

Minnesota Passes Renewable Energy Policies Impacting Various Industries

Alert

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This week, the Minnesota Legislature passed and delivered to the governor for signature [HF2310, an energy policy omnibus bill that provides \\$216 million for energy initiatives in the state](#). The legislation includes approximately \$140 million in new spending from Minnesota's general fund and over \$76.8 million from fees charged to Xcel Energy for nuclear waste storage. The funds from these two sources will be allocated toward various initiatives such as rebates, credits and grants in an effort to achieve Minnesota's goal to reduce greenhouse gas emissions to net zero by 2050. These initiatives target technologies and beneficiaries, including electric vehicle owners and automotive dealers, air-source heat pumps, solar installations in K-12 schools and public buildings and residential solar energy systems for condominiums and multifamily dwellings.

Below is a brief list of some of the new or revised initiatives adopted in the new legislation.

NEW GRANTS AND PROGRAMS

- The Department of Administration must establish an Environmental Standards Procurement Task Force to develop maximum global warming potential standards for the procurement of construction materials such as carbon steel rebar, structural steel, concrete and asphalt for the renovation and construction of state buildings. The task force must include various stakeholders, including the Minnesota iron mining industry, as well as building and transportation construction firms. The bill also calls for the agency to establish resiliency guidelines for building designs that promote adaptability and readiness to accommodate anticipated climate-related changes.
- The Minnesota Department of Commerce (DOC) will administer a revised community solar garden program. Notably, the revised program lifts the geographic restriction that subscribers be located in or

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adjacent to the county of the garden; transfers oversight from Xcel Energy to the DOC; increases the nameplate capacity for eligible solar gardens up to 5 MW; and facilitates greater access for residential customers, including low and middle income subscribers.

- The DOC must establish a solar public buildings grant program designed to stimulate the installation of solar energy generating systems on public buildings. Any school, developer or utility interconnected with the solar energy generating systems under this grant must annually submit a report providing information about the electricity consumed and generated.
- The DOC must establish a distributed energy resources system upgrade program, by which qualifying utilities will receive funding to complete infrastructure investments. Participation in this grant program will require annual submissions from the qualifying utilities.
- Farmland is now a qualifying commercial real property, eligible under the Commercial Property Assessed Clean Energy (PACE) Loan Program. The loan program will also provide funding for land or water improvements, such as permanent improvements to farmland or installing water conservation and quality measuring equipment that permanently reduces a property's water consumption.
- The Minnesota Pollution Control Agency (MPCA) shall establish a local climate action grant program to provide support to local jurisdictions to address climate change. To implement the plan, MPCA shall contract with an independent consultant to estimate the annual amount of greenhouse gas emissions generated within a political subdivision.
- The DOC must support and assist the 11 federally recognized Indian Tribes in Minnesota in the establishment of a tribal advocacy counsel on energy.

ELECTRIC VEHICLES

The Minnesota Department of Transportation will oversee the mandated training for new motor vehicle dealers licensed to sell electric vehicles. The Minnesota Public Utilities Commission (PUC) will oversee an electric vehicle deployment program implemented by utilities, aimed at maximizing the overall benefits of electric vehicles and other electrified transportation by providing investments and customer incentives. In addition, the DOC will oversee rebate credits for new electrical vehicle purchases.

NEW DATA REPORTING REQUIREMENTS AND PERMITTING PROCEDURES FOR UTILITIES AND POWER PRODUCERS

- Any cogeneration or small power production utility must provide a customer's electricity usage data to the customer within 10 days of the customer request.
- A Certificate of Need for a Large Energy Facility will no longer be required for a large wind energy conversion system or a solar energy generating facility for which a site permit application is submitted by an independent power producer.

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- Sales, acquisitions, leases and mergers of any plant as an operating unit or system with a total consideration value in excess of \$1 million will need the PUC's prior approval. Previously, the PUC had to approve said agreements with total consideration in excess of \$100,000.
- There is now a procedural framework for nonprofits and tribal governments to seek compensation for their participation in PUC proceedings.
- The DOC will begin overseeing the collection of energy benchmarking data, which any investor-owned utility in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents served by a municipal energy or investor-owned utility, will be required to submit annual. Energy benchmarking data includes the total floor area of the facility, energy use intensity, greenhouse gas emissions and energy performance scores as compared to similar buildings.
- Effective March 15, 2024, every utility in the state of Minnesota must file an annual diversity report with the PUC in the public eDockets system. Among other things, the diversity report will explain the utility's plan to increase diversity in its workforce and suppliers.
- Energy storage systems with a nameplate capacity of 10,000 kilowatts or more are now classified as large electric power facilities and must obtain a site permit from the PUC prior to construction.
- Consumer-owned utilities, municipal power agencies and districts and cooperative generation and transmission associations may be eligible for an Electric Grid Reliance Grant, which would provide financial assistance for an applicant to develop or improve carbon-free distributed energy resources.

Navigating the legal landscape in the renewable energy sector can be complex. Our experienced team of attorneys specialize in renewable energy and the various industries contemplated by the new legislation and can help developers, investors and other affected entities navigate these complexities and move forward in meeting Minnesota's climate goals.

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