



Minnesota Data Center Law Chapter 12, 2025 1st Special Session

Pete Wyckoff, Deputy Commissioner for Energy

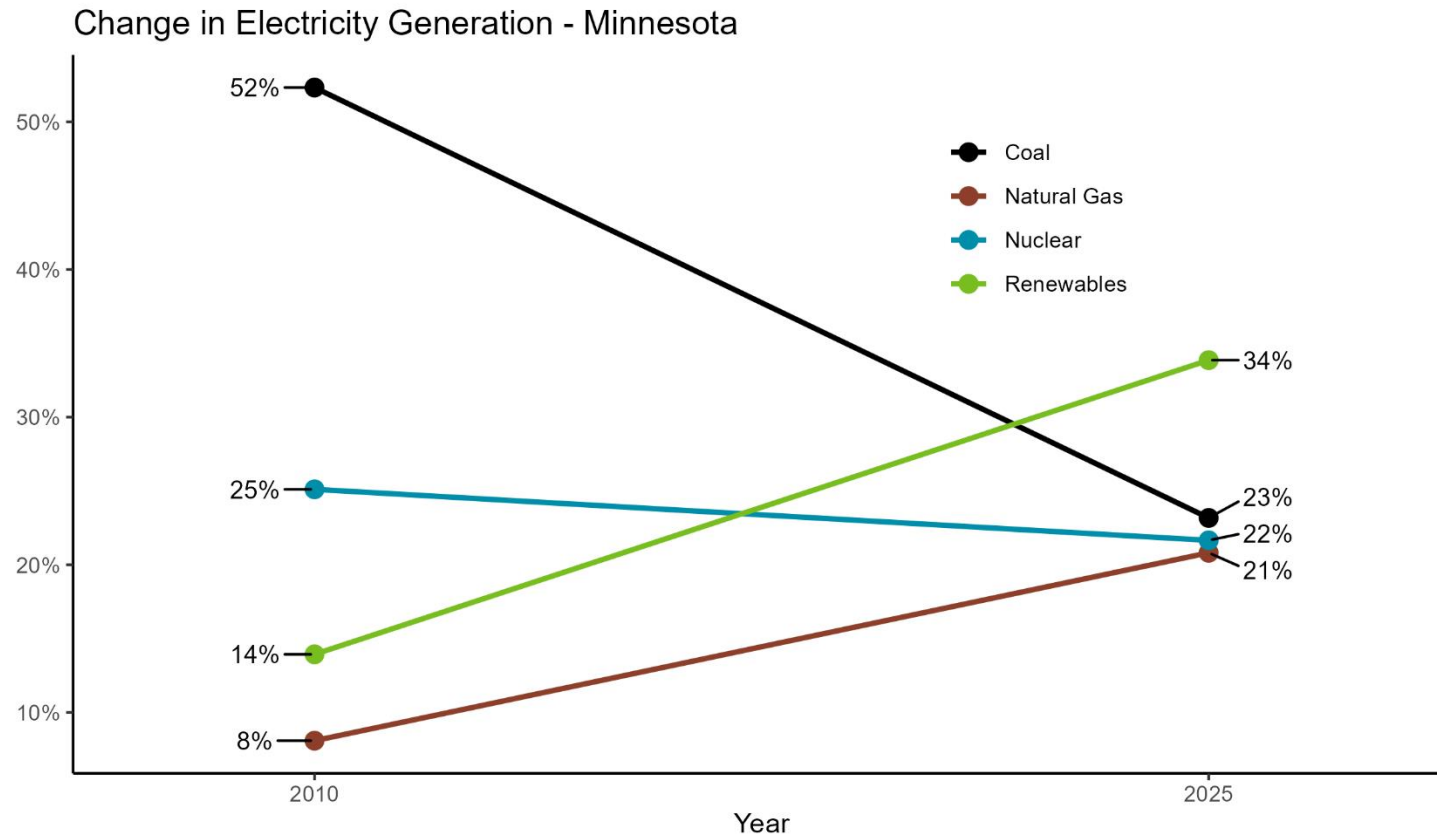
Division of Energy Resources

mn.gov/commerce

Electricity in Minnesota:

- Context:
 - Vertically integrated
 - Wholesale competition
 - Two ISOs (MISO and SPP)
- IOUs, COOPs and Munis
- Robust planning process:
 - IRPs, Transmission Planning, Distribution Planning
 - PUC rate cases for IOUs

MN electric sector already changing dramatically: some policy, lots of economics



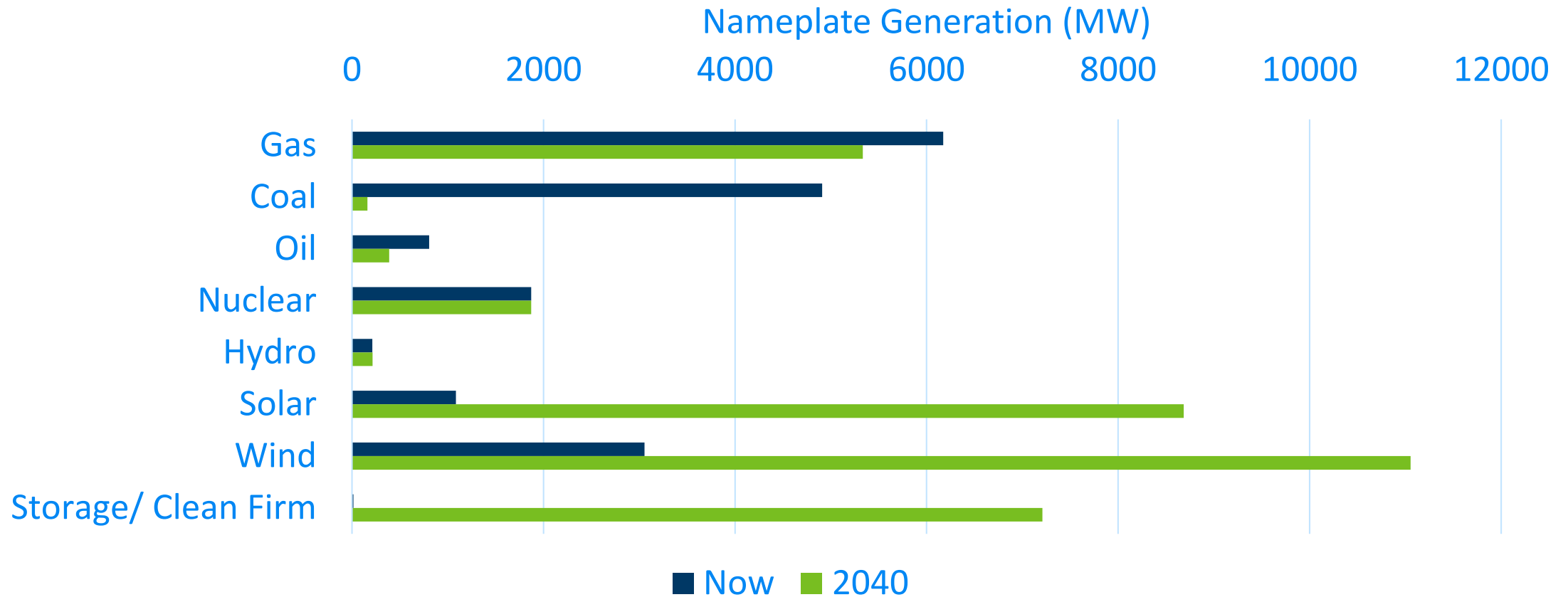
Source: Energy Information Administration
Accessed 02-27-2026

Recent Policy Developments

- State-level CES: 100% clean electricity by 2040 (2023)
- State energy infrastructure permitting reform (2024)
- Data center legislative package (2025)

A period of rapid change in energy

Example: Minnesota's Electric Mix



Division of Energy Resources

Deputy Commissioner Pete Wyckoff

Leading the transition to a clean, equitable, reliable, and affordable energy system

Federal and State Initiatives Assist Comm Lissa Pawlisch

Energy Affordability

- Focus on residential
- Energy assistance
- Weatherization
- Federal Home Energy Rebates

Energy Development

- Non-residential programs
- Technical Assistance & Education
- Energy Reliability and Security

Regulatory Affairs Assist Comm Dr. Sydnie Lieb

Regulatory Affairs

- Public Interest Advocacy at the PUC
- Utility energy conservation programs
- Telecommunications
- Regional and federal regulatory advocacy
- Energy infrastructure permitting

Data Center Law: Key Legislative Changes

- Establishes regulatory framework for large-scale data centers
- Creates tariff structures for clean energy and large customers
- Introduces fees to fund energy conservation and weatherization
- Expands tax exemptions for qualifying data centers

Commerce Department Jurisdiction under Minnesota Data Center Law

- Energy conservation programs
- Weatherization funding
- Certification of green building standards
- Fee collection and enforcement

Clean Energy & Capacity Tariff by Public Utilities Commission

- Required for all public utilities
 - Utilities must offer voluntary clean energy tariffs to commercial/industrial customers
 - Reliability must be maintained and costs must be fully allocated to the customer
- Very Large Customer Class:
 - Minnesota Public Utilities Commission (PUC) must define a new class by December 15, 2026
 - Utilities must show to the PUC how its service to these customers won't hinder renewable/carbon-free goals

Weatherization & Energy Conservation Funding

- New fee on qualified large-scale data centers
 - Fee ranges from \$2M to \$5M annually based on peak demand
- Funds deposited into the Energy and Conservation Account
 - Funds collected can be only used for:
 - Low-income weatherization
 - RFP-based projects

Green Building Certification

- Is required within 3 years of service of the qualified large-scale data center
- Must meet one or more standards:
 - LEED, Energy Star, ISO 50001, BREEAM, Envision, Green globes, UL 3223 or other reasonable standards approved by the commissioner of employment and economic development.
- Commerce Department is the agency that verifies compliance and notifies Department of Revenue
- Non-compliance will trigger repayment of tax exemptions by Department of Revenue.

The hyperscalers are coming

- Google: two data center announcements earlier this year
- Air cooled– dramatically lowers water use, but increases electric use
- Google-financed additional clean energy build (as proposed)
 - 1700 MW wind
 - 200 MW solar
 - 600 MW battery storage

(those are big numbers– total average hourly use in Minnesota was 7500 MW in 2024, peak capacity ~18,000 MW)

Xcel Large Load Tariff

- Commission approved decision options that:
 - Accurately assigns system costs to large customers
 - The analogy used here that was helpful was: imagine a group of friends going out for happy hour with an especially hungry Pete Wyckoff. If Everyone orders Nachos to share and Pete orders carne asada tacos. Pete needs to pay for both his share of the nachos (embedded costs) and the carne asada tacos (his incremental costs)
 - Take or pay and exit fee percentages set to 80%
 - Commission: Xcel to bring a 24/7 hourly clean energy tariff for approval by Dec. 1
- MN Commerce Department argued that even 1% flexibility can substantially reduce costs

Thank You!