

**HF2432 - 0 - Community Solar Garden Program Modifications**

Chief Author: **Patty Acomb**  
 Committee: **Climate And Energy Finance And Policy**  
 Date Completed: **3/14/2023 10:33:46 AM**  
 Lead Agency: **Public Utilities Commission**  
 Other Agencies:  
     Commerce Dept

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
State Total						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
	<b>Total</b>	-	-	-	-	-

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

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<b>Biennial Total</b>			-			-
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<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

This bill expands the Community Solar Garden (CSG) program and adds a new category of CSGs, referred to as “community access projects.”

Section 1, subdivision 1 establishes definitions of “subscribed energy,” “subscriber,” and “subscription.”

Section 1, subdivision 2 expands the CSG program. Under current law, the CSG program applies only to Xcel Energy, CSGs are limited to 1 megawatt (MW), and subscribers must be retail customers of the public utility located in the same county or a county contiguous to where the facility is located (referred to as the “contiguous county rule”). This subdivision expands the program to all electric public utilities, increases the capacity limit of individual CSGs to 5 MW, and removes the contiguous county rule.

Section 1, subdivisions 4 to 6 establish a new category of CSGs, referred to as “community access projects.” A utility must designate a CSG as a community access project if at least 50% of the garden’s generating capacity is subscribed by residential customers, and the owner of the garden does not screen subscribers based on income or credit score, among other requirements. The bill establishes the financial arrangements between public utilities and community access project owners, and reporting requirements for community access projects.

Section 1, subdivision 7 directs the Public Utilities Commission (PUC) to issue an order addressing the requirements of this section.

**Assumptions**

The PUC assumes that this bill will result in a significant increase in the number of CSGs. There are a number of PUC dockets and proceedings relating to CSGs which may become more complicated as the number of gardens increases, but the PUC believes it could handle this in the course of its existing proceedings and no fiscal impact is anticipated. Additionally, new gardens would still be subject to a 5 MW limit and would therefore not be subject to PUC permitting requirements.

This bill expands the CSG program and increases its complexity, and the PUC assumes that this may result in an increase in CSG-related complaints. The PUC does handle these complaints and depending on the scope and substance of each complaint, they can be complicated and require extensive staff time to address. However, the PUC believes that it could handle this work with existing resources and no fiscal impact is anticipated.

Current bill language does not appropriate funds to the Commission. If additional funds are appropriated, they would be recovered from the rate-regulated utilities and credited back to the general fund.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

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<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

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<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

H.F. No. 2432: Community Solar Garden amends Minnesota Statute 2022, section 316B.1641 by removing a restriction on solar garden location from just those utilities subject to 116C.779 to all public utilities providing electric service at retail. It further adjusts the capacity from no more than one megawatt to five megawatts.

Subd. 1: Definitions

Subd. 2: Solar Garden; project requirements

- Alters language to remove the 116C.779 requiring all public utilities to file a plan with the PUC to operate a community solar garden.
- Still defines not less than five subscribers with no single subscriber holding more than 40 percent interest.
- Redefines the size limit of one megawatt to no more than five megawatts.
- Removes language that a subscriber be located in the same or contiguous county to the solar garden.
- The utility must purchase all the energy generated at the rate calculated under section 216B.164.

Subd. 3: Solar Garden plan; requirements; nonutility status.

- The commission may approve, disapprove, or modify a community solar garden program.
- Establishes that a community solar garden facility shall not be considered a utility solely as a result of being a community solar garden facility.
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Subd. 4: Community access project; eligibility

- This section is an addition to the prior version.
- A solar garden may apply to the utility to be designated as a community access project.

To qualify a garden must meet the following conditions:

- At least 50 percent of capacity is subscribed by residential customers
- That the garden does not discriminate based on income or credit score
- The owner of the garden must maintain a physical address in the state with a designated contact person located in the state to respond to inquiries.
- Holds at least one annual meeting to provide opportunity for subscribers to pose questions.

Subd. 5: Community access project; financial arrangements.

- The utility may charge the community access project no more than one-cent per watt AC based on the gardens

generating capacity for any refundable deposit they require.

- The utility must purchase all generation at retail.
- REC generated by the garden belong to the subscribers unless the owner sells them to a third party or sells or transfers them to the utility.
- If a garden begins as a community access project but then fails to meet the requirements it will no longer be subject to this subdivision but may reapply once the requirements are meet again.

Subd. 6: Community access project; reporting.

The owner must report annually to the utility the following:

- A description of the process subscribers can provide input for policy and decision making
- The amount of revenues generated and how they were allocated.
- An estimate of the proportion of low- and moderate-income subscribers along with evidence of how a subscribers receives assistance, a characterization of the census tract of the subscribers, or any other methods approved by the commission.

### **Assumptions**

The Department assumes there is one primary area that will impact the work of the Department. First, the expansion of community solar garden requirements from just Xcel Energy to two other public utilities, Minnesota Power and Ottertail Power. The Department assumes three petitions would be filed at the Commission requiring regulatory staff review under the Department's authority established in 216A and 216B. The Department assumes these are one-time plan reviews and can therefore address subsequent Commission proceedings with current resources.

### **Expenditure and/or Revenue Formula**

N/A

### **Long-Term Fiscal Considerations**

### **Local Fiscal Impact**

### **References/Sources**

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