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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3299

02/10/2022 Authored by Stephenson
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; promoting the hiring of local workers to construct and maintain
1.3 energy facilities; requiring additional information in a utility's integrated resource
1.4 plan; exempting certain wind and solar projects from the certificate of need process;
1.5 amending the definition of "solar energy generating system"; allowing longer
1.6 transmission lines to utilize the existing alternative route permit review process;
1.7 amending Minnesota Statutes 2020, sections 216B.16, subdivision 13; 216B.1645,
1.8 subdivision 2; 216B.1691, subdivision 9; 216B.2422, subdivisions 1, 5, by adding
1.9 subdivisions; 216B.243, subdivision 8; 216E.01, subdivision 9a; 216E.04,
1.10 subdivision 2.

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

1.12 Section 1. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

1.13 Subd. 13. Economic and community development. The commission may allow a
1.14 public utility to recover from ratepayers the reasonable expenses incurred (1) for economic
1.15 and community development, and (2) to employ local workers, as defined in section
1.16 216B.2422, subdivision 1, to construct and maintain generation facilities that supply power
1.17 to the utility's customers.

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

1.19 Sec. 2. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

1.20 Subd. 2. Cost recovery. The expenses incurred by the utility over the duration of the
1.21 approved contract or useful life of the investment and, expenditures made pursuant to section
1.22 116C.779 shall be, and the expenses incurred to employ local workers to construct and
1.23 maintain generation facilities that supply power to the utility's customers are recoverable
1.24 from the ratepayers of the utility; to the extent they the expenses or expenditures are not

2.1 offset by utility revenues attributable to the contracts, investments, or expenditures, and if  
 2.2 the expenses or expenditures are deemed reasonable by the commission. Upon petition by  
 2.3 a public utility, the commission shall approve or approve as modified a rate schedule  
 2.4 providing for the automatic adjustment of charges to recover the expenses or costs approved  
 2.5 by the commission under subdivision 1, which, in the case of transmission expenditures,  
 2.6 are limited to the portion of actual transmission costs that are directly allocable to the need  
 2.7 to transmit power from the renewable sources of energy. The commission may not approve  
 2.8 recovery of the costs for that portion of the power generated from sources governed by this  
 2.9 section that the utility sells into the wholesale market.

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

2.11 Sec. 3. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

2.12 Subd. 9. **Local benefits.** The commission shall take all reasonable actions within its  
 2.13 statutory authority to ensure this section is implemented to maximize benefits to Minnesota  
 2.14 citizens and local workers, as defined in section 216B.2422, subdivision 1, balancing factors  
 2.15 such as local ownership of or participation in energy production; local job impacts, as  
 2.16 defined in section 216B.2422, subdivision 1; development and ownership of eligible energy  
 2.17 technology facilities by independent power producers; Minnesota utility ownership of  
 2.18 eligible energy technology facilities; the costs of energy generation to satisfy the renewable  
 2.19 standard; and the reliability of electric service to Minnesotans.

2.20 Sec. 4. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

2.23 (b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more  
 2.24 of electric power and serving, either directly or indirectly, the needs of 10,000 retail  
 2.25 customers in Minnesota. Utility does not include federal power agencies.

2.26 (c) "Renewable energy" means electricity generated through use of any of the following  
 2.27 resources:

2.28 (1) wind;

2.29 (2) solar;

2.30 (3) geothermal;

2.31 (4) hydro;

3.1 (5) trees or other vegetation;

3.2 (6) landfill gas; or

3.3 (7) predominantly organic components of wastewater effluent, sludge, or related  
3.4 by-products from publicly owned treatment works, but not including incineration of  
3.5 wastewater sludge.

3.6 (d) "Resource plan" means a set of resource options that a utility could use to meet the  
3.7 service needs of its customers over a forecast period, including an explanation of the supply  
3.8 and demand circumstances under which, and the extent to which, each resource option  
3.9 would be used to meet those service needs. These resource options include using,  
3.10 refurbishing, and constructing utility plant and equipment, buying power generated by other  
3.11 entities, controlling customer loads, and implementing customer energy conservation.

3.12 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating  
3.13 resource of 30 megawatts or greater.

3.14 (f) "Energy storage system" means a commercially available technology that:

3.15 (1) uses mechanical, chemical, or thermal processes to:

3.16 (i) store energy, including energy generated from renewable resources and energy that  
3.17 would otherwise be wasted, and deliver the stored energy for use at a later time; or

3.18 (ii) store thermal energy for direct use for heating or cooling at a later time in a manner  
3.19 that reduces the demand for electricity at the later time;

3.20 (2) is composed of stationary equipment;

3.21 (3) if being used for electric grid benefits, is operationally visible and capable of being  
3.22 controlled by the distribution or transmission entity managing it, to enable and optimize the  
3.23 safe and reliable operation of the electric system; and

3.24 (4) achieves any of the following:

3.25 (i) reduces peak or electrical demand;

3.26 (ii) defers the need or substitutes for an investment in electric generation, transmission,  
3.27 or distribution assets;

3.28 (iii) improves the reliable operation of the electrical transmission or distribution systems,  
3.29 while ensuring transmission or distribution needs are not created; or

3.30 (iv) lowers customer costs by storing energy when the cost of generating or purchasing  
3.31 it is low and delivering it to customers when the costs are high.

4.1 (f) "Local job impacts" means the impacts of a certificate of need, a power purchase  
 4.2 agreement, or commission approval of a new or refurbished energy facility on the availability  
 4.3 of construction employment opportunities to local workers.

4.4 (g) "Local workers" means workers employed to construct and maintain energy  
 4.5 infrastructure that are Minnesota residents, residents of the utility's service territory, or who  
 4.6 permanently reside within 150 miles of a proposed new or refurbished energy facility.

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

4.8 Sec. 5. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
 4.9 to read:

4.10 Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility  
 4.11 must report on associated local job impacts and the steps the utility and the utility's energy  
 4.12 suppliers and contractors are taking to maximize the availability of construction employment  
 4.13 opportunities for local workers. The commission must consider local job impacts and give  
 4.14 preference to proposals that maximize the creation of construction employment opportunities  
 4.15 for local workers, consistent with the public interest, when evaluating any utility proposal  
 4.16 that involves the selection or construction of facilities used to generate or deliver energy to  
 4.17 serve the utility's customers, including but not limited to an integrated resource plan, a  
 4.18 certificate of need, a power purchase agreement, or commission approval of a new or  
 4.19 refurbished electric generation facility. The commission must, to the maximum extent  
 4.20 possible, prioritize the hiring of workers from communities hosting retiring electric generation  
 4.21 facilities, including workers previously employed at the retiring facilities.

4.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 4.23 applies to an integrated resource plan filed with the commission on or after that date.

4.24 Sec. 6. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

4.25 **Subd. 5. Bidding; exemption from certificate of need proceeding.** (a) A utility may  
 4.26 select resources to meet its projected energy demand through a bidding process approved  
 4.27 or established by the commission. A utility shall use the environmental cost estimates  
 4.28 determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids  
 4.29 submitted in a process established under this subdivision.

4.30 (b) Notwithstanding any other provision of this section, if an electric power generating  
 4.31 plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding

5.1 process approved or established by the commission, a certificate of need proceeding under  
5.2 section 216B.243 is not required.

5.3 (c) A certificate of need proceeding is also not required for an electric power generating  
5.4 plant that has been selected in a bidding process approved or established by the commission,  
5.5 or such other selection process approved by the commission, to satisfy, in whole or in part,  
5.6 the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

5.7 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
5.8 applies to an integrated resource plan filed with the commission on or after that date.

5.9 Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision  
5.10 to read:

5.11 Subd. 8. **Transmission planning in advance of generation retirement.** A utility must  
5.12 identify in a resource plan each nonrenewable energy facility on the utility's system that  
5.13 has a depreciation term, probable service life, or operating license term that ends within 15  
5.14 years of the resource plan filing date. For each nonrenewable energy facility identified, the  
5.15 utility must include in the resource plan an initial plan to: (1) replace the nonrenewable  
5.16 energy facility; and (2) upgrade any transmission or other grid capabilities needed to support  
5.17 the retirement of that nonrenewable energy facility.

5.18 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
5.19 applies to an integrated resource plan filed with the commission on or after that date.

5.20 Sec. 8. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

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

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

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

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

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

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

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

6.11 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision  
 6.12 2, or a solar electric energy generation facility system, as defined in section 216E.01,  
 6.13 subdivision 9a, if the system or facility is owned and operated by an independent power  
 6.14 producer and the electric output of the system or facility;

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

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

6.24 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision  
 6.25 2, or a solar energy generating system that is a large energy facility, as defined in section  
 6.26 216B.2421, subdivision 2, engaging in a repowering project that:

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

6.29 (ii) will result in the facility system exceeding the nameplate capacity under its most  
 6.30 recent interconnection agreement, provided that the Midcontinent Independent System  
 6.31 Operator has provided a signed generator interconnection agreement that reflects the expected  
 6.32 net power increase.

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

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

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

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

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

7.11 Sec. 9. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

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

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

7.18 Sec. 10. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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