26.17 (1) determine the maximum amount of extraordinary event costs that may be financed  
26.18 from proceeds of extraordinary event bonds issued pursuant to the financing order;
- 26.19 (2) describe the proposed customer billing mechanism for extraordinary event charges  
26.20 and include a finding that the mechanism is just and reasonable;
- 26.21 (3) describe the financing costs that may be recovered through extraordinary event  
26.22 charges and the period over which the costs may be recovered, which must end no earlier  
26.23 than the date of final legal maturity of the extraordinary event bonds;
- 26.24 (4) describe the extraordinary event property that is created and that may be used to pay,  
26.25 and secure the payment of, principal and interest on the extraordinary event bonds and other  
26.26 financing costs authorized in the financing order;
- 26.27 (5) authorize the utility to finance extraordinary event costs by issuing one or more series  
26.28 of extraordinary event bonds. A utility is not required to secure a separate financing order  
26.29 for each extraordinary event bonds issuance or for each scheduled phase to replace natural  
26.30 gas facilities approved in the financing order;

27.1 (6) include a formula-based mechanism that must be used to make expeditious periodic  
27.2 adjustments to the extraordinary event charges authorized by the financing order that are  
27.3 necessary to (i) correct for any overcollection or undercollection, or (ii) otherwise provide  
27.4 for the timely payment of extraordinary event bonds, other financing costs, and other required  
27.5 amounts and charges payable in connection with extraordinary event bonds;

27.6 (7) specify the degree of flexibility afforded to the utility to establish the terms and  
27.7 conditions of the extraordinary event bonds, including but not limited to repayment schedules,  
27.8 expected interest rates, and other financing costs;

27.9 (8) specify that the extraordinary event bonds must be issued, subject to market conditions  
27.10 and the financing order's terms, as soon as feasible following the financing order's issuance;

27.11 (9) require the utility, at the same time extraordinary event charges are initially collected  
27.12 and independent of the schedule to close and decommission any natural gas facility replaced  
27.13 as the result of an extraordinary event, if any, to remove the natural gas facility from the  
27.14 utility's rate base and commensurately reduce the utility's base rates;

27.15 (10) specify a future ratemaking process to reconcile any difference between the projected  
27.16 pretax costs included in the amount financed by extraordinary event bonds and the final  
27.17 actual pretax costs incurred by the utility to retire or replace the natural gas facility, if any;

27.18 (11) specify information regarding extraordinary event bonds issuance and repayments,  
27.19 financing costs, energy transaction charges, extraordinary event property, and related matters  
27.20 that the natural gas utility is required to provide to the commission on a schedule determined  
27.21 by the commission;

27.22 (12) allow or require the creation of a utility's extraordinary event property to be  
27.23 conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary  
27.24 event property to an assignee and the pledge of the extraordinary event property to secure  
27.25 the extraordinary event bonds;

27.26 (13) ensure that the structuring, marketing, and pricing of extraordinary event bonds  
27.27 result in reasonable extraordinary event charges and customer savings or rate impact  
27.28 mitigation, consistent with market conditions and the financing order's terms; and

27.29 (14) specify that a utility that finances the replacement of one or more natural gas facilities  
27.30 after the natural gas facilities that are subject to the finance order are removed from the  
27.31 utility's rate base is prohibited from:

27.32 (i) operating the natural gas facilities; or

27.33 (ii) selling the natural gas facilities to another entity to operate as natural gas facilities.

28.1 (b) A financing order issued under this section may:

28.2 (1) include conditions different from those requested in the application that the  
28.3 commission determines are necessary to:

28.4 (i) promote the public interest; and

28.5 (ii) maximize the financial benefits or minimize the financial risks of the transaction to  
28.6 customers and to directly impacted Minnesota workers and communities; and

28.7 (2) select one or more underwriters for the extraordinary event bonds.

28.8 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains  
28.9 effective until the extraordinary event bonds issued under the financing order and all  
28.10 financing costs related to the extraordinary event bonds have been paid in full.

28.11 (b) A financing order remains effective and unabated notwithstanding the bankruptcy,  
28.12 reorganization, or insolvency of the utility to which the financing order applies or any  
28.13 affiliate, successor, or assignee of the utility to which the financing order applies.

28.14 (c) Subject to judicial review under section 216B.52, a financing order is irrevocable  
28.15 and is not reviewable by a future commission. The commission must not: (1) reduce, impair,  
28.16 postpone, or terminate extraordinary event charges approved in a financing order; (2) reduce  
28.17 or impair the extraordinary event property approved in a financing order or impair the  
28.18 collection or recovery of extraordinary event charges and extraordinary event revenue; or  
28.19 (3) change the customers required to pay extraordinary event charges.

28.20 (d) Notwithstanding paragraph (c), the commission may, on the commission's own  
28.21 motion or at the request of a utility or any other person, commence a proceeding and issue  
28.22 a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary  
28.23 event bonds issued under the original financing order if:

28.24 (1) the commission makes all of the findings specified in subdivision 2 with respect to  
28.25 the subsequent financing order; and

28.26 (2) the modification contained in the subsequent financing order does not in any way  
28.27 impair the covenants and terms of the extraordinary event bonds being refinanced, retired,  
28.28 or refunded.

28.29 Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),  
28.30 the commission, in exercising the powers and carrying out the duties under this section, is  
28.31 prohibited from:

29.1 (1) considering extraordinary event bonds issued under this section to be debt of the  
29.2 utility other than for income tax purposes, unless considering the extraordinary event bonds  
29.3 to be debt is necessary to achieve consistency with prevailing utility debt rating  
29.4 methodologies;

29.5 (2) considering the extraordinary event charges paid under the financing order to be  
29.6 revenue of the utility;

29.7 (3) considering the extraordinary event costs or financing costs specified in the financing  
29.8 order to be the regulated costs or assets of the utility; or

29.9 (4) determining that any prudent action taken by a utility that is consistent with the  
29.10 financing order is unjust or unreasonable.

29.11 (b) Nothing in this subdivision:

29.12 (1) affects the authority of the commission to apply or modify a billing mechanism  
29.13 designed to recover extraordinary event charges;

29.14 (2) prevents or precludes the commission from (i) investigating a utility's compliance  
29.15 with the financing order's terms and conditions, and (ii) requiring compliance with the  
29.16 financing order; or

29.17 (3) prevents or precludes the commission from imposing regulatory sanctions against a  
29.18 utility for failure to comply with (i) the financing order's terms and conditions, or (ii) the  
29.19 requirements of this section.

29.20 (c) The commission is prohibited from refusing to allow a utility to recover any costs  
29.21 associated with the replacement of natural gas facilities solely because the utility has elected  
29.22 to finance the natural gas facility replacement through a financing mechanism other than  
29.23 extraordinary event bonds.

29.24 **Sec. 3. [216B.493] POSTORDER COMMISSION DUTIES.**

29.25 Subdivision 1. **Financing costs review.** Within 120 days after the date extraordinary  
29.26 event bonds are issued, a utility subject to a financing order must file with the commission  
29.27 the actual initial and ongoing financing costs, the final structure and pricing of the  
29.28 extraordinary event bonds, and the actual extraordinary event charge. The commission must  
29.29 review the prudence of the natural gas utility's actions to determine whether the actual  
29.30 financing costs were the lowest that could reasonably be achieved given the financing order's  
29.31 terms and market conditions prevailing at the time of the extraordinary event bond's issuance.

Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may apply remedies deemed appropriate for utility actions, provided that any remedy applied must not directly or indirectly: (1) reduce or impair the extraordinary event property approved in the financing order or impair the collection or recovery of extraordinary event charges and extraordinary event revenue; (2) reduce, impair, postpone, or terminate extraordinary event charges approved in the financing order until all principal, interest, and redemption premium, if any, payable on the extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full; or (3) change the customers required to pay extraordinary event charges.

Sec. 4. **[216B.494] USE OF OUTSIDE EXPERTS.**

(a) To carry out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized utility customer-backed bond financing similar to extraordinary event bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs paid by the extraordinary event revenue. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

(b) A utility presented with a written request from the commission to reimburse the commission's expenses incurred under paragraph (a), accompanied by a detailed account of the subject expenses, must provide the issuer of the extraordinary event bonds and the indenture trustee for the extraordinary event bonds with such documentation. The indenture trustee must remit full payment of the expenses to the commission on the next interest payment date of the extraordinary event bonds after the payment of interest and scheduled principal of the extraordinary event bonds in accordance with the payment waterfall included in the indenture governing the extraordinary event bonds.

(c) If a utility's application for a financing order is denied or withdrawn for any reason and extraordinary event bonds are not issued, the commission's costs to retain expert consultants under this section must be paid by the applicant utility and are deemed a prudent deferred expense eligible for recovery in the utility's future rates.

Sec. 5. **[216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.**

(a) A utility that obtains a financing order and issues extraordinary event bonds must:

31.1 (1) include on each customer's monthly natural gas bill:

31.2 (i) a statement that a portion of the charges represents extraordinary event charges  
 31.3 approved in a financing order;

31.4 (ii) the amount and rate of the extraordinary event charge as a separate line item titled  
 31.5 "extraordinary event charge"; and

31.6 (iii) if extraordinary event property has been transferred to an assignee, a statement that  
 31.7 the assignee is the owner of the rights to extraordinary event charges and that the utility or  
 31.8 other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

31.9 (2) file annually with the commission:

31.10 (i) a calculation that identifies the impact financing the retirement or replacement of  
 31.11 natural gas facilities has on customer rates, itemized by customer class; and

31.12 (ii) evidence demonstrating that extraordinary event revenues are applied solely to pay  
 31.13 (A) principal and interest on extraordinary event bonds, and (B) other financing costs.

31.14 (b) Extraordinary event charges are nonbypassable and must be paid by all existing and  
 31.15 future customers receiving service from the utility or the utility's successors or assignees  
 31.16 under commission-approved rate schedules or special contracts.

31.17 (c) A utility's failure to comply with this section does not invalidate, impair, or affect  
 31.18 any financing order, extraordinary event property, extraordinary event charge, or  
 31.19 extraordinary event bonds, but does subject the utility to penalties under applicable  
 31.20 commission rules provided that any penalty applied must not directly or indirectly: (1)  
 31.21 reduce or impair the extraordinary event property approved in the financing order or impair  
 31.22 the collection or recovery of extraordinary event charges and extraordinary event revenue;  
 31.23 (2) reduce, impair, postpone, or terminate extraordinary event charges approved in the  
 31.24 financing order until all principal, interest, and redemption premium, if any, payable on the  
 31.25 extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or  
 31.26 financing party under an ancillary agreement are paid in full; or (3) change the customers  
 31.27 required to pay extraordinary event charges.

31.28 **Sec. 6. [216B.496] EXTRAORDINARY EVENT PROPERTY.**

31.29 Subdivision 1. **General.** (a) Extraordinary event property is an existing present property  
 31.30 right or interest in a property right, even though the imposition and collection of extraordinary  
 31.31 event charges depend on the utility collecting extraordinary event charges and on future  
 31.32 natural gas consumption. The property right or interest exists regardless of whether the

32.1 revenues or proceeds arising from the extraordinary event property have been billed, have  
32.2 accrued, or have been collected.

32.3 (b) Extraordinary event property exists until all extraordinary event bonds issued under  
32.4 a financing order are paid in full and all financing costs and other extraordinary event bonds  
32.5 costs have been recovered in full.

32.6 (c) All or any portion of extraordinary event property described in a financing order  
32.7 issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee  
32.8 that is wholly owned, directly or indirectly, by the utility and created for the limited purpose  
32.9 of acquiring, owning, or administering extraordinary event property or issuing extraordinary  
32.10 event bonds authorized by the financing order. All or any portion of extraordinary event  
32.11 property may be pledged to secure extraordinary event bonds issued under a financing order,  
32.12 amounts payable to financing parties and to counterparties under any ancillary agreements,  
32.13 and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by a utility  
32.14 or an affiliate of extraordinary event property is a transaction in the ordinary course of  
32.15 business.

32.16 (d) If a utility defaults on any required payment of charges arising from extraordinary  
32.17 event property described in a financing order, a court, upon petition by an interested party  
32.18 and without limiting any other remedies available to the petitioner, must order the  
32.19 sequestration and payment of the revenues arising from the extraordinary event property to  
32.20 the financing parties.

32.21 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary  
32.22 event property specified in a financing order issued to a utility, and in the revenue and  
32.23 collections arising from the property, is not subject to setoff, counterclaim, surcharge, or  
32.24 defense by the utility or any other person, or in connection with the reorganization,  
32.25 bankruptcy, or other insolvency of the utility or any other entity.

32.26 (f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other  
32.27 insolvency proceeding, merger or acquisition, sale, other business combination, transfer by  
32.28 operation of law, utility restructuring, or otherwise: (1) must perform and satisfy all  
32.29 obligations of, and has the same duties and rights under, a financing order as the utility to  
32.30 which the financing order applies; and (2) must perform the duties and exercise the rights  
32.31 in the same manner and to the same extent as the utility, including (i) collecting extraordinary  
32.32 event bonds revenues, collections, payments, or proceeds, and (ii) paying a person entitled  
32.33 to receive extraordinary event bonds revenues, collections, payments, or proceeds.



33.1 Subd. 2. Security interests in extraordinary event property. (a) The creation,  
33.2 perfection, and enforcement of any security interest in extraordinary event property to secure  
33.3 the repayment of the principal and interest on extraordinary event bonds, amounts payable  
33.4 under any ancillary agreement, and other financing costs are governed by this section only.

33.5 (b) A security interest in extraordinary event property is created, valid, and binding  
33.6 when:

33.7 (1) the financing order that describes the extraordinary event property is issued;

33.8 (2) a security agreement is executed and delivered; and

33.9 (3) value is received for the extraordinary event bonds.

33.10 (c) Once a security interest in extraordinary event property is created, the security interest  
33.11 attaches without any physical delivery of collateral or any other act. The lien of the security  
33.12 interest is valid, binding, and perfected against all parties having claims of any kind in tort,  
33.13 in contract, or otherwise against the person granting the security interest, regardless of  
33.14 whether the parties have notice of the lien, upon the filing of a financing statement with the  
33.15 secretary of state.

33.16 (d) The description or indication of extraordinary event property in a transfer or security  
33.17 agreement and a financing statement is sufficient only if the description or indication refers  
33.18 to this section and the financing order creating the extraordinary event property.

33.19 (e) A security interest in extraordinary event property is a continuously perfected security  
33.20 interest and has priority over any other lien, created by operation of law or otherwise, that  
33.21 may subsequently attach to the extraordinary event property unless the person that holds  
33.22 the security interest has agreed otherwise in writing.

33.23 (f) The priority of a security interest in extraordinary event property is not affected by  
33.24 the commingling of extraordinary event property or extraordinary event revenue with other  
33.25 money. An assignee, bondholder, or financing party has a perfected security interest in the  
33.26 amount of all extraordinary event property or extraordinary event revenue that is pledged  
33.27 to pay extraordinary event bonds even if the extraordinary event property or extraordinary  
33.28 event revenue is deposited in a cash or deposit account owned by the utility in which the  
33.29 extraordinary event revenue is commingled with other money. Any other security interest  
33.30 that applies to the other money does not apply to the extraordinary event revenue.

33.31 (g) A subsequent commission order amending a financing order under section 216B.492,  
33.32 subdivision 4, or the application of an adjustment mechanism authorized by a financing

34.1 order under section 216B.492, subdivision 3, does not affect the validity, perfection, or  
34.2 priority of a security interest in or transfer of extraordinary event property.

34.3 Subd. 3. **Sales of extraordinary event property.** (a) A sale, assignment, or transfer of  
34.4 extraordinary event property is an absolute transfer and true sale of, and not a pledge of or  
34.5 secured transaction relating to, the seller's right, title, and interest in, to, and under the  
34.6 extraordinary event property if the documents governing the transaction expressly state that  
34.7 the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary  
34.8 event property may be created when:

34.9 (1) the financing order creating and describing the extraordinary event property is  
34.10 effective;

34.11 (2) the documents evidencing the transfer of the extraordinary event property are executed  
34.12 and delivered to the assignee; and

34.13 (3) value is received.

34.14 (b) The characterization of a sale, assignment, or transfer as an absolute transfer and  
34.15 true sale, and the corresponding characterization of the property interest of the assignee, is  
34.16 not affected or impaired by:

34.17 (1) commingling extraordinary event revenue with other money;

34.18 (2) the seller retaining:

34.19 (i) a partial or residual interest, including an equity interest, in the extraordinary event  
34.20 property, whether (A) direct or indirect, or (B) subordinate or otherwise; or

34.21 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed  
34.22 on the collection of extraordinary event revenue;

34.23 (3) any recourse that the extraordinary event property purchaser may have against the  
34.24 seller;

34.25 (4) any indemnification rights, obligations, or repurchase rights made or provided by  
34.26 the extraordinary event property seller;

34.27 (5) the extraordinary event property seller's obligation to collect extraordinary event  
34.28 revenues on behalf of an assignee;

34.29 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other  
34.30 purposes;

(7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or

(8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

**Sec. 7. [216B.497] EXTRAORDINARY EVENT BONDS.**

(a) A bank, trust company, savings and loan association, insurance company, executor, administrator, guardian, trustee, or other fiduciary may legally invest any money within the individual's or entity's control in extraordinary event bonds.

(b) Extraordinary event bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. An extraordinary event bonds holder does not possess the ability to compel taxes to be levied by the state or a political subdivision in order to pay the principal or interest on extraordinary event bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the extraordinary event bonds.

(c) The state pledges to and agrees with an extraordinary event bonds holder, assignee, and financing party that the state and state agencies, including the commission, are prohibited from:

(1) taking or permitting an action that reduces or impairs the extraordinary event property approved in the financing order or impairs the collection or recovery of extraordinary event charges or extraordinary event revenue;

(2) reducing, impairing, postponing, or terminating extraordinary event charges approved in the financing order that are imposed, collected, and remitted for the benefit of an extraordinary event bonds holder, assignee, and financing party until all principal, interest, and redemption premium, if any, payable on extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full; or

(3) changing the customers required to pay the extraordinary event charges.

(d) The commission may include a pledge in the financing order similar to the pledge included in paragraph (c).

(e) A person who issues extraordinary event bonds may include the pledge specified in paragraphs (c) and (d) in the extraordinary event bonds, ancillary agreements, and documentation related to the issuance and marketing of the extraordinary event bonds.

Sec. 8. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.**

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.

Sec. 9. **[216B.499] EFFECT ON OTHER LAWS.**

(a) If a provision of sections 216B.491 to 216B.499 conflicts with other law regarding the attachment, assignment, perfection, effect of perfection, or priority of a security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499 govern.

(b) Nothing in this section precludes a utility for which the commission has initially issued a financing order from applying to the commission for:

(1) a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d); or

(2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding series of extraordinary event bonds.

Sec. 10. Minnesota Statutes 2024, section 216B.62, subdivision 3, is amended to read:

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, or 9. 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

37.1 quarter of each fiscal year shall be adjusted to compensate for the amount by which actual  
 37.2 expenditures by the commission and department for the preceding fiscal year were more or  
 37.3 less than the estimated expenditures previously assessed.

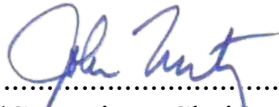
37.4 Sec. 11. Minnesota Statutes 2024, section 216B.62, is amended by adding a subdivision  
 37.5 to read:

37.6 Subd. 9. **Administrative costs for extraordinary event bonds.** The commission and  
 37.7 the department may assess gas utilities for the actual commission and department costs  
 37.8 incurred to administer extraordinary event bonds under sections 216B.491 to 216B.499.  
 37.9 The money received from the assessment must be deposited into an account in the special  
 37.10 revenue fund. All money deposited in the account is appropriated to the commission or the  
 37.11 department for the purposes of this subdivision. The commission and department may  
 37.12 initially assess for estimated costs under sections 216B.491 to 216B.499, then must adjust  
 37.13 subsequent assessments for actual costs incurred under sections 216B.491 to 216B.499. An  
 37.14 assessment made under this subdivision is not subject to the cap on assessments provided  
 37.15 in subdivision 3 or any other law."

37.16 Delete the title and insert:

37.17 "A bill for an act  
 37.18 relating to energy; establishing a budget for energy, transmission, petroleum, and  
 37.19 renewable energy purposes; adding and modifying provisions governing geothermal  
 37.20 energy, solar energy, and other energy policy; authorizing natural gas utilities to  
 37.21 sell extraordinary event bonds under certain circumstances; appropriating money;  
 37.22 amending Minnesota Statutes 2024, sections 116C.7792; 216B.16, subdivisions  
 37.23 14, 15, by adding a subdivision; 216B.1641, by adding a subdivision; 216B.2402,  
 37.24 subdivision 16; 216B.2421, subdivision 2; 216B.62, subdivision 3, by adding a  
 37.25 subdivision; 216C.09; 216C.10; 216C.11; 216C.12; 216C.391, subdivisions 1, 3;  
 37.26 216C.47, subdivision 1; proposing coding for new law in Minnesota Statutes,  
 37.27 chapter 216B."

37.28 And when so amended the bill do pass. Amendments adopted. Report adopted.

37.29   
 37.30 .....  
 (Committee Chair)

37.31 May 8, 2025.....  
 37.32 (Date of Committee recommendation)