..... moves to amend H.F. No. 3368 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[216B.1615] DISTRIBUTED SOLAR GENERATION TARIFF.**

Subdivision 1. **Application.** The distributed solar generation tariff developed under this section applies to a solar photovoltaic device, as defined in section 216C.06, subdivision 16, with a capacity greater than three megawatts but no greater than ten megawatts AC interconnecting with the distribution system of the public utility that is subject to section 116C.779, subdivision 1.

Subd. 2. **Tariff filing.** By January 1, 2021, the electric utility subject to this section shall file a distributed solar generation tariff with the commission that represents the utility's alternative tariff approved by the commission under section 216B.164, subdivision 10, minus the environmental value of solar energy that is included in the alternative tariff rate.

Subd. 3. **Commission review; approval.** The commission shall, after notice and opportunity for public comment, approve the distributed solar generation tariff developed by the public utility if the public utility demonstrates that the distributed solar generation tariff:

(1) appropriately calculates the tariff rate according to the provisions of subdivision 2;

(2) includes a mechanism to allow recovery of the costs paid to the facilities operating under the distributed solar generation tariff rate;

(3) compensates the distributed solar generating facility for all electricity generated at the distributed solar generation tariff;

(4) complies with the interconnection requirements under section 216B.1611, subdivision 2, clause (5); and

(5) represents the present value of the future revenue streams of the remaining value components of distributed solar energy embodied in the alternative tariff approved by the commission under section 216B.164, subdivision 10.

Subd. 4. **Tariff; updates.** The public utility subject to this section shall recalculate the distributed solar generation tariff rate annually, and shall file the recalculated rate with the commission for approval.

Subd. 5. **Renewable energy credits.** Renewable energy credits for solar photovoltaic devices operating under the tariff developed under this section are the property of the solar energy generator.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for interconnections of solar photovoltaic devices eligible to operate under the tariff developed under this section that are filed with the public utility on or after that date.

Sec. 2. Minnesota Statutes 2018, section 216B.164, subdivision 10, is amended to read:

Subd. 10. **Alternative tariff; compensation for resource value.** (a) A public utility may apply, with respect to residential customers, and must apply, with respect to commercial and industrial customers, for commission approval for an alternative tariff that compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources interconnected to the utility system and operated by customers primarily for meeting their own energy needs.

(b) If approved, the alternative tariff shall apply to customers' interconnections occurring after the date of approval. The alternative tariff is in lieu of the applicable rate under subdivisions 3 and 3a.

(c) The commission shall after notice and opportunity for public comment approve the alternative tariff provided the utility has demonstrated the alternative tariff:

(1) appropriately applies the methodology established by the department and approved by the commission under this subdivision;

(2) includes a mechanism to allow recovery of the cost to serve customers receiving the alternative tariff rate;

(3) charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;

(4) credits the customer for all electricity generated by the solar photovoltaic device at the distributed solar value rate established under this subdivision;

(5) applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;

(6) complies with the size limits specified in subdivision 3a or section 216B.1615, as applicable;

(7) complies with the interconnection requirements under section 216B.1611; and

(8) complies with the standby charge requirements in subdivision 3a, paragraph (b), as applicable.

(d) A utility must provide to the customer the meter and any other equipment needed to provide service under the alternative tariff.

(e) The department must establish the distributed solar value methodology in paragraph (c), clause (1), no later than January 31, 2014. The department must submit the methodology to the commission for approval. The commission must approve, modify with the consent of the department, or disapprove the methodology within 60 days of its submission. When developing the distributed solar value methodology, the department shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.

(f) The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors.

(g) The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components identified in paragraph (f).

(h) The utility shall recalculate the alternative tariff on an annual cycle, and shall file the recalculated alternative tariff with the commission for approval.

(i) Renewable energy credits for solar energy credited under this subdivision belong to:

(1) the electric utility providing the credit, for solar energy generated by residential customers or a community solar garden operating under section 216B.1641; and

(2) the customer, for solar energy generated by a commercial or industrial customer.

(j) The commission may not authorize a utility to charge an alternative tariff rate that is lower than the utility's applicable retail rate until three years after the commission approves an alternative tariff for the utility.

(k) A utility must enter into a contract with an owner of a solar photovoltaic device receiving an alternative tariff rate under this section that has a term of ~~at least~~ 20 years, unless a ~~shorter~~ different term is agreed to by the parties.

(l) An owner of a solar photovoltaic device receiving an alternative tariff rate under this section must be paid the same rate per kilowatt-hour generated each year for the term of the contract.

Sec. 3. Minnesota Statutes 2018, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden interconnected with that utility.

(c) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden

facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) By September 30, 2020, the public utility must file a plan for commission approval to limit the nameplate capacity of new executed interconnection agreements for community solar garden facilities to 225 megawatts per year, beginning in calendar year 2021.

~~(b)~~ (c) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

~~(c)~~ (d) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility and, unless the facility has a minimum setback of 100 feet from the nearest residential property and the owner of the facility reserves at least ten percent of its capacity for use by residential subscribers, must be located in the same county or a county contiguous to where the facility is located.

~~(d)~~ (e) The public utility must purchase from the community solar garden all energy generated by the solar garden. Except as provided under subdivision 5, the purchase shall be at the most recent three-year average of the rate calculated annually under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under ~~either~~ section 116C.7792 ~~or section 216C.415~~. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

Subd. 3. **Solar garden plan; requirements; nonutility status.** ~~(c)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; ~~and~~

(8) identify the means by which the program will be promoted~~.~~;

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to transfer the subscription to other new or current subscribers, or to cancel the subscription, on commercially reasonable terms.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h) For the purposes of this section, the following terms have the meanings given:~~

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

(d) By November 30, 2020, the commission must approve a formula solar garden owners must use to estimate the length of time required to fully recover a subscriber's prepayments made to the solar garden owner prior to the delivery of subscribed energy.

Subd. 4. **Community access project; eligibility.** Any community solar garden established under a plan approved by the commission may apply to the utility to be designated as a community access project. The utility shall designate a solar garden as a community access project if the solar garden commits to meeting the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between an owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility whose community solar garden plan has been approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner will adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to address questions to the manager or owner.

Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is approved by the utility as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt AC (alternating current) based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

(2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and

(3) all renewable energy credits generated by the community access project belong to subscribers unless the operator contracts to:

(i) sell them to a third party; or

(ii) sell or transfer them to the utility; and

(iii) discloses such a sale or transfer to subscribers at the time they enter into a subscription.

(b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden shall no longer be subject to the provisions of subdivisions 5 and 6 and shall operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have its designation as a community access project reinstated under the provisions of subdivision 4.

(d) An owner of a community access project may require the public utility to offer subscribers the option of paying any lump sum payment required of subscribers via an on-bill repayment program under section 216B.241, subdivision 5d.

Subd. 6. **Community access project; reporting.** (a) The owner of a community access project must include the following information in an annual report to the subscribers of the community access project and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision-making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include, but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an analysis of the proportion of subscribers that are low- and moderate-income and a description of one or more of the following methods used to calculate that proportion:

(i) income verification by subscribers;

(ii) subscriber evidence that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the Low-Income Home Energy Assistance Program;

(B) Section 8 housing assistance;

(C) medical assistance;

(D) the Supplemental Nutrition Assistance Program; or

(E) the National School Lunch Program;

(iii) characterization of the census tract in which the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iv) other methods approved by the commission.

Subd. 7. **Commission order.** Within 180 days of the effective date of this act, the commission shall issue an order addressing the provisions of this act.

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

Sec. 4. Minnesota Statutes 2018, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** ~~(a)~~ The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including power purchase agreement, resource plan, and certificate of need proceedings. When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~"

Amend the title accordingly