Senator ..... moves to amend S.F. No. 1431 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3a. **Propane.** "Propane" means a gas made of primarily propane and butane, and stored in liquid form in pressurized tanks.

Sec. 2. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3b. **Propane storage facility.** "Propane storage facility" means a facility designed to store or capable of storing propane in liquid form in pressurized tanks.

Sec. 3. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 6b. **Synthetic gas.** "Synthetic gas" means flammable gas created from (1) gaseous, liquid, or solid hydrocarbons, or (2) other organic or inorganic matter. Synthetic gas includes hydrogen or methane produced through processing, but does not include propane.

Sec. 4. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 11. **Repowering.** "Repowering" means the modification of large wind energy conversion system or a solar-powered large energy facility to increase efficiency, replace a large wind energy conversion system, or, if the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase, an increase to the nameplate capacity of the wind energy conversion system.

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

Sec. 5. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in

the municipality as long as the public utility serves no more than a total of ~~2,000~~ 5,000 customers.

(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.

(c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

(d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

(e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

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

Sec. 6. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT COSTS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Contribution in aid of construction" means a monetary contribution, paid by a developer or local unit of government to a utility providing natural gas service to a community receiving that service as the result of a natural gas extension project, that reduces or offsets the difference between the total revenue requirement of the project and the revenue generated from the customers served by the project.

(c) "Developer" means a developer of the project or a person that owns or will own the property served by the project.

(d) "Local unit of government" means a city, county, township, commission, district, authority, or other political subdivision or instrumentality of this state.

(e) "Natural gas extension project" or "project" means the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas.

(f) "Revenue deficiency" means the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus any contributions in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.

(g) "Total revenue requirement" means the total cost of extending and maintaining service to a currently unserved or inadequately served area.

(h) "Unserved or inadequately served area" means an area in this state lacking adequate natural gas pipeline infrastructure to meet the demand of existing or potential end-use customers.

Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.

(b) The petition shall include:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;

(2) the project's construction schedule;

(3) the proposed project budget;

(4) the amount of any contributions in aid of construction;

(5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;

(6) the proposed method and amount of recovery by customer class and whether the utility is proposing that the rider be a flat fee, a volumetric charge, or another form of recovery;

(7) how recovery of the revenue deficiency will be allocated between industrial, commercial, residential, and transport customers;

(8) the proposed termination date of the rider to recover the revenue deficiency; and

(9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for comment on the petition.

(b) The commission may approve a public utility's petition for a rider to recover the costs of a natural gas extension project if it determines that:

(1) the project is designed to extend natural gas service to an unserved or inadequately served area; and

(2) project costs are reasonable and prudently incurred.

(c) The commission must not approve a rider under this section that allows a utility to recover more than 33 percent of the costs of a natural gas extension project.

(d) The revenue deficiency from a natural gas extension project recoverable through a rider under this section must include the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs.

Subd. 4. **Commission authority; order.** The commission may issue orders necessary to implement and administer this section.

Subd. 5. **Implementation.** Nothing in this section commits a public utility to implement a project approved by the commission. The public utility seeking to provide natural gas service shall notify the commission whether it intends to proceed with the project as approved by the commission.

Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years thereafter, the commission shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over energy:

(1) the number of public utilities and projects proposed and approved under this section;

(2) the total cost of each project;

(3) rate impacts of the cost recovery mechanism; and

(4) an assessment of the effectiveness of the cost recovery mechanism in realizing increased natural gas service to unserved or inadequately served areas from natural gas extension projects.

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

Sec. 7. Minnesota Statutes 2014, section 216B.1691, subdivision 2a, is amended to read:

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

(1) 2012 12 percent

(2) 2016 17 percent

(3) 2020 ~~20~~ 25 percent

(4) 2025 ~~25~~ 32 percent.

(5) 2030 40 percent.

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

(1) 2010 15 percent

(2) 2012 18 percent

(3) 2016 25 percent

(4) 2020 30 percent.

(5) 2025 35 percent

(6) 2030 40 percent.

Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.

Sec. 8. Minnesota Statutes 2014, section 216B.2401, is amended to read:

216B.2401 ENERGY SAVINGS POLICY GOAL.

The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. The legislature further finds that cost-effective energy savings should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal to at least ~~1.5~~ two percent of annual retail energy sales of electricity and natural gas through cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from

efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.

Sec. 9. Minnesota Statutes 2014, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side and supply-side management of energy ~~supplies~~ resources resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, ~~but does not~~ and may include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, facility performance, equipment, processes, operations and maintenance, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer, or energy use intensity defined as a net reduction in energy consumed per square foot of a facility.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy

where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Sec. 10. Minnesota Statutes 2014, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual electric utility and association shall have an annual energy-savings goal equivalent to ~~1.5~~ two percent and each individual natural gas utility shall have annual energy-saving goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. ~~A~~ An electric utility or association may elect to carry forward energy savings in excess of ~~1.5~~ two percent and a natural gas utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding ~~three~~ five calendar years~~, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal~~ upon achievement of a minimum 1.5 percent energy savings from demand-side energy conservation improvements for electric utilities and achievement of a minimum one percent energy savings from demand-side energy conservation improvements for natural gas utilities.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan with the goals indicated in this subdivision by calendar year ~~2010~~ 2017.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility ~~that provides for~~ providing electric service an annual energy-savings goal of less than ~~one~~ 1.5 percent of gross annual retail energy sales from demand-side energy conservation ~~improvements~~, and less than a one percent goal of gross annual retail energy sales from demand-side energy conservation improvements from a public utility providing natural gas service.

~~A~~ An electric utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least ~~one~~ 1.5 percent for demand-side energy conservation improvements. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

Sec. 11. Minnesota Statutes 2014, 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 200 kilovolts or more and greater than 1,500 feet in length;

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

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

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

(6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas, excluding propane storage facilities;

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

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

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

Sec. 12. **[216B.247] LARGE SOLAR ENERGY SYSTEM OR LWECS REPOWERING.**

(a) A large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar-powered large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement is exempt from the certificate of need requirements under section 216B.241.

(b) A large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar-powered large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement is exempt from the certificate of need requirements under section 216B.241, if the project has obtained a signed generator interconnection agreement from the Midcontinent Independent System Operator that reflects the net power increase.

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

Sec. 13. Minnesota Statutes 2014, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least ~~1.5~~ two percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; and

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.

Sec. 14. **[216C.155] ENERGY ASSURANCE AND EMERGENCY CONSERVATION PLAN.**

Subdivision 1. **Plan requirements.** (a) The commissioner shall maintain an energy assurance and emergency conservation plan. The plan shall:

(1) profile the state's energy sectors, including an assessment of the risk within each energy sector and the character of the vulnerabilities;

(2) establish priorities for Minnesota's long-term preparedness activities to ensure the availability of energy resources critical for the safety, health, and welfare of the state's citizens;

(3) include Minnesota's three main energy sectors of electricity, natural gas, and liquid fuels, including renewable and biological sources of energy available in each sector;

(4) identify relevant legal authorities governing the commissioner's actions during an energy emergency and any necessary allocation of limited energy resources under the emergency conservation section of the plan; and

(5) establish response protocols for the commissioner's actions in the event of an energy supply emergency.

(b) At least once every five years, the commissioner shall review and update the plan. Revisions of the plan directly relating to the emergency conservation requirements of the plan must be adopted under the rulemaking procedures of chapter 14.

Subd. 2. **Long-term preparedness.** (a) The commissioner shall establish priorities for Minnesota's long-term preparedness activities, with the primary goal of reducing the consequences of any energy disruption by increasing Minnesota's resilience to short- and long-term disruptions of energy delivery to government, commercial, industrial, nonprofit, and citizen energy consumers.

(b) Long-term preparedness goals must also include:

(1) increasing the utilization of Minnesota-derived energy sources;

(2) reducing overall demand for energy through both cost-effective energy efficiency and conservation activities;

(3) developing new energy production technologies, new consumer-level energy monitoring mechanisms, and new energy provider business models; and

(4) minimizing consumer and ratepayer costs, and maximizing the economic benefits for the state as a result of these preparedness activities.

Subd. 3. **Emergency energy conservation protocols.** (a) The commissioner shall establish protocols for responding to an energy supply emergency. These protocols must be consistent with the responsibilities identified in chapter 12, the Minnesota Emergency Operations Plan, the State All-Hazard Mitigation Plan, and relevant guidelines issued by the National Association of State Energy Officials.

(b) The protocols must:

(1) include a plan for coordinating information and any required response actions with private-sector energy providers;

(2) include a plan for providing uniform, timely, and accurate information to the public and to state agencies with responsibilities for emergency management and disaster response; and

(3) ensure that emergency energy conservation actions by private-sector energy providers minimize disruption for critical facilities as identified by state and local emergency management officials.

(c) Whenever possible, the emergency energy conservation protocols should place a priority on broader energy conservation activities that reduce the severity and duration of an energy supply disruption, for the purpose of limiting the number of critical facilities experiencing a complete disruption of energy at individual facilities.

Subd. 4. **Emergency energy allocation protocols.** (a) The commissioner shall establish guidelines and criteria for allocation of energy supplies to critical facilities and priority users, in the case of a widespread or severe disruption to the state's energy sector. The guidelines and criteria shall contain alternative conservation actions and allocation plans to reasonably meet various foreseeable shortage circumstances and allow a choice of appropriate responses, based on reasonable energy savings or transfers from scarce energy resources.

(b) Consistent with requirements of federal emergency energy conservation and allocation laws and regulations, the guidelines and criteria must:

(1) require that all individuals, state agencies, local subdivisions of government, businesses, and public transit agencies requesting emergency allocation of energy resources demonstrate they have adopted an emergency energy conservation plan and have engaged in energy-saving measures;

(2) ensure maintenance of reasonable job safety conditions and minimize environmental sacrifices;

(3) ensure the availability of energy resources to emergency authorities, including state and local law enforcement, emergency medical services, and other first responders;

(4) prioritize allocating fuel, electricity, and other available energy resources to those critical facilities identified by state and local emergency management officials;

(5) as necessary, control the use, sale, or distribution of commodities, materials, goods, or services that will prevent the restoration of adequate energy supply conditions to affected individuals, state agencies, local subdivisions of government, businesses, and public transit agencies;

(6) as necessary, determine at what level of an energy supply emergency the Pollution Control Agency shall be requested to ask the governor to petition the president for a temporary emergency suspension of air quality standards as required by the Clean Air Act, United States Code, title 42, section 7410f; and

(7) ensure all affected entities maintain their rights to due process, including a fair and equitable review of complaints and requests for special exemptions.

Subd. 5. **Declaration of energy supply emergency.** (a) The governor or the Executive Council may declare an energy supply emergency when an acute shortage of energy exists by issuing a declaration indicating the nature of the emergency, the area or areas threatened if less than the whole state is threatened, and the conditions causing the emergency.

(b) An energy supply emergency exists only when the state and private sector energy partners have exhausted all economical and reasonable means of meeting the energy needs of the state and its citizens, including operating energy facilities at their emergency capacity, importing additional external energy resources, and implementing all available voluntary energy conservation measures.

(c) An energy supply emergency declaration shall be disseminated promptly by means calculated to bring its contents to the attention of the general public and shall be promptly filed with the commissioner, the commissioner of public safety, and the secretary of state. Upon a declaration of an energy supply emergency, the governor and the commissioner, in consultation with the commissioner of public safety, shall implement and enforce the emergency and energy allocation protocols or any part thereof.

(d) The Executive Council may terminate an energy supply emergency at any time by issuing a termination declaration and indicating the condition or conditions supporting termination. No energy supply emergency may continue for longer than 30 days unless renewed by the Executive Council. Each renewed energy supply emergency may not continue for longer than 30 days unless otherwise provided by law. Each person shall carry out the responsibilities specified in the emergency conservation allocation plan, and violation of any provision of such emergency conservation or allocation requirements shall

be deemed a violation of sections 216C.05 to 216C.30 and the rules adopted thereunder for purposes of enforcement under section 216C.30.

Sec. 15. Minnesota Statutes 2014, section 216C.16, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of this section is to grant to the commissioner authority to exercise specific power to deal with shortages of refined petroleum products. Authority granted shall be exercised for the purpose of minimizing the adverse impacts of prolonged petroleum shortages and dislocations upon the citizens and the economy of the state and nation.

Sec. 16. Minnesota Statutes 2014, section 216C.16, subdivision 2, is amended to read:

Subd. 2. **Establishment.** The commissioner shall establish and is responsible for a state set-aside system for motor gasoline and middle distillates to provide emergency petroleum requirements and thereby relieve the hardship caused by ~~shortage,~~ prolonged petroleum shortages and supply dislocations~~, or other emergencies~~. The commissioner, for purposes of administration, may exercise all of the powers granted by this chapter.

Sec. 17. **[216C.165] PETROLEUM END USER PROGRAM.**

Subdivision 1. **Purpose.** The purpose of this section is to grant to the commissioner authority to ensure availability of necessary supplies of motor gasoline, middle distillates, and propane for priority end users essential to ensure the health, safety, and welfare of the general public.

Subd. 2. **Establishment.** The commissioner shall establish and is responsible for a state priority end user program for motor gasoline, middle distillates, and propane to provide emergency petroleum requirements and thereby relieve the hardship caused by emergency petroleum shortages. The commissioner, for purposes of administration, may exercise all of the powers granted by this chapter.

Subd. 3. **Definitions.** (a) For the purposes of this section, the following terms have the meaning given them.

(b) "Current requirements" means the supply of motor gasoline, distillate fuel oil, and propane needed by an end user or wholesale purchaser to meet its present priority end use needs.

(c) "End user" means any person who is an ultimate consumer of a petroleum product other than a wholesale purchaser-consumer.

(d) "Middle distillates" means distillates obtained between kerosene and lubricating oil fractions in the refining process, including but not limited to kerosene, number one and number two heating oil, and diesel fuel.

(e) "Motor gasoline" means a liquid mixture of hydrocarbons produced by the distillation of petroleum and used chiefly as a fuel in internal combustion engines.

(f) "Prime supplier" means the producer or supplier now or hereafter making the first sale of middle distillates or motor gasoline subject to the state set-aside for consumption within the state.

(g) "Propane" means a normally gaseous paraffinic compound that boils at a temperature of -43.67 degrees Fahrenheit, and is used primarily for heating and cooking. It does not include the propane portion of any natural gas liquid mixes, including a butane-propane mix.

(h) "Supplier" means any prime supplier or any other firm which presently, or during the last 12 months, supplies, sells, transfers, or otherwise furnishes motor gasoline, distillate oil, and propane to wholesale purchasers or end users, including but not limited to a refiner, importer, reseller, jobber, or retailer.

Subd. 4. **Priority end user program; declaration.** (a) The commissioner may implement the priority end user program only upon:

(1) declaration of an energy supply emergency under the authority of section 216C.155, or a declaration of an emergency under chapter 12; and

(2) a finding by the commissioner that (i) major petroleum suppliers are unable to fully satisfy contractually obligated volumes and have limited customers to a percentage of their historical purchases or contractual volumes, and (ii) public services and public health and safety are either interrupted or threatened due to insufficient supplies of petroleum products.

(b) A declaration implementing the priority end user program shall remain in effect for 60 days from date of declaration unless otherwise amended, superseded, or rescinded.

Subd. 5. **Supplier responsibilities.** Upon commissioner order implementing the program and within 30 days of submission of the sworn statement required under this section, petroleum suppliers shall supply 100 percent of the current requirements of motor gasoline, middle distillates, and propane each month to certified priority end users.

Subd. 6. **Priority end users.** (a) The commissioner shall certify as priority end users those end users whose continuity of operations in an emergency is critical for public health, safety, and welfare. Such priority end users shall include the Minnesota State Patrol, local law enforcement, fire fighting units, emergency medical services, and any other end users as certified by the commissioner.

(b) Priority end users shall present to a petroleum supplier evidence of this certification and the following information:

(1) the most recent 12 months of fuel purchases, in gallons;

(2) anticipated requirements for the next 12 months;

(3) written justification explaining the need for any volumes in excess of historical or contractual purchases; and

(4) a sworn statement that the information provided in the certification is true and accurate and that the petroleum product to be provided will only be used for priority use as indicated.

Subd. 7. **Appeal process.** (a) A person aggrieved by certification of priority end use may file a written petition of appeal to the Office of Administrative Hearings. The petition must include:

(1) the name and address of the petitioner;

(2) a concise statement of facts surrounding the case, including the reason for the appeal and relief sought; and

(3) the names and addresses of persons known to the petitioner who may be affected adversely by the outcome of the appeal.

(b) The petitioner shall attach a sworn statement to the petition which states that the information provided in the petition is true to the best of the petitioner's knowledge.

(c) The Office of Administrative Hearings shall, within three work days after the filing of a petition, serve a copy of the petition on known persons who might be affected adversely by the outcome of the appeal. Persons served with a petition may, not later than five working days from service of the petition, file a written reply, supported by a sworn statement to the effect that the information in the reply is true to the best of the respondent's knowledge. A copy of the response shall be made available to the petitioner.

(d) Within 20 working days after the petition of appeal is filed, the Office of Administrative Hearings shall render a decision on the appeal and serve it upon all persons who participated in the appellate proceeding and any other person who is aggrieved by the decision and order. A supplier is deemed to have exhausted all administrative remedies once a decision has been rendered on the appeal.

Sec. 18. Minnesota Statutes 2014, section 216C.31, is amended to read:

216C.31 ENERGY AUDIT PROGRAMS.

The commissioner shall develop ~~state~~ or approve programs ~~of~~ for energy ~~audits of residential and commercial buildings including the training and qualifications necessary~~

auditors for the auditing of residential and commercial buildings under ~~the auspices of~~ a program created under section 216B.241, 216C.436, or any other energy program.

Sec. 19. Minnesota Statutes 2014, section 216C.435, subdivision 5, is amended to read:

Subd. 5. **Energy improvement.** "Energy improvement" means:

(1) any renovation or retrofitting of a building to improve energy efficiency that is permanently affixed to the property and that results in a net reduction in energy consumption without altering the principal source of energy;

(2) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; ~~or~~

(3) a renewable energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source; or

(4) the installation of infrastructure, machinery, and appliances that will allow: (1) natural gas to be used as a heating fuel on the premises of an existing building that was previously not connected to a source of natural gas; or (2) propane to be used as a heating fuel on the premises of an existing building that previously did not use propane.

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

Sec. 20. Minnesota Statutes 2014, section 216E.01, subdivision 5, is amended to read:

Subd. 5. **Large electric power generating plant.** "Large electric power generating plant" shall mean electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more, or a solar energy generating system designed for or capable of operation at a capacity of 10,000 kilowatts or more.

Sec. 21. Minnesota Statutes 2014, section 216E.021, is amended to read:

216E.021 SOLAR ENERGY SYSTEM SIZE DETERMINATION.

(a) This section must be used to determine whether a combination of solar energy generating systems meets the definition of large electric power generating plant and is subject to the commission's siting authority jurisdiction under this chapter. The alternating current nameplate capacity of one solar energy generating system must be combined with the alternating current nameplate capacity of any other solar energy generating system that:

(1) is constructed within the same 12-month period as the solar energy generating system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) An application to a county for a permit to construct a solar energy generating system with a capacity of 1,000 kilowatts or greater is not complete unless it includes a solar energy system size determination under this section.

~~(b)~~ (c) The commissioner of commerce shall provide forms and assistance for applicants to make a request for a size determination. Upon written request of an applicant, the commissioner shall provide a written size determination within 30 days of receipt of the request and of any information requested by the commissioner. In the case of a dispute, the chair of the Public Utilities Commission shall make the final size determination.

Sec. 22. Minnesota Statutes 2014, section 216E.03, subdivision 3, is amended to read:

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

Sec. 23. Minnesota Statutes 2014, section 216E.05, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** Applicants may seek approval from local units of government to construct the following projects:

(1) large electric power generating plants, except solar energy generating systems, with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

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

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

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

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

Sec. 24. **[216E.055] SOLAR FACILITY PERMIT AUTHORITY; ASSUMPTION BY COUNTIES AND MUNICIPALITIES.**

(a) A county or municipality may, by resolution and upon written notice to the Public Utilities Commission, assume responsibility for processing applications for permits required under this chapter for large electric power generating plants solely within their jurisdiction that are solar energy generating systems up to 25,000 kilowatts. The responsibility for permit application processing, if assumed by a county or municipality, may be delegated by the county board to an appropriate county officer or employee. Processing by a county shall be done in accordance with procedures and processes established under chapters 394 and 462.

(b) A county or municipality that exercises its option under paragraph (a) may issue, deny, modify, impose conditions upon, or revoke permits pursuant to this section. The action of the county or municipality about a permit application is final, subject to appeal as provided in sections 394.27 and 462.361.

(c) The commission shall, by order, establish general permit standards, including appropriate set-backs, governing site permits for solar energy generating systems under this chapter. The order must consider existing and historic commission standards for permits issued by the commission. The general permit standards shall apply to permits issued by counties and municipalities under this section and to permits issued by the commission under this chapter. The commission or a county or municipality may grant a variance from a general permit standard if the variance is found to be in the public interest.

(d) A county or municipality may by ordinance adopt standards for solar energy generating systems that are more stringent than standards in commission rules or in the commission's permit standards. The commission, when considering a permit application for a solar energy generating system in a jurisdiction that has assumed permitting authority under this section, shall consider and apply the jurisdiction's more stringent standards unless the commission finds good cause to not apply the standards.

(e) The commission and the commissioner of commerce shall provide technical assistance to a county or municipality with respect to the processing of site permit applications for solar energy generating systems under this section.

(f) This section does not exempt applicants from the requirements under section 216E.021.

Sec. 25. Minnesota Statutes 2014, section 453A.02, subdivision 5, is amended to read:

Subd. 5. **Gas.** "Gas" means either natural or synthetic gas, ~~including~~ propane, manufactured gas, methane from coal beds, geothermal gas, or any mixture thereof, whether in gaseous or liquid form, or any by-product resulting therefrom.

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

Sec. 26. **REPEALER.**

Minnesota Statutes 2014, section 216C.15, is repealed."

Amend the title accordingly