

1.1 A bill for an act  
1.2 relating to transportation; setting targets for increasing proportion of flexible-fuel  
1.3 vehicles in this state; creating task force on plug-in hybrid electric vehicles;  
1.4 establishing commission to develop incentive package for enhancement of St.  
1.5 Paul's Ford plant; requiring Public Utilities Commission to open investigative  
1.6 proceeding and to order utility to conduct a study; requiring state procurement  
1.7 policy language in certain bid documents; appropriating money for a grant;  
1.8 proposing coding for new law in Minnesota Statutes, chapter 80E.  
1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.10 Section 1. [80E.35] FLEXIBLE-FUEL VEHICLE TARGETS.

1.11 Subdivision 1. Findings. The legislature finds that it is in the interest of all  
1.12 Minnesotans to lessen dependence on oil as an energy source for economic, security,  
1.13 and environmental reasons. Minnesota leads the nation in the production and use of  
1.14 ethanol in motor vehicles, but this strategy can be made more effective by increasing the  
1.15 proportion of vehicles that can use alternative fuels, such as E85. Further, manufacturers  
1.16 can produce flexible-fuel vehicles at a minimal incremental cost above gasoline-only  
1.17 vehicles. As a result, the legislature finds that Minnesota would benefit from more choices  
1.18 of flexible-fuel vehicles.

1.19 Subd. 2. Definitions. (a) As used in this section, "flexible-fuel vehicle" means a  
1.20 motor vehicle that operates on gasoline and one or more alternative fuels.

1.21 (b) As used in this section, "alternative fuel" has the meaning given in United States  
1.22 Code, title 42, section 13211(3).

1.23 Subd. 3. Target. (a) The targets in this subdivision apply to manufacturers who  
1.24 grant a valid sales and service agreement, franchise, or contract to a dealer in this state.

1.25 (b) The following targets refer to the percentage of a manufacturer's new motor  
1.26 vehicles offered for sale in this state that are flexible-fuel vehicles:

2.1 (1) 2008: ten percent;

2.2 (2) 2009: 15 percent;

2.3 (3) 2010: 20 percent;

2.4 (4) 2011: 25 percent; and

2.5 (5) 2012: 30 percent.

2.6 Sec. 2. PLUG-IN HYBRID ELECTRIC VEHICLE TASK FORCE.

2.7 Subdivision 1. Establishment; membership. The Plug-in Hybrid Electric Vehicle  
2.8 (PHEV) Task Force is established. The task force shall consist of 11 members as follows:

2.9 (1) one representative each from Xcel Energy and Great River Energy;

2.10 (2) one representative each from the Minnesota Department of Commerce, the  
2.11 Minnesota Department of Transportation, and the Minnesota Pollution Control Agency;

2.12 (3) the director of the Travel Management Division of the Minnesota Department of  
2.13 Administration, or the director's designee;

2.14 (4) a representative from the University of Minnesota Department of Electrical  
2.15 Engineering;

2.16 (5) one representative each from Minnesota-based manufacturers of electric  
2.17 batteries, automotive parts, and power-electronics; and

2.18 (6) a representative from an environmental advocacy organization active in  
2.19 electricity issues.

2.20 Subd. 2. Appointment. The chairs of the senate and house of representatives  
2.21 committees with primary jurisdiction over energy policy shall jointly appoint the task  
2.22 force members.

2.23 Subd. 3. Co-chairs. The task force shall have two co-chairs, one appointed by each  
2.24 of the appointing authorities established in subdivision 2.

2.25 Subd. 4. Charge. (a) The Plug-in Hybrid Electric Vehicle (PHEV) Task Force shall  
2.26 identify barriers to the adoption of PHEV's by state agencies, small and large private  
2.27 fleets, and Minnesota drivers at large and develop strategies to be implemented over a  
2.28 one-, three-, and five-year time frame to overcome those barriers.

2.29 (b) The task force shall prepare requests for bids for the state and political  
2.30 subdivisions of the state to purchase a significant number of PHEV's over several years,  
2.31 based on their availability, performance, price, and the data presented to the task force  
2.32 under subdivision 5. The bids must state that they become effective only if the specified  
2.33 performance specifications and target price per vehicle are met.

2.34 (c) The task force shall consider and evaluate the data and information presented to  
2.35 it under subdivision 5 in presenting its findings and recommendations.

3.1 Subd. 5. Data and analysis. (a) The commissioner of administration shall analyze  
3.2 and report to the task force the economic impacts of purchasing a sufficient number of  
3.3 PHEV's to comprise ten percent, 25 percent, and 50 percent of the state-owned vehicle  
3.4 fleet. The analysis must compare initial purchase and life-cycle costs of PHEV's and  
3.5 current fleet vehicles under several scenarios based on alternative projections of future  
3.6 gasoline prices and prices at which utilities may charge PHEV's to recharge.

3.7 (b) The commissioner of pollution control shall analyze and report to the task force  
3.8 the environmental impacts of purchasing PHEV's for the state-owned vehicle fleet and at  
3.9 penetration rates of ten percent, 25 percent, and 50 percent of all motor vehicles registered  
3.10 in this state. The analysis must compare, for PHEV's and current fleet vehicles, air  
3.11 emissions of sulfur dioxide, nitrogen oxides, particulate matter less than 2.5 microns in  
3.12 width, volatile organic compounds, and carbon dioxide.

3.13 Subd. 6. Expenses. Members of the task force are entitled to reimbursement for  
3.14 expenses under Minnesota Statutes, section 15.059, subdivision 6.

3.15 Subd. 7. Staff. The state agencies represented on the commission shall provide  
3.16 staff support.

3.17 Subd. 8. Report. The task force shall present its findings and recommendations in a  
3.18 report to the chairs of the senate and house of representatives committees with primary  
3.19 jurisdiction over energy policy and state government operations by April 1, 2007.

3.20 Subd. 9. Definition. As used in this section and in sections 3 to 7, "plug-in hybrid  
3.21 electric vehicle (PHEV)" means a vehicle containing an internal combustion engine that  
3.22 also allows power to be delivered to the drive wheels by a battery-powered electric motor,  
3.23 and that meets applicable federal motor vehicle safety standards. When connected to the  
3.24 electrical grid via an electrical outlet, the vehicle must be able to recharge its battery. The  
3.25 vehicle must have the ability to travel at least 20 miles powered substantially by electricity.  
3.26 EFFECTIVE DATE. This section is effective the day following final enactment.

Snip

4.24 Sec. 4. PUBLIC UTILITIES COMMISSION PROCEEDING.

4.25 Subdivision 1. Proceeding. The Minnesota Public Utilities Commission shall open  
4.26 a proceeding to investigate how utilities can best develop the infrastructure to connect  
4.27 plug-in hybrid electric vehicles (PHEV's) to the electrical grid and to allow utilities to  
4.28 purchase electricity from PHEV's.

4.29 Subd. 2. Definition. As used in this section and in sections 5 and 6, "plug-in hybrid

4.30 electric vehicle (PHEV)" means a vehicle containing an internal combustion engine that  
4.31 also allows power to be delivered to the drive wheels by a battery-powered electric motor,  
4.32 and that meets applicable federal motor vehicle safety standards. When connected to the  
4.33 electrical grid via a two-way electrical outlet, the vehicle must be able to recharge its  
4.34 battery and to transfer electricity to a utility. The vehicle must have the ability to travel at  
4.35 least 20 miles powered substantially by electricity.

5.1 Sec. 5. INDEPENDENT STUDY ON PHEV AND UTILITY ECONOMICS.

5.2 The Public Utilities Commission shall order the utility subject to Minnesota Statutes,  
5.3 section 216B.1691, subdivision 6, to contract with a firm selected by the commissioner of  
5.4 commerce for an independent study of (1) the economics of using electricity purchased  
5.5 from PHEV's to provide to the utility peak power services and ancillary services, including  
5.6 regulation and spinning reserves, and (2) how such purchases may impact the reserve  
5.7 needs for wind-generated electricity purchased by the utility. The study must examine  
5.8 the economic impacts on PHEV owners and utilities of different prices for electricity  
5.9 purchased from PHEV's and rates for recharging PHEV's, including time-of-day pricing  
5.10 and substantial discounts for off-peak charging. The study must be completed by April 1,  
5.11 2007, and submitted in a report to the chairs of the senate and house of representatives  
5.12 committees with primary jurisdiction over energy policy. The costs of the study are  
5.13 recoverable under Minnesota Statutes, section 216B.1645.

5.14 Sec. 6. NOTICE OF STATE PROCUREMENT POLICY IN BID DOCUMENTS.

5.15 All solicitation documents for the purchase of motor vehicles issued by the  
5.16 Department of Administration after June 30, 2006, must contain the following language:  
5.17 "It is the intention of the state of Minnesota to begin purchasing plug-in hybrid electric  
5.18 vehicles (PHEV's) as soon as they become commercially available, meet the state's  
5.19 performance specifications, and are priced no more than ten percent above the price for  
5.20 comparable gasoline-powered vehicles. It is the intention of the state to purchase at least  
5.21 500 PHEV's within one year after these conditions have been met, and to purchase at least  
5.22 5,000 PHEV's annually for at least five years beginning two years after these conditions  
5.23 have been met."

5.24 Sec. 7. PLUG-IN ELECTRIC VEHICLE RETROFIT GRANT.

5.25 \$100,000 is appropriated from the general fund to the commissioner of commerce  
5.26 for a grant to the Automotive Engineering Program at Minnesota State University -  
5.27 Mankato for the purpose of retrofitting two flexible-fuel vehicles to enable them to also  
5.28 operate as plug-in hybrid electric vehicles.

5.29 Sec. 8. EFFECTIVE DATE.

5.30 Sections 1 to 7 are effective the day following final enactment.