

1.17 Section 1. Minnesota Statutes 2012, section 16C.144, subdivision 2, is amended to read:

1.18 Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter
1.19 into a guaranteed energy-savings agreement with a qualified provider if:

1.20 (1) the qualified provider is selected through a competitive process in accordance
1.21 with the guaranteed energy-savings program guidelines within the Department of
1.22 Administration;

1.23 (2) the qualified provider agrees to submit an engineering report prior to the
1.24 execution of the guaranteed energy-savings agreement. The cost of the engineering report
1.25 may be considered as part of the implementation costs if the commissioner enters into a
1.26 guaranteed energy-savings agreement with the provider;

1.27 (3) the term of the guaranteed energy-savings agreement shall not exceed ~~45~~ 25
1.28 years from the date of final installation;

2.1 (4) the commissioner finds that the amount it would spend on the utility cost-savings
2.2 measures recommended in the engineering report will not exceed the amount to be
2.3 saved in utility operation and maintenance costs over ~~45~~ 25 years from the date of
2.4 implementation of utility cost-savings measures;

2.5 (5) the qualified provider provides a written guarantee that the annual utility,
2.6 operation, and maintenance cost savings during the term of the guaranteed energy-savings
2.7 agreement will meet or exceed the annual payments due under a lease purchase agreement.
2.8 The qualified provider shall reimburse the state for any shortfall of guaranteed utility,
2.9 operation, and maintenance cost savings; and

2.10 (6) the qualified provider gives a sufficient bond in accordance with section
2.11 574.26 to the commissioner for the faithful implementation and installation of the utility
2.12 cost-savings measures.

28.4 Section 1. Minnesota Statutes 2012, section 16C.144, subdivision 2, is amended to read:

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28.6 into a guaranteed energy-savings agreement with a qualified provider if:

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28.8 with the guaranteed energy-savings program guidelines within the Department of
28.9 Administration;

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28.11 execution of the guaranteed energy-savings agreement. The cost of the engineering report
28.12 may be considered as part of the implementation costs if the commissioner enters into a
28.13 guaranteed energy-savings agreement with the provider;

28.14 (3) the term of the guaranteed energy-savings agreement shall not exceed ~~45~~ 25
28.15 years from the date of final installation;

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28.18 saved in utility operation and maintenance costs over ~~45~~ 25 years from the date of
28.19 implementation of utility cost-savings measures;

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28.23 The qualified provider shall reimburse the state for any shortfall of guaranteed utility,
28.24 operation, and maintenance cost savings; and

28.25 (6) the qualified provider gives a sufficient bond in accordance with section
28.26 574.26 to the commissioner for the faithful implementation and installation of the utility
28.27 cost-savings measures.

1.20 Section 1. **[3.8852] PLANNING STRATEGY FOR SUSTAINABLE ENERGY**
1.21 **FUTURE.**

1.22 (a) The Legislative Energy Commission, in consultation with the commissioner
1.23 of commerce, shall develop a framework for the state of Minnesota to transition to a
1.24 renewable energy economy that ends Minnesota's contribution to greenhouse gases from
1.25 burning fossil fuels within the next few decades. The framework and strategy should aim
1.26 to make Minnesota the first state in the nation to use only renewable energy.

1.27 (b) In developing the framework for this transition, the commission must consult
 1.28 with stakeholders, including, but not limited to, representatives from cooperative,
 2.1 municipal, and investor-owned utilities, natural resources and environmental advocacy
 2.2 groups, labor and industry, and technical and scientific experts to examine the challenges
 2.3 and opportunities involved to develop a strategy and timeline to protect the environment
 2.4 and create jobs. The timeline must establish goals and strategies to reach the state's
 2.5 renewable energy standards and prepare for the steps beyond reaching those standards. The
 2.6 Department of Commerce, Division of Energy Resources shall provide technical support.

2.7 (c) The commission and its stakeholders must consider the following in creating
 2.8 the framework:

2.9 (1) the economic and environmental costs of continued reliance on fossil fuels;
 2.10 (2) the creation of jobs and industry in the state that result from moving ahead of
 2.11 other states in transitioning to a sustainable energy economy;

2.12 (3) the appropriate energy efficiency and renewable energy investments in
 2.13 Minnesota to reduce the economic losses to the Minnesota economy from importation
 2.14 of fossil fuels; and

2.15 (4) the new technologies for energy efficiency, storage, transmission, and renewable
 2.16 generation needed to reliably meet the demand for energy.

2.17 (d) The framework shall be modified as needed to take advantage of new
 2.18 technological developments to facilitate ending fossil fuel use in power generation,
 2.19 heating and cooling, industry, and transportation.

2.20 (e) The commission shall report to the legislative committees and divisions with
 2.21 jurisdiction over energy policy by January 15, 2014, and annually thereafter, on progress
 2.22 towards achieving the framework goals.

2.13 Sec. 2. Minnesota Statutes 2012, section 116C.779, subdivision 3, is amended to read:

2.14 Subd. 3. **Initiative for Renewable Energy and the Environment.** (a)

2.15 Notwithstanding subdivision 1, paragraph (g), beginning July 1, 2009, and each July 1
 2.16 through 2011, and on July 1, 2013, and July 1, 2014, \$5,000,000 must be allocated from the
 2.17 renewable development account to fund a grant to the Board of Regents of the University
 2.18 of Minnesota for the Initiative for Renewable Energy and the Environment for the purposes
 2.19 described in paragraph (b). The Initiative for Renewable Energy and the Environment
 2.20 must set aside at least 15 percent of the funds received annually under the grant for
 2.21 qualified projects conducted at a rural campus or experiment station. Any set-aside funds
 2.22 not awarded to a rural campus or experiment station at the end of the fiscal year revert
 2.23 back to the Initiative for Renewable Energy and the Environment for its exclusive use.
 2.24 This subdivision does not create an obligation to contribute funds to the account.

2.25 (b) Activities funded under this grant may include, but are not limited to:

2.26 (1) environmentally sound production of energy from a renewable energy source,
2.27 including biomass and agricultural crops;

2.28 (2) environmentally sound production of hydrogen from biomass and any other
2.29 renewable energy source for energy storage and energy utilization;

2.30 (3) development of energy conservation and efficient energy utilization technologies;

2.31 (4) energy storage technologies; and

2.32 (5) analysis of policy options to facilitate adoption of technologies that use or

2.33 produce low-carbon renewable energy.

2.34 (c) For the purposes of this subdivision:

3.1 (1) "biomass" means plant and animal material, agricultural and forest residues,

3.2 mixed municipal solid waste, and sludge from wastewater treatment; and

3.3 (2) "renewable energy source" means hydro, wind, solar, biomass, and geothermal

3.4 energy, and microorganisms used as an energy source.

3.5 (d) Beginning January 15 of 2010, and each year thereafter, the director of the

3.6 Initiative for Renewable Energy and the Environment at the University of Minnesota shall

3.7 submit a report to the chair and ranking minority members of the senate and house of

3.8 representatives committees with primary jurisdiction over energy finance describing the

3.9 activities conducted during the previous year funded under this subdivision.

3.10 Sec. 3. Minnesota Statutes 2012, section 216B.02, subdivision 4, is amended to read:

3.12 Section 1. Minnesota Statutes 2012, section 216B.02, subdivision 4, is amended to read:

3.11 Subd. 4. **Public utility.** "Public utility" means persons, corporations, or other legal
 3.12 entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining,
 3.13 or controlling in this state equipment or facilities for furnishing at retail natural,
 3.14 manufactured, or mixed gas or electric service to or for the public or engaged in the
 3.15 production and retail sale thereof but does not include (1) a municipality or a cooperative
 3.16 electric association, organized under the provisions of chapter 308A, producing or
 3.17 furnishing natural, manufactured, or mixed gas or electric service; (2) a retail seller of
 3.18 compressed natural gas used as a vehicular fuel which purchases the gas from a public
 3.19 utility; or (3) a retail seller of electricity used to recharge a battery that powers an electric
 3.20 vehicle, as defined in section 169.011, subdivision 26a, and that is not otherwise a public
 3.21 utility under this chapter. Except as otherwise provided, the provisions of this chapter shall
 3.22 not be applicable to any sale of natural, manufactured, or mixed gas or electricity by a
 3.23 public utility to another public utility for resale. In addition, the provisions of this chapter
 3.24 shall not apply to a public utility whose total natural gas business consists of supplying
 3.25 natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant
 3.26 to a franchise granted by the city, provided a resolution of the city council requesting
 3.27 exemption from regulation is filed with the commission. The city council may rescind
 3.28 the resolution requesting exemption at any time, and, upon the filing of the rescinding
 3.29 resolution with the commission, the provisions of this chapter shall apply to the public
 3.30 utility. No person shall be deemed to be a public utility if it furnishes its services only to
 3.31 tenants or cooperative or condominium owners in buildings owned, leased, or operated
 3.32 by such person. No person shall be deemed to be a public utility if it furnishes service
 3.33 to occupants of a manufactured home or trailer park owned, leased, or operated by such
 3.34 person. No person shall be deemed to be a public utility if it produces or furnishes service
 3.35 to less than 25 persons. No person shall be deemed to be a public utility solely as a result
 4.1 of financing or owning distributed generation equipment located on a customer's property,
 4.2 provided that all of the electricity produced by the generating equipment is delivered or
 4.3 sold to the utility that serves the customer.

3.13 Subd. 4. **Public utility.** "Public utility" means persons, corporations, or other legal
 3.14 entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining,
 3.15 or controlling in this state equipment or facilities for furnishing at retail natural,
 3.16 manufactured, or mixed gas or electric service to or for the public or engaged in the
 3.17 production and retail sale thereof but does not include (1) a municipality or a cooperative
 3.18 electric association, organized under the provisions of chapter 308A, producing or
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 3.25 public utility to another public utility for resale. In addition, the provisions of this chapter
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 4.2 person. No person shall be deemed to be a public utility if it produces or furnishes service
 4.3 to less than 25 persons. No persons shall be deemed to be a public utility solely as a result
 4.4 of financing or ownership of distributed generation equipment located on a customer's
 4.5 property, provided all of the output of the generating equipment is delivered or sold to the
 4.6 utility that serves the customers.

38.19 Section 1. **[116C.7792] SOLAR ENERGY INCENTIVE PROGRAM.**

38.20 The utility subject to section 116C.779 shall operate a program to provide solar
 38.21 energy production incentives for solar energy systems of no more than a total nameplate
 38.22 capacity of 20 kilowatts direct current. The program shall be operated for five consecutive
 38.23 calendar years commencing in 2014. The lesser of \$10,000,000 or as much as is available
 38.24 in the account shall be allocated for each of the five years from the renewable development
 38.25 account established in section 116C.779 to a separate account for the purpose of the solar
 38.26 production incentive program. The solar system must be sized to less than 120 percent of
 38.27 the customer's on-site annual energy consumption. The production incentive must be paid
 38.28 for ten years commencing with the commissioning of the system. The utility must file
 38.29 a plan to operate the program with the commissioner of commerce. The utility may not
 38.30 operate the program until it is approved by the commissioner.

4.4 Sec. 4. Minnesota Statutes 2012, section 216B.03, is amended to read:

4.5 **216B.03 REASONABLE RATE.**

4.6 Every rate made, demanded, or received by any public utility, or by any two or
 4.7 more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably
 4.8 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,
 4.9 and consistent in application to a class of consumers. To the maximum reasonable extent,
 4.10 the commission shall set rates to encourage energy conservation and renewable energy use
 4.11 and to further the goals of sections 216B.164, 216B.241, ~~and 216C.05, and 216C.412.~~ Any
 4.12 doubt as to reasonableness should be resolved in favor of the consumer. For rate-making
 4.13 purposes a public utility may treat two or more municipalities served by it as a single class
 4.14 wherever the populations are comparable in size or the conditions of service are similar.

4.15 Sec. 5. Minnesota Statutes 2012, section 216B.16, is amended by adding a subdivision
 4.16 to read:

4.17 Subd. 6e. **Solar energy production incentive.** (a) Except as otherwise provided in
 4.18 this subdivision, all assessments authorized by section 216C.412 incurred in connection
 4.19 with the solar energy production incentive shall be recognized and included by the
 4.20 commission in the determination of just and reasonable rates as if the expenses were
 4.21 directly made or incurred by the utility in furnishing utility service.

4.22 (b) The commission shall not include expenses for the solar energy production
 4.23 incentive in determining just and reasonable electric rates for retail electric service provided
 4.24 to customers receiving the low-income electric rate discount authorized by subdivision 14.

4.25 Sec. 6. Minnesota Statutes 2012, section 216B.16, subdivision 7b, is amended to read:

4.26 Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision
 4.27 of this chapter, the commission may approve a tariff mechanism for the automatic annual
 4.28 adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

4.29 (i) new transmission facilities that have been separately filed and reviewed and
 4.30 approved by the commission under section 216B.243 or are certified as a priority project
 4.31 or deemed to be a priority transmission project under section 216B.2425; and

4.32 (ii) new transmission facilities approved by the regulatory commission of the state
 4.33 in which the new transmission facilities are to be constructed, to the extent approval
 5.1 is required by the laws of that state, and determined by the Midwest Independent
 5.2 Transmission System Operator to benefit the utility or integrated transmission system; and

5.3 (iii) charges incurred by a utility under a federally approved tariff that accrue
 5.4 from other transmission owners' regionally planned transmission projects that have been
 5.5 determined by the Midwest Independent Transmission System Operator to benefit the
 5.6 utility, as provided for under a federally approved tariff or integrated transmission system.

21.20 Section 1. Minnesota Statutes 2012, section 216B.16, subdivision 7b, is amended to
 21.21 read:

21.22 Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision
 21.23 of this chapter, the commission may approve a tariff mechanism for the automatic annual
 21.24 adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

21.25 (i) new transmission facilities that have been separately filed and reviewed and
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 21.29 in which the new transmission facilities are to be constructed, to the extent approval
 21.30 is required by the laws of that state, and determined by the Midwest Independent
 21.31 Transmission System Operator to benefit the utility or integrated transmission system; and

21.32 (iii) charges incurred by a utility under a federally approved tariff that accrue
 21.33 from other transmission owners' regionally planned transmission projects that have been
 22.1 determined by the Midwest Independent Transmission System Operator to benefit the
 22.2 utility, as provided for under a federally approved tariff or integrated transmission system.

5.7 (b) Upon filing by a public utility or utilities providing transmission service, the
5.8 commission may approve, reject, or modify, after notice and comment, a tariff that:

5.9 (1) allows the utility to recover on a timely basis the costs net of revenues of
5.10 facilities approved under section 216B.243 or certified or deemed to be certified under
5.11 section 216B.2425 or exempt from the requirements of section 216B.243;

5.12 (2) allows the utility to recover charges incurred by a utility under a federally
5.13 approved tariff that accrue from other transmission owners' regionally planned
5.14 transmission projects that have been determined by the Midwest Independent Transmission
5.15 System Operator to benefit the utility, ~~as provided for under a federally approved tariff~~
5.16 or integrated transmission system. These charges must be reduced or offset by revenues
5.17 received by the utility and by amounts the utility charges to other regional transmission
5.18 owners, to the extent those revenues and charges have not been otherwise offset;

5.19 (3) allows the utility to recover on a timely basis the costs net of associated revenues
5.20 of facilities approved by the regulatory commission of the state in which the new
5.21 transmission facilities are to be constructed and determined by the Midwest Independent
5.22 Transmission System Operator to benefit the utility or integrated transmission system;

5.23 (4) allows a return on investment at the level approved in the utility's last general
5.24 rate case, unless a different return is found to be consistent with the public interest;

5.25 (4) (5) provides a current return on construction work in progress, provided that
5.26 recovery from Minnesota retail customers for the allowance for funds used during
5.27 construction is not sought through any other mechanism;

5.28 (5) (6) allows for recovery of other expenses if shown to promote a least-cost project
5.29 option or is otherwise in the public interest;

5.30 (6) (7) allocates project costs appropriately between wholesale and retail customers;

5.31 (7) (8) provides a mechanism for recovery above cost, if necessary to improve the
5.32 overall economics of the project or projects or is otherwise in the public interest; and

5.33 (8) (9) terminates recovery once costs have been fully recovered or have otherwise
5.34 been reflected in the utility's general rates.

5.35 (c) A public utility may file annual rate adjustments to be applied to customer bills
5.36 paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

6.1 (1) a description of and context for the facilities included for recovery;

6.2 (2) a schedule for implementation of applicable projects;

6.3 (3) the utility's costs for these projects;

6.4 (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for
6.5 the project; and

22.3 (b) Upon filing by a public utility or utilities providing transmission service, the
22.4 commission may approve, reject, or modify, after notice and comment, a tariff that:

22.5 (1) allows the utility to recover on a timely basis the costs net of revenues of
22.6 facilities approved under section 216B.243 or certified or deemed to be certified under
22.7 section 216B.2425 or exempt from the requirements of section 216B.243;

22.8 (2) allows the utility to recover charges incurred by a utility under a federally
22.9 approved tariff that accrue from other transmission owners' regionally planned
22.10 transmission projects that have been determined by the Midwest Independent Transmission
22.11 System Operator to benefit the utility, ~~as provided for under a federally approved tariff~~
22.12 or integrated transmission system. These charges must be reduced or offset by revenues
22.13 received by the utility and by amounts the utility charges to other regional transmission
22.14 owners, to the extent those revenues and charges have not been otherwise offset;

22.15 (3) allows the utility to recover on a timely basis the costs net of revenues of facilities
22.16 approved by the regulatory commission of the state in which the new transmission
22.17 facilities are to be constructed and determined by the Midwest Independent Transmission
22.18 System Operator to benefit the utility or integrated transmission system;

22.19 (4) allows a return on investment at the level approved in the utility's last general
22.20 rate case, unless a different return is found to be consistent with the public interest;

22.21 (4) (5) provides a current return on construction work in progress, provided that
22.22 recovery from Minnesota retail customers for the allowance for funds used during
22.23 construction is not sought through any other mechanism;

22.24 (5) (6) allows for recovery of other expenses if shown to promote a least-cost project
22.25 option or is otherwise in the public interest;

22.26 (6) (7) allocates project costs appropriately between wholesale and retail customers;

22.27 (7) (8) provides a mechanism for recovery above cost, if necessary to improve the
22.28 overall economics of the project or projects or is otherwise in the public interest; and

22.29 (8) (9) terminates recovery once costs have been fully recovered or have otherwise
22.30 been reflected in the utility's general rates.

22.31 (c) A public utility may file annual rate adjustments to be applied to customer bills
22.32 paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

22.33 (1) a description of and context for the facilities included for recovery;

22.34 (2) a schedule for implementation of applicable projects;

22.35 (3) the utility's costs for these projects;

23.1 (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for
23.2 the project; and

6.6 (5) calculations to establish that the rate adjustment is consistent with the terms
6.7 of the tariff established in paragraph (b).

6.8 (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in
6.9 paragraph (b), the commission shall approve the annual rate adjustments provided that,
6.10 after notice and comment, the costs included for recovery through the tariff were or are
6.11 expected to be prudently incurred and achieve transmission system improvements at the
6.12 lowest feasible and prudent cost to ratepayers.

6.13 Sec. 7. Minnesota Statutes 2012, section 216B.1635, is amended to read:

6.14 **216B.1635 RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.**

6.15 Subdivision 1. **Definitions.** (a) "Gas utility" means a public utility as defined in
6.16 section 216B.02, subdivision 4, that furnishes natural gas service to retail customers.

6.17 (b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility
6.18 projects that:

6.19 (1) do not serve to increase revenues by directly connecting the infrastructure
6.20 replacement to new customers;

6.21 (2) are in service but were not included in the gas utility's rate base in its most
6.22 recent general rate case; ~~and, or are planned to be in service during the period covered~~
6.23 by the report submitted under subdivision 2, but in no case longer than the one-year
6.24 forecast period in the report; and

6.25 (3) ~~replace or modify existing infrastructure if the replacement or modification does~~
6.26 ~~not constitute a betterment, unless the betterment is required by a political subdivision;~~
6.27 ~~as evidenced by specific documentation from the government entity requiring the~~
6.28 ~~replacement or modification of infrastructure do not constitute a betterment, unless the~~
6.29 ~~betterment is based on requirements by a political subdivision or a federal or state agency;~~
6.30 ~~as evidenced by specific documentation, an order, or other similar requirement from the~~
6.31 ~~government entity requiring the replacement or modification of infrastructure.~~

6.32 (c) "Gas utility projects" means ~~relocation and~~:

6.33 (1) replacement of natural gas facilities located in the public right-of-way required
6.34 by the construction or improvement of a highway, road, street, public building, or other
7.1 public work by or on behalf of the United States, the state of Minnesota, or a political
7.2 subdivision; and

7.3 (2) replacement or modification of existing natural gas facilities, including surveys,
7.4 assessments, reassessment, and other work necessary to determine the need for replacement
7.5 or modification of existing infrastructure that is required by a federal or state agency.

23.3 (5) calculations to establish that the rate adjustment is consistent with the terms
23.4 of the tariff established in paragraph (b).

23.5 (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in
23.6 paragraph (b), the commission shall approve the annual rate adjustments provided that,
23.7 after notice and comment, the costs included for recovery through the tariff were or are
23.8 expected to be prudently incurred and achieve transmission system improvements at the
23.9 lowest feasible and prudent cost to ratepayers.

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30.18 projects that:

30.19 (1) do not serve to increase revenues by directly connecting the infrastructure
30.20 replacement to new customers;

30.21 (2) are in service but were not included in the gas utility's rate base in its most recent
30.22 general rate case; ~~and, or are planned to be in service during the period covered by the~~
30.23 ~~report submitted under subdivision 2, but in no case longer than the one year forecast~~
30.24 ~~period in the report; and~~

30.25 (3) ~~replace or modify existing infrastructure if the replacement or modification does~~
30.26 ~~not constitute a betterment, unless the betterment is required by a political subdivision;~~
30.27 ~~as evidenced by specific documentation from the government entity requiring the~~
30.28 ~~replacement or modification of infrastructure do not constitute a betterment, unless the~~
30.29 ~~betterment is based on requirements by a political subdivision or a federal or state agency;~~
30.30 ~~as evidenced by specific documentation, an order, or other similar requirement from the~~
30.31 ~~government entity requiring the replacement or modification of infrastructure.~~

30.32 (c) "Gas utility projects" means ~~relocation and~~:

30.33 (1) replacement of natural gas facilities located in the public right-of-way required
30.34 by the construction or improvement of a highway, road, street, public building, or other
31.1 public work by or on behalf of the United States, the state of Minnesota, or a political
31.2 subdivision; and

31.3 (2) replacement or modification of existing natural gas facilities, including surveys,
31.4 assessments, reassessment, and other work necessary to determine the need for replacement
31.5 or modification of existing infrastructure that is required by a federal or state agency.

7.6 Subd. 2. **Gas infrastructure filing.** ~~(a) The commission may approve a gas utility's~~
7.7 ~~petition for a rate schedule A public utility submitting a petition to recover GUIC gas~~
7.8 ~~infrastructure costs under this section. A gas utility may must submit to the commission,~~
7.9 ~~the department, and interested parties a gas infrastructure project plan report and a petition~~
7.10 ~~the commission to recover a rate of return, income taxes on the rate of return, incremental~~
7.11 ~~property taxes, plus incremental depreciation expense associated with GUIC for rate~~
7.12 ~~recovery of only incremental costs associated with projects under subdivision 1, paragraph~~
7.13 ~~(c). The report and petition must be made at least 150 days in advance of implementation~~
7.14 ~~of the rate schedule, provided that the rate schedule will not be implemented until the~~
7.15 ~~petition is approved by the commission pursuant to subdivision 5. The report must be~~
7.16 ~~for a forecast period of one year.~~

7.17 (b) The filing is subject to the following:

7.18 (1) A gas utility may submit a filing under this section no more than once per year.

7.19 (2) A gas utility must file sufficient information to satisfy the commission regarding
7.20 the proposed GUIC or be subject to denial by the commission. The information includes,
7.21 but is not limited to:

7.22 (i) the government entity ordering the gas utility project and the purpose for which
7.23 the project is undertaken;

7.24 (ii) the location, description, and costs associated with the project;

7.25 (iii) a description of the costs, and salvage value, if any, associated with the existing
7.26 infrastructure replaced or modified as a result of the project;

7.27 (iv) the proposed rate design and an explanation of why the proposed rate design
7.28 is in the public interest;

7.29 (v) the magnitude and timing of any known future gas utility projects that the utility
7.30 may seek to recover under this section;

7.31 (vi) the magnitude of GUIC in relation to the gas utility's base revenue as approved
7.32 by the commission in the gas utility's most recent general rate case, exclusive of gas
7.33 purchase costs and transportation charges;

7.34 (vii) the magnitude of GUIC in relation to the gas utility's capital expenditures since
7.35 its most recent general rate case;

8.1 (viii) the amount of time since the utility last filed a general rate case and the utility's
8.2 reasons for seeking recovery outside of a general rate case; and

8.3 (ix) documentation supporting the calculation of the GUIC.

31.6 Subd. 2. **Gas infrastructure filing.** ~~(a) The commission may approve a gas utility's~~
31.7 ~~petition for a rate schedule A public utility submitting a petition to recover GUIC gas~~
31.8 ~~infrastructure costs under this section. A gas utility may must submit to the commission,~~
31.9 ~~the department, and interested parties a gas infrastructure project plan report and a~~
31.10 ~~petition the commission to recover a rate of return, income taxes on the rate of return,~~
31.11 ~~incremental property taxes, plus incremental depreciation expense associated with GUIC~~
31.12 ~~for rate recovery of only incremental costs associated with projects under subdivision~~
31.13 ~~1, paragraph (c), clause (2). The report and petition must be made at least 150 days in~~
31.14 ~~advance of implementation of the rate schedule, provided that the rate schedule will not be~~
31.15 ~~implemented until the petition is approved by the commission pursuant to subdivision~~
31.16 ~~6. The report must be for a forecast period of one year.~~

31.17 (b) The filing is subject to the following:

31.18 (1) A gas utility may submit a filing under this section no more than once per year.

31.19 (2) A gas utility must file sufficient information to satisfy the commission regarding
31.20 the proposed GUIC or be subject to denial by the commission. The information includes,
31.21 but is not limited to:

31.22 (i) the government entity ordering the gas utility project and the purpose for which
31.23 the project is undertaken;

31.24 (ii) the location, description, and costs associated with the project;

31.25 (iii) a description of the costs, and salvage value, if any, associated with the existing
31.26 infrastructure replaced or modified as a result of the project;

31.27 (iv) the proposed rate design and an explanation of why the proposed rate design
31.28 is in the public interest;

31.29 (v) the magnitude and timing of any known future gas utility projects that the utility
31.30 may seek to recover under this section;

31.31 (vi) the magnitude of GUIC in relation to the gas utility's base revenue as approved
31.32 by the commission in the gas utility's most recent general rate case, exclusive of gas
31.33 purchase costs and transportation charges;

31.34 (vii) the magnitude of GUIC in relation to the gas utility's capital expenditures since
31.35 its most recent general rate case;

32.1 (viii) the amount of time since the utility last filed a general rate case and the utility's
32.2 reasons for seeking recovery outside of a general rate case; and

32.3 (ix) documentation supporting the calculation of the GUIC.

8.4 Subd. 3. **Gas infrastructure project plan report.** The gas infrastructure project
 8.5 plan report required to be filed under subdivision 2 shall include all pertinent information
 8.6 and supporting data on each proposed project including, but not limited to, project
 8.7 description and scope, estimated project costs, and the estimated project in-service date.

8.8 Subd. 4. **Cost recovery petition for utility's facilities.** Notwithstanding any other
 8.9 provision of this chapter, the commission may approve a rate schedule for the automatic
 8.10 annual adjustment of charges for gas utility infrastructure costs net of revenues under
 8.11 this section, including a rate of return, income taxes on the rate of return, incremental
 8.12 property taxes, incremental depreciation expense, and any incremental operation and
 8.13 maintenance costs. A gas utility's petition for approval of a rate schedule to recover
 8.14 gas utility infrastructure costs outside of a general rate case under section 216B.16 is
 8.15 subject to the following:

8.16 (1) a gas utility may submit a filing under this section no more than once per year; and

8.17 (2) a gas utility must file sufficient information to satisfy the commission regarding
 8.18 the proposed GUIC. The information includes but is not limited to:

8.19 (i) the information required to be included in the gas infrastructure project plan
 8.20 report under subdivision 3;

8.21 (ii) the government entity ordering or requiring the gas utility project and the
 8.22 purpose for which the project is undertaken;

8.23 (iii) a description of the estimated costs and salvage value, if any, associated with the
 8.24 existing infrastructure replaced or modified as a result of the project;

8.25 (iv) a comparison of the utility's estimated costs included in the gas infrastructure
 8.26 project plan and the actual costs incurred, including a description of the utility's efforts to
 8.27 ensure the costs of the facilities are reasonable and prudently incurred;

8.28 (v) calculations to establish that the rate adjustment is consistent with the terms
 8.29 of the rate schedule, including the proposed rate design and an explanation of why the
 8.30 proposed rate design is in the public interest;

8.31 (vi) the magnitude and timing of any known future gas utility projects that the
 8.32 utility may seek to recover under this section;

8.33 (vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved
 8.34 by the commission in the gas utility's most recent general rate case, exclusive of gas
 8.35 purchase costs and transportation charges;

9.1 (viii) the magnitude of GUIC in relation to the gas utility's capital expenditures
 9.2 since its most recent general rate case; and

9.3 (ix) the amount of time since the utility last filed a general rate case and the utility's
 9.4 reasons for seeking recovery outside of a general rate case.

32.4 Subd. 3. **Gas infrastructure project plan report.** The gas infrastructure project
 32.5 plan report required to be filed under subdivision 2 shall include all pertinent information
 32.6 and supporting data on each proposed project including, but not limited to, project
 32.7 description and scope, estimated project costs, and project in-service date.

32.8 Subd. 4. **Cost recovery petition for utility's facilities.** Notwithstanding any other
 32.9 provision of this chapter, the commission may approve a rate schedule for the automatic
 32.10 annual adjustment of charges for gas utility infrastructure costs net of revenues under
 32.11 this section, including a rate of return, income taxes on the rate of return, incremental
 32.12 property taxes, incremental depreciation expense, and any incremental operation and
 32.13 maintenance costs. A gas utility's petition for approval of a rate schedule to recover
 32.14 gas utility infrastructure costs outside of a general rate case under section 216B.16, is
 32.15 subject to the following:

32.16 (1) a gas utility may submit a filing under this section no more than once per year; and

32.17 (2) a gas utility must file sufficient information to satisfy the commission regarding
 32.18 the proposed GUIC. The information includes, but is not limited to:

32.19 (i) the information required to be included in the gas infrastructure project plan
 32.20 report under subdivision 3;

32.21 (ii) the government entity ordering or requiring the gas utility project and the
 32.22 purpose for which the project is undertaken;

32.23 (iii) a description of the estimated costs and salvage value, if any, associated with the
 32.24 existing infrastructure replaced or modified as a result of the project;

32.25 (iv) a comparison of the utility's estimated costs included in the gas infrastructure
 32.26 project plan and the actual costs incurred, including a description of the utility's efforts to
 32.27 ensure the costs of the facilities are reasonable and prudently incurred;

32.28 (v) calculations to establish that the rate adjustment is consistent with the terms
 32.29 of the rate schedule, including the proposed rate design and an explanation of why the
 32.30 proposed rate design is in the public interest;

32.31 (vi) the magnitude and timing of any known future gas utility projects that the
 32.32 utility may seek to recover under this section;

32.33 (vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved
 32.34 by the commission in the gas utility's most recent general rate case, exclusive of gas
 32.35 purchase costs and transportation charges;

33.1 (viii) the magnitude of GUIC in relation to the gas utility's capital expenditures
 33.2 since its most recent general rate case; and

33.3 (ix) the amount of time since the utility last filed a general rate case and the utility's
 33.4 reasons for seeking recovery outside of a general rate case.

9.5 Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for
 9.6 cost recovery under subdivision 2, the commission may approve the annual GUIC rate
 9.7 adjustments provided that, after notice and comment, the commission determines that the
 9.8 costs included for recovery through the rate schedule are prudently incurred and achieve
 9.9 gas facility improvements at the lowest reasonable and prudent cost to ratepayers.

9.10 Subd. 6. **Rate of return.** The return on investment for the rate adjustment shall be
 9.11 at the level approved by the commission in the public utility's most recently completed
 9.12 general rate case, unless the commission determines that a different rate of return is in
 9.13 the public interest.

9.14 Subd. 3 7. **Commission authority; rules.** The commission may issue orders and
 9.15 adopt rules necessary to implement and administer this section.

9.16 Sec. 8. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 9.17 subdivision to read:

9.18 Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms
 9.19 have the meanings given them:

9.20 (b) "Aggregated meter" means a meter located on the premises of a customer's
 9.21 owned or leased property that is contiguous with property containing the customer's
 9.22 designated meter.

33.5 Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for
 33.6 cost recovery under subdivision 2 and assessment and verification under subdivision 4, the
 33.7 commission may approve the annual GUIC rate adjustments provided that, after notice
 33.8 and comment, the costs included for recovery through the rate schedule are prudently
 33.9 incurred and achieve gas facility improvements at the lowest reasonable and prudent
 33.10 cost to ratepayers.

33.11 Subd. 5a. **Rate of return.** The return on investment for the rate adjustment shall be
 33.12 at the level approved by the commission in the public utility's last general rate case, unless
 33.13 the commission determines that a different rate of return is in the public interest.

33.14 Subd. 3 6. **Commission authority; rules.** The commission may issue orders and
 33.15 adopt rules necessary to implement and administer this section.

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

4.7 Sec. 2. Minnesota Statutes 2012, section 216B.164, subdivision 2, is amended to read:

4.8 Subd. 2. **Applicability.** This section as well as any rules promulgated by the
 4.9 commission to implement this section or the Public Utility Regulatory Policies Act
 4.10 of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, and the Federal
 4.11 Energy Regulatory Commission regulations thereunder, Code of Federal Regulations,
 4.12 title 18, part 292, shall, unless otherwise provided in this section, apply to all Minnesota
 4.13 electric utilities, including cooperative electric associations and municipal electric utilities.

4.14 Sec. 3. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 4.15 subdivision to read:

4.16 Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms
 4.17 have the meanings given them:

4.18 (b) "Aggregated meter" means a meter located on the premises of a customer's
 4.19 owned or leased property that is contiguous with property containing the customer's
 4.20 designated meter.

9.23 (c) "Capacity" means the number of megawatts alternating current (AC) at the point
 9.24 of interconnection between a solar photovoltaic device and a utility's electric system.

9.25 (d) "Cogeneration" means a combined process whereby electrical and useful thermal
 9.26 energy are produced simultaneously.

9.27 (e) "Contiguous property" means property owned or leased by the customer sharing
 9.28 a common border, without regard to interruptions in contiguity caused by easements,
 9.29 public thoroughfares, transportation rights-of-way, or utility rights-of-way.

9.30 (f) "Customer" means the person who is named on the utility electric bill for the
 9.31 premises.

9.32 (g) "Designated meter" means a meter that is physically attached to the customer's
 9.33 facility that the customer-generator designates as the first meter to which net metered
 9.34 credits are to be applied as the primary meter for billing purposes when the customer is
 9.35 served by more than one meter.

10.1 (h) "Distributed generation" means a facility that:
 10.2 (1) has a capacity of ten megawatts or less;
 10.3 (2) is interconnected with a utility's distribution system, over which the commission
 10.4 has jurisdiction; and
 10.5 (3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel,
 10.6 and may include waste heat, cogeneration, or fuel cell technology.

10.7 (i) "High-efficiency distributed generation" means a distributed energy facility
 10.8 that has a minimum efficiency of 40 percent, as calculated under section 272.0211,
 10.9 subdivision 1.

10.10 (j) "Net metered facility" means an electric generation facility constructed for the
 10.11 purpose of offsetting energy use through the use of renewable energy or high-efficiency
 10.12 distributed generation sources.

10.13 (k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.
 10.14 (l) "Standby charge" means a charge imposed by an electric utility upon a distributed
 10.15 generation facility for the recovery of fixed costs necessary to make electricity service
 10.16 available to the distributed generation facility.

10.17 Sec. 9. Minnesota Statutes 2012, section 216B.164, subdivision 3, is amended to read:

4.21 (c) "Capacity" means the number of megawatts AC (alternating current) at the point
 4.22 of interconnection between a distributed generation facility and a utility's electric system.

4.23 (d) "Cogeneration" means a combined process whereby electrical and useful thermal
 4.24 energy are produced simultaneously.

4.25 (e) "Contiguous property" means property owned or leased by the customer sharing
 4.26 a common border, without regard to interruptions in contiguity caused by easements,
 4.27 public thoroughfares, transportation rights-of-way, or utility rights-of-way.

4.28 (f) "Customer" means the person who is named on the utility electric bill for the
 4.29 premises.

4.30 (g) "Designated meter" means a meter that is physically attached to the customer's
 4.31 facility that the customer-generator designates as the first meter to which net metered
 4.32 credits are to be applied as the primary meter for billing purposes when the customer is
 4.33 served by more than one meter.

4.34 (h) "Distributed generation" means a facility that:
 5.1 (1) has a capacity of ten megawatts or less;
 5.2 (2) is interconnected with a utility's distribution system, over which the commission
 5.3 has jurisdiction; and
 5.4 (3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel,
 5.5 and may include waste heat, cogeneration, or fuel cell technology.

5.6 (i) "High-efficiency, distributed generation" means a distributed energy facility that
 5.7 has a minimum efficiency of 40 percent, as calculated under section 272.0211.

5.8 (j) "Net metered facility" means an electric generation facility with the purpose of
 5.9 offsetting energy use through the use of renewable energy or high-efficiency distributed
 5.10 generation sources.

5.11 (k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.
 5.12 Sec. 4. Minnesota Statutes 2012, section 216B.164, subdivision 3, is amended to read:

10.18 Subd. 3. **Purchases; small facilities.** (a) For a qualifying facility having less than
 10.19 40-kilowatt capacity if interconnected with a cooperative association or municipal utility,
 10.20 or less than a 1,000-kilowatt capacity if interconnected with a public utility, the customer
 10.21 shall be billed for the net energy supplied by the utility according to the applicable
 10.22 rate schedule for sales to that class of customer. In the case of net input into the utility
 10.23 system by a qualifying facility having less than 40-kilowatt capacity if interconnected
 10.24 with a cooperative association or municipal utility, or less than a 1,000-kilowatt capacity
 10.25 if interconnected with a public utility, compensation to the customer shall be at a per
 10.26 kilowatt-hour rate determined under paragraph (b) or (c).

10.27 (b) In setting rates, the commission shall consider the fixed distribution costs to the
 10.28 utility not otherwise accounted for in the basic monthly charge and shall ensure that the
 10.29 costs charged to the qualifying facility are not discriminatory in relation to the costs
 10.30 charged to other customers of the utility. The commission shall set the rates for net
 10.31 input into the utility system based on avoided costs as defined in the Code of Federal
 10.32 Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of
 10.33 Federal Regulations, title 18, section 292.304, and all other relevant factors.

10.34 (c) Notwithstanding any provision in this chapter to the contrary, a qualifying facility
 10.35 having less than 40-kilowatt capacity if interconnected with a cooperative association or
 11.1 municipal utility, or less than a 1,000-kilowatt capacity if interconnected with a public
 11.2 utility, may elect that the compensation for net input by the qualifying facility into the
 11.3 utility system shall be at the average retail utility energy rate. "Average retail utility energy
 11.4 rate" is defined as the average of the retail energy rates, exclusive of special rates based
 11.5 on income, age, or energy conservation, according to the applicable rate schedule of the
 11.6 utility for sales to that class of customer.

5.13 Subd. 3. **Purchases; small facilities.** (a) This paragraph applies to cooperative
 5.14 electric associations and municipal utilities. For a qualifying facility having less than
 5.15 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility
 5.16 according to the applicable rate schedule for sales to that class of customer. In the case
 5.17 of net input into the utility system by a qualifying facility having less than 40-kilowatt
 5.18 capacity, compensation to the customer shall be at a per kilowatt-hour rate determined
 5.19 under paragraph ~~(b)~~ or (c) or (d).

5.20 (b) This paragraph applies to public utilities. For a qualifying facility having less
 5.21 than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by
 5.22 the utility according to the applicable rate schedule for sales to that class of customer. In
 5.23 the case of net input into the utility system by a qualifying facility having: (1) more than
 5.24 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be
 5.25 at a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt
 5.26 capacity, compensation to the customer shall be at a per-kilowatt rate determined under
 5.27 paragraph (d). Compensation for net input into the utility system shall be applied as a
 5.28 credit to the customer's energy bill, carried forward and applied to subsequent energy bills
 5.29 for a period of up to 12 months. If any credit remains after a calendar year, the value of the
 5.30 remaining credit must be paid to the customer within 15 days of the next billing date.

5.31 (c) In setting rates, the commission shall consider the fixed distribution costs to the
 5.32 utility not otherwise accounted for in the basic monthly charge and shall ensure that the
 5.33 costs charged to the qualifying facility are not discriminatory in relation to the costs
 5.34 charged to other customers of the utility. The commission shall set the rates for net
 5.35 input into the utility system based on avoided costs as defined in the Code of Federal
 6.1 Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of
 6.2 Federal Regulations, title 18, section 292.304, and all other relevant factors.

6.3 (e) ~~(d)~~ Notwithstanding any provision in this chapter to the contrary, a qualifying
 6.4 facility that began generating electricity before January 1, 2015, having less than
 6.5 40-kilowatt capacity may elect that the compensation for net input by the qualifying
 6.6 facility into the utility system shall be at the average retail utility energy rate. "Average
 6.7 retail utility energy rate" is defined as the average of the retail energy rates, exclusive of
 6.8 special rates based on income, age, or energy conservation, according to the applicable
 6.9 rate schedule of the utility for sales to that class of customer.

11.7 (d) If the qualifying facility is interconnected with a nongenerating utility which has
 11.8 a sole source contract with a municipal power agency or a generation and transmission
 11.9 utility, the nongenerating utility may elect to treat its purchase of any net input under this
 11.10 subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier
 11.11 for any additional costs incurred in making the purchase. Qualifying facilities having less
 11.12 than 40-kilowatt capacity if interconnected with a cooperative association or municipal
 11.13 utility, or less than a 1,000-kilowatt capacity if interconnected with a public utility, may, at
 11.14 the customer's option, elect to be governed by the provisions of subdivision 4.

11.15 Sec. 10. Minnesota Statutes 2012, section 216B.164, subdivision 4, is amended to read:

11.16 Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph
 11.17 (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity
 11.18 or more if interconnected with a cooperative association or municipal utility, and a
 11.19 1,000-kilowatt capacity or more if interconnected with a public utility, as well as qualifying
 11.20 facilities as defined in subdivision 3 which elect to be governed by its provisions.

11.21 (b) The utility to which the qualifying facility is interconnected shall purchase all
 11.22 energy and capacity made available by the qualifying facility. The qualifying facility shall
 11.23 be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as
 11.24 set by the commission, or as determined through competitive bidding approved by the
 11.25 commission. The full avoided capacity and energy costs to be paid a qualifying facility
 11.26 that generates electric power by means of a renewable energy source are the utility's least
 11.27 cost renewable energy facility or the bid of a competing supplier of a least cost renewable
 11.28 energy facility, whichever is lower, unless the commission's resource plan order, under
 11.29 section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet
 11.30 the identified capacity need is not in the public interest.

11.31 (c) For all qualifying facilities having 30-kilowatt capacity or more, the utility
 11.32 shall, at the qualifying facility's or the utility's request, provide wheeling or exchange
 11.33 agreements wherever practicable to sell the qualifying facility's output to any other
 11.34 Minnesota utility having generation expansion anticipated or planned for the ensuing ten
 11.35 years. The commission shall establish the methods and procedures to insure that except
 12.1 for reasonable wheeling charges and line losses, the qualifying facility receives the full
 12.2 avoided energy and capacity costs of the utility ultimately receiving the output.

12.3 (d) The commission shall set rates for electricity generated by renewable energy.

6.10 ~~(d)~~ (e) If the qualifying facility or net metered facility is interconnected with a
 6.11 nongenerating utility which has a sole source contract with a municipal power agency or a
 6.12 generation and transmission utility, the nongenerating utility may elect to treat its purchase
 6.13 of any net input under this subdivision as being made on behalf of its supplier and shall
 6.14 be reimbursed by its supplier for any additional costs incurred in making the purchase.
 6.15 Qualifying facilities or net metered facilities having less than ~~40-kilowatt~~ 1,000-kilowatt
 6.16 capacity if interconnected to a public utility, or 40-kilowatt capacity if interconnected to a
 6.17 cooperative electric association or municipal utility may, at the customer's option, elect to
 6.18 be governed by the provisions of subdivision 4.

6.19 Sec. 5. Minnesota Statutes 2012, section 216B.164, subdivision 4, is amended to read:

6.20 Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph
 6.21 (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or
 6.22 more as well as qualifying facilities as defined in subdivision 3 and net metered systems
 6.23 under subdivision 4a, if interconnected to a cooperative electric association or municipal
 6.24 utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect
 6.25 to be governed by its provisions.

6.26 (b) The utility to which the qualifying facility is interconnected shall purchase all
 6.27 energy and capacity made available by the qualifying facility. The qualifying facility shall
 6.28 be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as
 6.29 set by the commission, or as determined through competitive bidding approved by the
 6.30 commission. The full avoided capacity and energy costs to be paid a qualifying facility
 6.31 that generates electric power by means of a renewable energy source are the utility's least
 6.32 cost renewable energy facility or the bid of a competing supplier of a least cost renewable
 6.33 energy facility, whichever is lower, unless the commission's resource plan order, under
 6.34 section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet
 6.35 the identified capacity need is not in the public interest.

7.1 (c) For all qualifying facilities having 30-kilowatt capacity or more, the utility
 7.2 shall, at the qualifying facility's or the utility's request, provide wheeling or exchange
 7.3 agreements wherever practicable to sell the qualifying facility's output to any other
 7.4 Minnesota utility having generation expansion anticipated or planned for the ensuing ten
 7.5 years. The commission shall establish the methods and procedures to insure that except
 7.6 for reasonable wheeling charges and line losses, the qualifying facility receives the full
 7.7 avoided energy and capacity costs of the utility ultimately receiving the output.

7.8 (d) The commission shall set rates for electricity generated by renewable energy.

7.9 Sec. 6. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 7.10 subdivision to read:

12.4 Sec. 11. Minnesota Statutes 2012, section 216B.164, is amended by adding a
12.5 subdivision to read:

12.6 Subd. 4a. **Aggregation of meters.** (a) For the purpose of measuring electricity
12.7 under subdivision 3, a public utility must aggregate for billing purposes a customer's
12.8 designated meter with one or more aggregated meters if a customer requests that it do
12.9 so. To qualify for aggregation under this subdivision, a meter must be owned by the
12.10 customer requesting the aggregation, must be located on contiguous property owned by
12.11 the customer requesting the aggregation, and the total capacity of all qualifying facilities
12.12 attached to a customer's aggregated meters must not exceed the maximum capacity of
12.13 qualifying facilities eligible to be governed under this section. Any aggregation of meters
12.14 must be governed under this section.

12.15 (b) A customer must give at least 60 days' notice to the public utility prior to a
12.16 request that additional meters be included in meter aggregation. The specific meters must
12.17 be identified at the time of the request. In the event that more than one meter is identified,
12.18 the customer must designate the rank order for the aggregated meters to which the net
12.19 metered credits are to be applied. At least 60 days prior to the beginning of the next
12.20 annual billing period, a customer may amend the rank order of the aggregated meters,
12.21 subject to the provisions of this subdivision.

12.22 (c) The aggregation of meters applies only to charges that use kilowatt-hours as the
12.23 billing determinant. All other charges applicable to each meter account must be billed to
12.24 the customer.

12.25 (d) If the net metered facility supplies more electricity to the public utility than
12.26 the energy usage recorded by the customer's designated and aggregated meters during a
12.27 monthly billing period, the public utility must apply credits to the customer's next monthly
12.28 bill for the excess kilowatt-hours. The public utility must first apply the kilowatt-hour
12.29 credit to the charges for the designated meter and then to the charges for the aggregated
12.30 meters in the rank order specified by the customer.

7.11 Subd. 4a. **Net metered facility.** Except for customers receiving a value of solar rate
7.12 under subdivision 10, a customer with a net metered facility having less than 1,000-kilowatt
7.13 capacity if interconnected to a public utility or 40-kilowatt capacity if interconnected to a
7.14 cooperative electric association or municipal utility may elect to be compensated for the
7.15 customer's net input into the utility system in the form of a kilowatt-hour credit on the
7.16 customer's energy bill carried forward and applied to subsequent energy bills. Any net
7.17 input supplied by the customer into the utility system that exceeds energy supplied to the
7.18 customer by the utility during a calendar year must be compensated at the utility's avoided
7.19 cost rate under subdivision 3, paragraph (c), or subdivision 4, paragraph (b), as applicable.

7.20 Sec. 7. Minnesota Statutes 2012, section 216B.164, is amended by adding a
7.21 subdivision to read:

7.22 Subd. 4b. **Aggregation of meters.** (a) For the purpose of measuring electricity
7.23 under subdivisions 3 and 4a, a public utility must aggregate for billing purposes a
7.24 customer's designated meter with one or more aggregated meters if a customer requests
7.25 that it do so. To qualify for aggregation under this subdivision, a meter must be owned by
7.26 the customer requesting the aggregation, must be located on contiguous property owned
7.27 by the customer requesting the aggregation, and the total of all aggregated meters must be
7.28 subject to the size limitation in this section.

7.29 (b) A public utility must comply with a request by a customer-generator to aggregate
7.30 additional meters within 90 days. The specific meters must be identified at the time of the
7.31 request. In the event that more than one meter is identified, the customer must designate
7.32 the rank order for the aggregated meters to which the net metered credits are to be applied.
7.33 At least 60 days prior to the beginning of the next annual billing period, a customer may
7.34 amend the rank order of the aggregated meters, subject to this subdivision.

8.1 (c) The aggregation of meters applies only to charges that use kilowatt-hours as the
8.2 billing determinant. All other charges applicable to each meter account shall be billed to
8.3 the customer.

8.4 (d) A public utility will first apply the kilowatt-hour credit to the charges for the
8.5 designated meter and then to the charges for the aggregated meters in the rank order
8.6 specified by the customer. If the net metered facility supplies more electricity to the
8.7 public utility than the energy usage recorded by the customer-generator's designated and
8.8 aggregated meters during a monthly billing period, the public utility shall apply credits to
8.9 the customer's next monthly bill for the excess kilowatt-hours.

12.31 (e) With the commission's prior approval, a public utility may charge a customer
 12.32 requesting to aggregate meters a reasonable fee to cover the administrative costs incurred
 12.33 as a result of implementing the provisions of this subdivision, pursuant to a tariff approved
 12.34 by the commission.

13.1 Sec. 12. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 13.2 subdivision to read:

13.3 Subd. 4b. **Limiting cumulative generation.** The commission may limit the
 13.4 cumulative generation of qualifying facilities under subdivision 3. A public utility may
 13.5 request the commission to limit the cumulative generation of qualifying facilities under
 13.6 subdivision 3 upon a showing that such generation has reached three percent of the public
 13.7 utility's annual retail electricity sales. The commission may limit additional net metering
 13.8 obligations under this subdivision only after providing notice and opportunity for public
 13.9 comment. In determining whether to limit additional net metering obligations under this
 13.10 subdivision, the commission shall consider:

13.11 (1) the environmental and other public policy benefits of net metered facilities;

13.12 (2) the impact of net metered facilities on electricity rates for customers without
 13.13 net metered systems;

13.14 (3) the effects of net metering on the reliability of the electric system;

13.15 (4) technical advances or technical concerns; and

13.16 (5) other statutory obligations imposed on the commission or on a utility.

13.17 The commission may limit additional net metering obligations under clauses (2) to (4) only
 13.18 if it determines that additional net metering obligations would cause significant rate impact,
 13.19 require significant measures to address reliability, or raise significant technical issues.

8.10 (e) With the commission's prior approval, a public utility may charge the
 8.11 customer-generator requesting to aggregate meters a reasonable fee to cover the
 8.12 administrative costs incurred in implementing the costs of this subdivision, pursuant to
 8.13 a tariff approved by the commission for a public utility.

8.14 Sec. 8. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 8.15 subdivision to read:

8.16 Subd. 4c. **Limiting cumulative generation prohibited.** The commission is
 8.17 prohibited from limiting the cumulative generation of net metered facilities under
 8.18 subdivision 4a and qualifying facilities under subdivision 3 to less than five percent of
 8.19 a public utility's average annual retail electricity sales over the previous three calendar
 8.20 years. Prior to interconnecting a net metered facility that would result in cumulative net
 8.21 metered facility generation in excess of its limit of five percent, a public utility's obligation
 8.22 to offer net metering to a new customer-generator may be limited by the commission if
 8.23 it determines doing so is in the public interest. The commission may limit net metering
 8.24 obligations under this subdivision only after providing notice and opportunity for public
 8.25 comment. When determining whether limiting net metering obligations under this
 8.26 subdivision is in the public interest, the commission shall consider:

8.27 (1) the environmental and other public policy benefits of net metered systems;

8.28 (2) the impact of net metered systems on the electricity costs for customers without
 8.29 net metered systems;

8.30 (3) the effects of net metering on the reliability of the electric system;

8.31 (4) technical advances or technical concerns; and

8.32 (5) other statutory obligations imposed on the commission or a utility.

8.33 The commission may limit net metering obligations under clauses (2) to (4) only if it
 8.34 finds implementation would cause significant rate impact, require significant measures
 8.35 to address reliability, or raise significant technical issues.

9.1 Sec. 9. Minnesota Statutes 2012, section 216B.164, is amended by adding a
 9.2 subdivision to read:

9.3 Subd. 4d. **Individual system capacity limits.** Public utilities that provide retail
 9.4 electric service may require customers participating in net metering and net billing to limit
 9.5 the total generation capacity of individual distributed generation systems by either:

9.6 (1) for wind generation systems, limiting the total generation system capacity kilowatt
 9.7 alternating current to 120 percent of the customer's on-site maximum electric demand; or

9.8 (2) for solar photovoltaic and other distributed generation limiting the total
 9.9 generation system annual energy production kilowatt hours alternating current to 120
 9.10 percent of the customer's on-site annual electric energy consumption.

13.20 Sec. 13. Minnesota Statutes 2012, section 216B.164, subdivision 6, is amended to read:

13.21 Subd. 6. **Rules and uniform contract.** (a) The commission shall promulgate rules
13.22 to implement the provisions of this section. The commission shall also establish a uniform
13.23 statewide form of contract for use between utilities and a qualifying facility having less
13.24 than ~~40-kilowatt~~ 1,000-kilowatt capacity.

13.25 (b) The commission shall require the qualifying facility to provide the utility with
13.26 reasonable access to the premises and equipment of the qualifying facility if the particular
13.27 configuration of the qualifying facility precludes disconnection or testing of the qualifying
13.28 facility from the utility side of the interconnection with the utility remaining responsible
13.29 for its personnel.

13.30 (c) The uniform statewide form of contract shall be applied to all new and existing
13.31 interconnections established between a utility and a qualifying facility having less than
13.32 ~~40-kilowatt~~ 1,000-kilowatt capacity, except that existing contracts may remain in force
13.33 until written notice of election that the uniform statewide contract form applies is given
13.34 by either party to the other, with the notice being of the shortest time period permitted
14.1 under the existing contract for termination of the existing contract by either party, but
14.2 not less than ten nor longer than 30 days.

9.11 Limits under clauses (1) and (2) must be based on standard 15-minute intervals,
9.12 measured during the previous 12 calendar months, or on a reasonable estimate of the
9.13 average monthly maximum demand or average annual consumption if the customer has
9.14 either:

9.15 (i) less than 12 calendar months of actual electric usage; or

9.16 (ii) no demand metering available.

9.17 Sec. 10. Minnesota Statutes 2012, section 216B.164, subdivision 6, is amended to read:

9.18 Subd. 6. **Rules and uniform contract.** (a) The commission shall promulgate rules
9.19 to implement the provisions of this section. The commission shall also establish a uniform
9.20 statewide form of contract for use between utilities and a net metered or qualifying
9.21 facility having less than ~~40-kilowatt~~ 1,000-kilowatt capacity if interconnected to a public
9.22 utility or 40-kilowatt capacity if interconnected to a cooperative electric association or
9.23 municipal utility.

9.24 (b) The commission shall require the qualifying facility to provide the utility with
9.25 reasonable access to the premises and equipment of the qualifying facility if the particular
9.26 configuration of the qualifying facility precludes disconnection or testing of the qualifying
9.27 facility from the utility side of the interconnection with the utility remaining responsible
9.28 for its personnel.

9.29 (c) The uniform statewide form of contract shall be applied to all new and existing
9.30 interconnections established between a utility and a net metered or qualifying facility
9.31 having less than 40-kilowatt capacity, except that existing contracts may remain in force
9.32 until written notice of election that the uniform statewide contract form applies is given by
9.33 either party to the other, with the notice being of the shortest time period permitted under
9.34 the existing contract for termination of the existing contract by either party, but not less
9.35 than ten nor longer than 30 days terminated by mutual agreement between both parties.

10.1 (d) A public utility may not apply a standby charge to a net metered facility.

10.2 Sec. 11. Minnesota Statutes 2012, section 216B.164, is amended by adding a
10.3 subdivision to read:

10.4 Subd. 10. **Alternative tariff; compensation for resource value.** (a) A public utility
10.5 may apply for commission approval, or a cooperative electric association or municipal
10.6 electric utility may apply for approval from its governing body, for an alternative
10.7 tariff that compensates customers through a bill credit mechanism for the value to the
10.8 utility, its customers, and society for operating distributed solar photovoltaic resources
10.9 interconnected to the utility system and operated by customers primarily for meeting their
10.10 own energy needs. Alternative tariffs approved by the governing body of a cooperative
10.11 electric association or municipal utility must be filed with the commission.

- 10.12 (b) If approved, the alternative tariff shall apply to customers' interconnections
10.13 occurring after the date of approval. The alternative tariff is in lieu of the small facility
10.14 rate or net metering for distributed solar resources under subdivisions 3 and 4a.
- 10.15 (c) The commission or governing body shall after notice and opportunity for public
10.16 comment approve the alternative tariff provided the utility or association has demonstrated
10.17 the alternative tariff.
- 10.18 (1) appropriately applies a methodology substantially similar to the methodology
10.19 established by the department under this subdivision;
- 10.20 (2) includes a mechanism to allow recovery of the cost to serve customers operating
10.21 distributed solar systems;
- 10.22 (3) charges the customer for all electricity consumed by the customer at the
10.23 applicable rate schedule for sales to that class of customer;
- 10.24 (4) credits the customer for all electricity generated by the solar photovoltaic device
10.25 at the value-based credit rate established under this subdivision;
- 10.26 (5) applies the charges and credits in clauses (3) and (4) to a monthly bill that
10.27 includes a provision so that the unused portion of the credit in any month or billing period
10.28 shall be carried forward and credited against all charges. In the event that the customer
10.29 has a positive balance after the 12-month cycle ending on the last day in February, that
10.30 balance will be eliminated and the credit cycle will restart the following billing period
10.31 beginning on March 1;
- 10.32 (6) complies with the size limits specified in subdivision 4a;
- 10.33 (7) complies with the interconnection requirements under section 216B.1611; and
- 10.34 (8) is not subject to standby or network charges.
- 11.1 (d) A utility must provide to the customer the meter and any other equipment needed
11.2 to provide service under the alternative tariff.
- 11.3 (e) The department must establish the distributed solar value methodology in
11.4 paragraph (c), clause (1), no later than January 31, 2014. The methodology may not be
11.5 used unless approved by the commission. The department must submit the methodology
11.6 to the commission for approval. The commission must approve, modify with the consent
11.7 of the department, or disapprove the methodology within 60 days of its submission.
11.8 When developing the distributed solar value methodology, the department shall consult
11.9 stakeholders with experience and expertise in power systems, solar energy, and electric
11.10 utility ratemaking regarding the proposed methodology, underlying assumptions, and
11.11 preliminary data.

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

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

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

11.24 (i) Renewable energy credits for solar energy credited under this subdivision belong
11.25 to the electric utility providing the credit.

11.26 Sec. 12. **[216B.1641] COMMUNITY SOLAR GARDEN.**

11.27 (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a
11.28 plan with the commission to operate a community solar garden program. Other public
11.29 utilities may file an application at their election. The community solar garden program must
11.30 be designed to offset the energy use of not less than five subscribers in each community
11.31 solar garden program of which no single subscriber has more than a 40 percent interest.
11.32 The owner of the community solar garden may be a public utility or any other entity or
11.33 organization that contracts to sell the output from the community solar garden to the utility.

11.34 (b) A solar garden must have a nameplate capacity of no more than one megawatt.
11.35 Each subscription shall be sized to represent at least one kilowatt of the community
12.1 solar garden's generating capacity and to supply, when combined with other distributed
12.2 generation resources serving the premises, no more than 120 percent of the average annual
12.3 consumption of electricity by each subscriber at the premises to which the subscription is
12.4 attributed.

12.5 (c) The solar generation facility must be located in the service territory of the public
12.6 utility filing the plan. Subscribers must be retail customers of the public utility located in
12.7 the same county or a county contiguous to where the facility is located.

12.8 (d) The public utility must purchase from the community solar garden all energy
12.9 generated by the solar garden. The purchase shall be at the value of solar rate as calculated
12.10 under section 216B.164, subdivision 10.

12.11 (e) The commission may approve, disapprove, or modify a plan based on, among
12.12 other things, the following factors:

12.13 (1) that the plan reasonably allows for the creation of solar gardens;

- 12.14 (2) that the plan establishes a mechanism that allows the utility to recoup
 12.15 interconnection costs for each community solar garden;
 12.16 (3) that the plan is nondiscriminatory among customers; and
 12.17 (4) that the plan is consistent with the public interest.

14.3 Sec. 14. **[216B.1641] VALUE OF SOLAR RATE.**

14.4 Subdivision 1. **Definition.** For the purposes of this section, "solar photovoltaic

14.5 device" has the meaning given in section 216C.06, subdivision 16, and must meet the
 14.6 requirements of section 216C.25.

14.7 Subd. 2. **Applicability.** (a) Beginning January 1, 2014, this section shall apply to

14.8 public utilities selling electricity at retail in Minnesota.

14.9 (b) Notwithstanding section 216B.164, an owner of a solar photovoltaic device may,

14.10 with respect to the purchase price credited by a utility to an owner of a solar photovoltaic

14.11 device, elect to be governed under this section or section 216B.164. All other provisions

14.12 of section 216B.164, except those in subdivision 3 and subdivision 4, paragraphs (a)

14.13 to (c), shall apply to an owner of a solar photovoltaic device electing to be governed

14.14 under this section.

14.15 (c) This section does not apply to a utility that owns a solar photovoltaic device.

14.16 (d) An owner of a solar photovoltaic device governed under the net metering

14.17 provisions of section 216B.164 prior to the effective date of the commission order issued

14.18 under subdivision 9 and who elects to be governed under this section with respect to the

14.19 purchase price credited by a utility must provide written notice of that election to the

14.20 utility. The utility shall begin crediting the value of solar rate most recently approved by

14.21 the commission to the owner of the solar photovoltaic device on the first day of the first

14.22 month that begins at least 30 days after receipt of the notice.

14.23 (e) This section does not apply to a solar photovoltaic device whose capacity

14.24 exceeds two megawatts.

14.25 Subd. 3. **Standby charge prohibited.** A utility may not apply a standby charge to

14.26 a solar photovoltaic device governed under this section.

14.27 Subd. 4. **Standard contract.** The commission shall establish a statewide uniform

14.28 form of contract that must be used by a purchasing utility and an owner of a solar

14.29 photovoltaic device who elects to be governed under this section. The term of a contract

14.30 entered into under this section must be no less than 20 years. The agreement must provide

14.31 for credit of the value of solar rate as approved by the commission under this section,

14.32 and must require the transfer of all renewable energy credits associated with the energy

14.33 generated by the solar photovoltaic device to the purchasing utility.

14.34 Subd. 5. **Credits.** The utility interconnected to a solar photovoltaic device whose
14.35 owner elects to be governed under this section shall purchase, throughout the term of the
15.1 contract, all energy and capacity made available by the owner of the solar photovoltaic
15.2 device. All credits must be made at the value of solar rate approved by the commission
15.3 under this section.

15.4 Subd. 6. **Value of solar rate; guidance document.** (a) By December 1, 2013, and
15.5 each December 1 thereafter through 2048, the Department of Commerce shall develop
15.6 a value of solar guidance document that contains step-by-step procedures that a utility
15.7 subject to this section must use to calculate the utility's value of solar rate. The guidance
15.8 document must specify a method a utility must use to calculate the value of all the
15.9 components listed in paragraph (b), and may include formulas, discount rates, and other
15.10 provisions governing how the value of solar rate must be calculated.

15.11 (b) The value of solar rate is expressed on a per kilowatt-hour basis, and consists of
15.12 the following components:

15.13 (1) line loss savings equal to the value of the average amount of electricity lost
15.14 through transmission and distribution when electricity is generated by the utility's nonsolar
15.15 photovoltaic generators;

15.16 (2) transmission and distribution capacity savings equal to the value of delaying
15.17 the need for capital investment in a utility's transmission and distribution system by
15.18 contracting to purchase energy from solar photovoltaic devices;

15.19 (3) energy savings equal to the reduction in a utility's wholesale energy purchases
15.20 and costs, based on the time of day the energy would have been generated, realized as a
15.21 result of energy purchases from solar photovoltaic devices;

15.22 (4) generation capacity savings equal to the value of the benefit of the capacity
15.23 added to the utility's system by solar photovoltaic devices;

15.24 (5) fuel price hedge value equal to the value of eliminating price uncertainty
15.25 associated with the utility's purchases of fuel for electricity generation; and

15.26 (6) environmental benefits equal to the premium retail customers are willing to pay
15.27 to consume energy produced from renewable resources.

15.28 (c) The department may, based on known and measurable evidence of the economic
15.29 development benefits of solar electricity generation, including the net increase in local
15.30 employment and taxes generated from the manufacture, assembly, installation, operation,
15.31 and maintenance of solar photovoltaic devices, or other factors, incorporate additional
15.32 amounts into the value of solar rate.

15.33 (d) The value of solar rate is equal to the present value of the future revenue streams
15.34 of the value components calculated in paragraphs (b) and (c) over the useful life of a
15.35 solar photovoltaic device.

16.1 (e) Prior to preparing the value of solar guidance document, the Department of
16.2 Commerce shall obtain comments and recommendations from utilities, ratepayers, and
16.3 other interested parties regarding the content of the value of solar guidance document.

16.4 (f) By January 1, 2015, and every January 1 thereafter through 2049, the
16.5 commissioner shall make a determination as to whether the value of solar guidance
16.6 document developed under this subdivision needs to be revised. In making that
16.7 determination, the commissioner shall solicit comments and recommendations from
16.8 interested parties in the same manner as required under paragraph (e). After considering
16.9 the comments and recommendations, the commissioner may revise the value of solar
16.10 guidance document.

16.11 **Subd. 7. Utilities to offer tariff.** By April 1, 2014, and each April 1 thereafter
16.12 through 2049, a utility subject to this section shall file with the commission a value of
16.13 solar tariff based on its calculation of the utility's value of solar rate that is consistent with
16.14 the department's value of solar guidance document developed in subdivision 6. A utility
16.15 must include in its filing its method of calculation for each component listed in subdivision
16.16 6, paragraph (b). A utility filing a value of solar rate that differs from the value of solar
16.17 rate filed by the utility for the previous year shall submit to the commission the reasons
16.18 for and the methods it used to calculate the differences.

16.19 **Subd. 8. Value of solar rate; billing.** Notwithstanding section 216B.164, an owner
16.20 of a solar photovoltaic device who elects to receive the value of solar rate for electricity
16.21 generated by the solar photovoltaic device that is sold to a utility must be:

16.22 (1) charged by the utility the applicable rate schedule for sales to that class of
16.23 customer for all electricity consumed by the customer;

16.24 (2) credited the value of solar rate by the utility for all electricity generated by the
16.25 solar photovoltaic device;

16.26 (3) provided by the utility with a monthly bill that contains, in addition to the
16.27 amounts in clauses (1) and (2), the net amount owed to the utility or net credit realized
16.28 by the owner for that month and on a year-to-date basis. In the event that the customer
16.29 has a positive balance after the 12-month cycle ending on the last day of February, that
16.30 balance will be eliminated and the credit cycle will restart the following billing period
16.31 beginning March 1; and

16.32 (4) provided by the utility with a meter that allows for the separate calculation of the
16.33 amount of electricity consumed and generated at the property.

16.34 **Subd. 9. Commission review; approval.** (a) By July 1, 2014, and each July
16.35 1 thereafter through 2049, the commission shall review the filing submitted under
16.36 subdivision 7 and any comments on the filing made by the department or other interested
17.1 parties, and approve or modify each utility's value of solar tariff. The commission may,
17.2 at its discretion, solicit additional comments, information, and recommendations from
17.3 utilities, the department, and other interested parties.

17.4 (b) By July 1, 2014, and each January 1 thereafter through 2049, the commission
17.5 shall, by order, direct all electric utilities subject to this section to begin crediting the value
17.6 of solar rate most recently approved by the commission to:

17.7 (1) owners of solar photovoltaic devices who sign a standard contract under this
17.8 section on or after the first day of the first month following the effective date of the
17.9 order; and

17.10 (2) owners of solar photovoltaic devices who were governed under the net metering
17.11 provisions of section 216B.164 prior to the effective date of the order and who elect to
17.12 be governed under this section with respect to the purchase price credited by a utility by
17.13 complying with the provisions of subdivision 2, paragraph (d).

17.14 (c) In no case shall the commission approve a value of solar rate under this section
17.15 that is lower than the applicable retail rate of the subject utility.

17.16 Sec. 15. **[216B.1651] DEFINITIONS.**

17.17 Subdivision 1. **Scope.** For the purposes of sections 216B.1651 to 216B.1654, the
17.18 following definitions have the meanings given.

17.19 Subd. 2. **Community solar generating facility.** "Community solar generating
17.20 facility" means a facility:

17.21 (1) that generates electricity by means of a solar photovoltaic device that has a
17.22 capacity of less than two megawatts direct current nameplate;

17.23 (2) that is interconnected with a utility's distribution system under the jurisdiction
17.24 of the commission;

17.25 (3) that is located in the electric service area of the utility with which it is
17.26 interconnected;

17.27 (4) whose subscribers purchase, under long-term contract with the community solar
17.28 generating facility, the right to consume the electricity generated from a specified portion
17.29 of the facility's generating capacity;

17.30 (5) that is not owned by a utility; and

17.31 (6) that has at least two subscribers.

17.32 Subd. 3. **Facility manager.** "Facility manager" means an entity that manages a
17.33 community solar generating facility for the benefit of subscribers and may, in addition,
17.34 develop, construct, own, or operate the community solar generating facility. A facility
17.35 manager may not be a utility, but may be:

18.1 (1) a person whose sole purpose is to beneficially own and operate a community
18.2 solar generating facility;

18.3 (2) a Minnesota nonprofit corporation organized under chapter 317A;

- 18.4 (3) a Minnesota cooperative association organized under chapter 308A or 308B;
- 18.5 (4) a Minnesota political subdivision or local government, including but not limited
18.6 to a county, statutory or home rule charter city, town, school district, public or private
18.7 higher education institution, or any other local or regional governmental organization such
18.8 as a board, commission, or association; or
- 18.9 (5) a tribal council.
- 18.10 Subd. 4. **Renewable energy credit.** "Renewable energy credit" has the meaning
18.11 given in section 216B.1691, subdivision 1, paragraph (d).
- 18.12 Subd. 5. **Solar photovoltaic device.** "Solar photovoltaic device" has the meaning
18.13 given in section 216C.06, subdivision 16.
- 18.14 Subd. 6. **Subscriber.** "Subscriber" means a retail customer of a utility who owns
18.15 one or more subscriptions of a community solar generating facility interconnected with
18.16 that utility. A facility manager may be a subscriber.
- 18.17 Subd. 7. **Subscription.** "Subscription" means a contract between a subscriber and a
18.18 community solar generating facility that has a term of no less than 20 years and that
18.19 provides to the subscriber a portion of the generation of the community solar generating
18.20 facility and a corresponding proportion of the electricity generated by the community
18.21 solar generating facility.
- 18.22 Subd. 8. **Utility.** "Utility" means a public utility as defined in section 216B.02,
18.23 subdivision 4.
- 18.24 Sec. 16. **[216B.1652] SUBSCRIPTIONS.**
- 18.25 Subdivision 1. **Presale of subscriptions.** A community solar generating facility
18.26 may not commence construction of the facility until contracts have been executed for
18.27 subscriptions, excluding the subscription of the facility manager, that represent at least 80
18.28 percent of the proposed nameplate capacity of the community solar generating facility.
- 18.29 Subd. 2. **Size.** (a) A subscription must be a portion of the community solar generating
18.30 facility's nameplate capacity sized so as to produce no more than 120 percent of the annual
18.31 average amount of electricity consumed over the previous three years at the site where the
18.32 subscriber's meter is located. If the site is newly constructed, the subscription must be sized
18.33 based on 120 percent of the average annual amount of electricity consumed by a facility of
18.34 similar size and type in the utility's service area, as determined by the facility manager.
- 19.1 (b) A subscriber may not own one or more subscriptions whose total capacity
19.2 exceeds the maximum capacity allowed for a qualifying facility subject to section
19.3 216B.164, subdivision 3.

19.4 (c) A facility manager may not own subscriptions whose total capacity exceeds the
19.5 maximum subscription size allowed under paragraph (a) plus ten percent of the remaining
19.6 available nameplate capacity in the community solar generating facility, subject to the
19.7 limit in paragraph (b).

19.8 (d) The maximum subscription size for a subscriber consuming electricity generated
19.9 from an eligible energy technology, as defined in section 216B.1691, subdivision 1, at any
19.10 time during the term of the subscriber's subscription, is the maximum subscription size
19.11 allowed under paragraph (a) minus the nameplate capacity of the eligible energy technology
19.12 device providing electricity to the subscriber, subject to the limit in paragraph (b).

19.13 Subd. 3. **Certification.** Prior to the sale of a subscription, a facility manager
19.14 must provide certification to the subscriber signed by the facility manager under penalty
19.15 of perjury:

19.16 (1) identifying the rate of insolation at the community solar generating facility;

19.17 (2) certifying that the solar photovoltaic devices employed by the community solar
19.18 generating facility to generate electricity have an electrical energy degradation rate of no
19.19 more than 0.5 percent annually; and

19.20 (3) certifying that the community solar generating facility is in full compliance with
19.21 all applicable federal and state utility, securities, and tax laws.

19.22 Subd. 4. **On-site subscriber.** A subscriber who owns the property on which
19.23 a community solar generating facility is located has no more rights with respect to
19.24 subscription size or price than any other subscriber.

19.25 Subd. 5. **Subscription prices.** The price for a subscription to a community solar
19.26 generating facility is not subject to regulation by the commission and is negotiated
19.27 between the prospective subscriber and the facility manager.

19.28 Subd. 6. **Subscription transfer.** A subscriber that terminates the contract between
19.29 the subscriber and the community solar generating facility must transfer the subscription
19.30 to a person eligible to be a subscriber or to the facility manager at a price negotiated
19.31 by both parties.

19.32 Subd. 7. **New subscribers.** Within 30 days of the execution of a contract between the
19.33 community solar generating facility and a new subscriber, the facility manager shall submit
19.34 the following information to the utility serving the community solar generating facility:

19.35 (1) the new subscriber's name, address, number of meters, and utility customer
19.36 account; and

20.1 (2) the share of the community solar generating facility's nameplate capacity owned
20.2 by the new subscriber.

20.3 Subd. 8. **Meter change.** A subscriber that moves to a different property served by
20.4 the community solar generating facility from the property at which the subscriber resided
20.5 at the time the contract between the subscriber and the community solar generating facility
20.6 was executed, or that changes the number of meters attached to the subscriber's account,
20.7 must notify the facility manager within 30 days of the change.

20.8 Subd. 9. **Renewable energy credits.** (a) Notwithstanding any other law, a
20.9 subscriber owns the renewable energy credits associated with the electricity allocated to
20.10 the subscriber's subscription. A utility or facility manager may purchase renewable energy
20.11 credits under a contract with a subscriber.

20.12 (b) Renewable energy credits may not be assigned to a utility as a condition of entering
20.13 into a contract or an interconnection agreement with a community solar generating facility.

20.14 Subd. 10. **Disputes.** The dispute resolution provisions available under section
20.15 216B.164 shall be used to resolve disputes between a facility manager and the utility
20.16 serving the community solar generating facility.

20.17 Sec. 17. **[216B.1653] DISPOSITION OF ELECTRICITY GENERATED.**

20.18 Subdivision 1. Allocation. (a) The total amount of electricity available for allocation
20.19 to all subscribers of a community solar generating facility shall be determined by a
20.20 production meter installed by the utility.

20.21 (b) The total amount of electricity available to a subscriber shall be the total amount
20.22 of electricity available for allocation to all subscribers of a community solar generating
20.23 facility prorated by a subscriber's subscription size in relation to the nameplate capacity of
20.24 the community solar generating facility.

20.25 (c) A subscriber may not resell electricity governed by the subscriber's contract
20.26 with a community solar generating facility.

20.27 (d) All electricity generated by a community solar generating facility that is not
20.28 allocated to or consumed by subscribers must be sold to the utility interconnected with
20.29 the community solar generating facility.

20.30 Subd. 2. **Utility purchases.** The utility to which the community solar generating
20.31 facility is interconnected shall purchase all electricity generated by the community solar
20.32 generating facility that is not consumed by subscribers. The price paid to the community
20.33 solar generating facility by the utility is governed by section 216B.164 or any law that
20.34 governs the price a utility must pay to purchase electricity from a solar photovoltaic device.

21.1 Subd. 3. **Interconnection.** The commission shall establish uniform fees for the
21.2 interconnection of a community solar generating facility with a utility.

21.3 Subd. 4. **Nonutility status.** Notwithstanding section 216B.02, a community solar
21.4 generating facility is not a public utility.

21.5 Sec. 18. **[216B.1654] BILLING.**

21.6 Subdivision 1. **Billing procedure.** A subscriber to a community solar generating
 21.7 facility must be:

21.8 (1) charged by the utility interconnected with the community solar generating
 21.9 facility the utility's applicable rate schedule for sales to that class of customer for all
 21.10 electricity consumed by the subscriber;

21.11 (2) paid by the utility the maximum rate allowable under section 216B.164, or
 21.12 any other law that may govern the price a utility must pay to purchase electricity from
 21.13 a solar photovoltaic device, for a portion of all electricity the utility purchases from
 21.14 the community solar generating facility that is equal to the ratio of the subscriber's
 21.15 subscription to the nameplate capacity of the community solar generating facility;

21.16 (3) provided by the utility with a monthly bill that contains, in addition to the
 21.17 amounts in clauses (1) and (2), the net amount owed to the utility or net credit realized by
 21.18 the owner for that month and on a year-to-date basis; and

21.19 (4) provided by the utility with a meter that allows for the separate calculation of the
 21.20 amount of electricity consumed and generated at the property.

21.21 Subd. 2. **Billing system.** The commission shall, by January 1, 2014, establish a
 21.22 uniform administrative system to credit the utility accounts of subscribers to a community
 21.23 solar generating facility. In determining the uniform administrative system, the
 21.24 commission shall solicit comments and recommendations from utilities, ratepayers, and
 21.25 other interested parties, and shall review commercially available administrative systems
 21.26 and administrative systems used in jurisdictions where entities similar to community
 21.27 solar generating facilities are operating.

21.28 Subd. 3. **Commission proceeding; rate adjustment.** By September 1, 2014, the
 21.29 commission shall initiate a proceeding to examine whether the rate paid by a utility to
 21.30 purchase energy from a community solar generating facility under section 216B.1653,
 21.31 subdivision 2, should be adjusted to reflect the actual fixed costs incurred by a utility to
 21.32 provide service to a community solar generating facility.

21.33 Sec. 19. Minnesota Statutes 2012, section 216B.1691, subdivision 1, is amended to read:

22.1 Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy
 22.2 technology" means an energy technology that generates electricity from the following
 22.3 renewable energy sources:

22.4 (1) solar;

22.5 (2) wind;

22.6 (3) hydroelectric with a capacity of less than 100 megawatts;

22.7 (4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated
22.8 from the resources listed in this paragraph; or

22.9 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
22.10 system; the predominantly organic components of wastewater effluent, sludge, or related
22.11 by-products from publicly owned treatment works, but not including incineration of
22.12 wastewater sludge to produce electricity; and an energy recovery facility used to capture
22.13 the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal
22.14 solid waste as a primary fuel.

22.15 (b) "Electric utility" means a public utility providing electric service, a generation
22.16 and transmission cooperative electric association, a municipal power agency, or a power
22.17 district.

22.18 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year
22.19 by an electric utility to retail customers of the electric utility or to a distribution utility
22.20 for distribution to the retail customers of the distribution utility. "Total retail electric
22.21 sales" does not include the sale of hydroelectricity supplied by a federal power marketing
22.22 administration or other federal agency, regardless of whether the sales are directly to a
22.23 distribution utility or are made to a generation and transmission utility and pooled for
22.24 further allocation to a distribution utility.

22.25 (d) "Renewable energy credit" means a certificate of proof, issued through the
22.26 accounting system approved by the commission under subdivision 4, attesting that one
22.27 unit of electricity was generated and delivered by an eligible energy technology, and
22.28 including all renewable and environmental attributes associated with the production of
22.29 electricity from the eligible energy technology.

22.30 Sec. 20. Minnesota Statutes 2012, section 216B.1691, subdivision 2a, is amended to
22.31 read:

22.32 Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in
22.33 paragraph (b), each electric utility shall generate or procure sufficient electricity generated
22.34 by an eligible energy technology to provide its retail customers in Minnesota, or the
22.35 retail customers of a distribution utility to which the electric utility provides wholesale
23.1 electric service, so that at least the following standard percentages of the electric utility's
23.2 total retail electric sales to retail customers in Minnesota are generated by eligible energy
23.3 technologies by the end of the year indicated:

23.4 (1) 2012 12 percent

23.5 (2) 2016 17 percent

23.6 (3) 2020 20 percent

23.7 (4) 2025 25 percent.

23.8 (b) An electric utility that owned a nuclear generating facility as of January 1, 2007,
 23.9 must meet the requirements of this paragraph rather than paragraph (a). An electric utility
 23.10 subject to this paragraph must generate or procure sufficient electricity generated by
 23.11 an eligible energy technology to provide its retail customers in Minnesota or the retail
 23.12 customer of a distribution utility to which the electric utility provides wholesale electric
 23.13 service so that at least the following percentages of the electric utility's total retail electric
 23.14 sales to retail customers in Minnesota are generated by eligible energy technologies by the
 23.15 end of the year indicated:

23.16 (1) 2010 15 percent

23.17 (2) 2012 18 percent

23.18 (3) 2016 25 percent

23.19 (4) 2020 30 percent.

23.20 Of the 30 percent in 2020, at least 25 percent must be generated by solar energy
 23.21 or wind energy conversion systems and the remaining five percent by other eligible
 23.22 energy technology. Of the 25 percent that must be generated by wind or solar, no more
 23.23 than one percent may be solar generated and the remaining 24 percent or greater must
 23.24 be wind generated.

23.25 (c) By the end of 2030, each public utility shall generate or procure sufficient
23.26 electricity generated by an eligible energy technology to provide at least 40 percent of the
23.27 public utility's total retail electric sales to retail customers in Minnesota.

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

23.29 Sec. 21. Minnesota Statutes 2012, section 216B.1691, subdivision 2e, is amended to
23.30 read:

23.31 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must
23.32 submit to the commission and the legislative committees with primary jurisdiction over
23.33 energy policy a report containing an estimation of the rate impact of activities of the
23.34 electric utility necessary to comply with this section. In consultation with the Department
23.35 of Commerce, the commission shall determine a uniform reporting system to ensure that
24.1 individual utility reports are consistent and comparable, and shall, by order, require each
24.2 electric utility subject to this section to use that reporting system. The rate impact estimate
24.3 must be for wholesale rates and, if the electric utility makes retail sales, the estimate
24.4 shall also be for the impact on the electric utility's retail rates. Those activities include,
24.5 without limitation, energy purchases, generation facility acquisition and construction, and
24.6 transmission improvements. An initial report must be submitted within 150 days of May
24.7 28, 2011. After the initial report, a report must be updated and submitted as part of each
24.8 integrated resource plan or plan modification filed by the electric utility under section
24.9 216B.2422. The reporting obligation of an electric utility under this subdivision expires
24.10 December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and
24.11 December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b).

24.12 Sec. 22. Minnesota Statutes 2012, section 216B.1691, is amended by adding a
24.13 subdivision to read:

24.14 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivision
24.15 2a, each public utility shall generate or procure sufficient electricity generated by solar
24.16 energy to serve its retail electricity customers in Minnesota so that at least the following
24.17 standard percentages of the utility's total retail electric sales to retail customers in
24.18 Minnesota are generated by solar energy by the end of the year indicated:

24.19 (1) 2016 0.5 percent

24.20 (2) 2020 2.0 percent

24.21 (3) 2025 4.0 percent

24.22 (b) The solar energy standard established in this subdivision is subject to all the
 24.23 provisions of this section governing a utility's standard obligation under subdivision 2a.

24.24 (c) It is an energy goal of the state of Minnesota that by 2030, ten percent of the
 24.25 retail electric sales in Minnesota be generated by solar energy.

24.26 (d) For the purposes of calculating the total retail electric sales of a public utility
 24.27 under this subdivision and subdivision 2a, paragraph (c), there shall be excluded retail
 24.28 electric sales to customers that are:

24.29 (1) an iron mining extraction and processing facility, including a scam mining
 24.30 facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

24.31 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
 24.32 manufacturer.

24.33 Those customers may not have included in the rates charged to them by the public
 24.34 utility any costs of satisfying the solar standard specified by this subdivision.

25.1 Sec. 23. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to read:

25.2 Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the
 25.3 emissions reduction-rate rider allowed in this section must:

25.4 (1) be installed on existing large electric generating power plants, as defined in
 25.5 section 216B.2421, subdivision 2, clause (1), that are located in the state and that are
 25.6 currently not subject to emissions limitations for new power plants under the federal Clean
 25.7 Air Act, United States Code, title 42, section 7401 et seq.;

25.8 (2) not increase the capacity of the existing electric generating power plant more
 25.9 than ten percent or more than 100 megawatts, whichever is greater; and

25.10 (3) result in the existing plant either:

25.11 (i) complying with applicable new source review standards under the federal Clean
 25.12 Air Act; or

26.14 Section 1. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to
 26.15 read:

26.16 Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the
 26.17 emissions reduction-rate rider allowed in this section must:

26.18 (1) be installed on existing large electric generating power plants, as defined in
 26.19 section 216B.2421, subdivision 2, clause (1), that are located in the state and that are
 26.20 currently not subject to emissions limitations for new power plants under the federal Clean
 26.21 Air Act, United States Code, title 42, section 7401 et seq.;

26.22 (2) not increase the capacity of the existing electric generating power plant more
 26.23 than ten percent or more than 100 megawatts, whichever is greater; and

26.24 (3) result in the existing plant either:

26.25 (i) complying with applicable new source review standards under the federal Clean
 26.26 Air Act; or

25.13 (ii) emitting air contaminants at levels substantially lower than allowed for new
 25.14 facilities by the applicable new source performance standards under the federal Clean
 25.15 Air Act; or

25.16 (iii) reducing emissions from current levels at a unit to the lowest cost-effective level
 25.17 when, due to the age or condition of the generating unit, the public utility demonstrates
 25.18 that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

25.19 (b) Notwithstanding paragraph (a), a project may be approved for the emission
 25.20 reduction rate rider allowed in this section if the project is to be installed on existing
 25.21 large electric generating power plants, as defined in section 216B.2421, subdivision 2,
 25.22 clause (1), that are located outside the state and are needed to comply with state or federal
 25.23 air quality standards, but only if the project has received an advance determination of
 25.24 prudence from the commission under section 216B.1695.

25.25 Sec. 24. Minnesota Statutes 2012, section 216B.1692, is amended by adding a
 25.26 subdivision to read:

25.27 Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not
 25.28 apply to projects qualifying under subdivision 1, paragraph (b).

25.29 Sec. 25. Minnesota Statutes 2012, section 216B.1692, subdivision 8, is amended to read:
 25.30 Subd. 8. **Sunset.** This section is effective until December 31, ~~2015~~ 2020, and
 25.31 applies to plans, projects, and riders approved before that date and modifications made to
 25.32 them after that date.

25.33 Sec. 26. Minnesota Statutes 2012, section 216B.1695, subdivision 5, is amended to read:
 26.1 Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been
 26.2 incurred by the utility in connection with implementation of the project in the next rate
 26.3 case following an advance determination of prudence or in a rider approved under section
 26.4 216B.1692. The commission shall review the costs incurred by the utility for the project.
 26.5 The utility must show that the project costs are reasonable and necessary, and demonstrate
 26.6 its efforts to ensure the lowest reasonable project costs. Notwithstanding the commission's
 26.7 prior determination of prudence, it may accept, modify, or reject any of the project costs.
 26.8 The commission may determine whether to require an allowance for funds used during
 26.9 construction offset.

26.27 (ii) emitting air contaminants at levels substantially lower than allowed for new
 26.28 facilities by the applicable new source performance standards under the federal Clean
 26.29 Air Act; or

26.30 (iii) reducing emissions from current levels at a unit to the lowest cost-effective level
 26.31 when, due to the age or condition of the generating unit, the public utility demonstrates
 26.32 that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

26.33 (b) Notwithstanding paragraph (a), a project may be approved for the emission
 26.34 reduction rate rider allowed in this section if the project is to be installed on existing
 27.1 large electric generating power plants, as defined in section 216B.2421, subdivision 2,
 27.2 clause (1), that are located outside the state and are needed to comply with state or federal
 27.3 air quality standards, but only if the project has received an advance determination of
 27.4 prudence from the commission under section 216B.1695.

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

27.6 Sec. 2. Minnesota Statutes 2012, section 216B.1692, is amended by adding a
 27.7 subdivision to read:

27.8 Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not
 27.9 apply to projects qualifying under subdivision 1, paragraph (b).

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

27.11 Sec. 3. Minnesota Statutes 2012, section 216B.1692, subdivision 8, is amended to read:
 27.12 Subd. 8. **Sunset.** This section is effective until December 31, ~~2015~~ 2020, and
 27.13 applies to plans, projects, and riders approved before that date and modifications made to
 27.14 them after that date.

27.15 Sec. 4. Minnesota Statutes 2012, section 216B.1695, subdivision 5, is amended to read:
 27.16 Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been
 27.17 incurred by the utility in connection with implementation of the project in the next rate
 27.18 case following an advance determination of prudence or in a rider approved under section
 27.19 216B.1692. The commission shall review the costs incurred by the utility for the project.
 27.20 The utility must show that the project costs are reasonable and necessary, and demonstrate
 27.21 its efforts to ensure the lowest reasonable project costs. Notwithstanding the commission's
 27.22 prior determination of prudence, it may accept, modify, or reject any of the project costs.
 27.23 The commission may determine whether to require an allowance for funds used during
 27.24 construction offset.

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

26.10 Sec. 27. Minnesota Statutes 2012, section 216B.1695, is amended by adding a
26.11 subdivision to read:

26.12 Subd. 5a. **Rate of return.** The return on investment in the rider shall be at the level
26.13 approved by the commission in the public utility's most recently completed general rate
26.14 case, unless the commission determines that a different rate of return is in the public interest.

26.15 Sec. 28. Minnesota Statutes 2012, section 216B.23, subdivision 1a, is amended to read:

26.16 Subd. 1a. **Authority to issue refund.** (a) On determining that a public utility has
26.17 charged a rate in violation of this chapter, a commission rule, or a commission order, the
26.18 commission, after conducting a proceeding, may require the public utility to refund to its
26.19 customers, in a manner approved by the commission, any revenues the commission finds
26.20 were collected as a result of the unlawful conduct. Any refund authorized by this section
26.21 is permitted in addition to any remedies authorized by section 216B.16 or any other law
26.22 governing rates. Exercising authority under this section does not preclude the commission
26.23 from pursuing penalties under sections 216B.57 to 216B.61 for the same conduct.

26.24 (b) This section must not be construed as allowing:

26.25 (1) retroactive ratemaking;

26.26 (2) refunds based on claims that prior or current approved rates have been unjust,
26.27 unreasonable, unreasonably preferential, discriminatory, insufficient, inequitable, or
26.28 inconsistent in application to a class of customers; or

26.29 (3) refunds based on claims that approved rates have not encouraged energy
26.30 conservation or renewable energy use, or have not furthered the goals of section 216B.164,
26.31 216B.241, ~~or~~ 216C.05, or 216C.412.

26.32 (c) A refund under this subdivision does not apply to revenues collected more than
26.33 six years before the date of the notice of the commission proceeding required under this
26.34 subdivision.

27.1 Sec. 29. Minnesota Statutes 2012, section 216B.241, subdivision 1e, is amended to read:

27.26 Sec. 5. Minnesota Statutes 2012, section 216B.1695, is amended by adding a
27.27 subdivision to read:

27.28 Subd. 5a. **Rate of return.** The return on investment in the rider shall be at the
27.29 level approved by the commission in the public utility's last general rate case, unless the
27.30 commission determines that a different rate of return is in the public interest.

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

23.12 Section 1. Minnesota Statutes 2012, section 216B.241, subdivision 1e, is amended to
23.13 read:

27.2 Subd. 1e. **Applied research and development grants.** (a) The commissioner
 27.3 may, by order, approve and make grants for applied research and development projects
 27.4 of general applicability that identify new technologies or strategies to maximize energy
 27.5 savings, improve the effectiveness of energy conservation programs, or document
 27.6 the carbon dioxide reductions from energy conservation programs. When approving
 27.7 projects, the commissioner shall consider proposals and comments from utilities and
 27.8 other interested parties. The commissioner may assess up to \$3,600,000 annually for the
 27.9 purposes of this subdivision. The assessments must be deposited in the state treasury
 27.10 and credited to the energy and conservation account created under subdivision 2a. An
 27.11 assessment made under this subdivision is not subject to the cap on assessments provided
 27.12 by section 216B.62, or any other law.

27.13 (b) The commissioner, as part of the assessment authorized under paragraph (a),
 27.14 shall annually assess and grant up to \$500,000 for the purpose of subdivision 9.

27.15 (c) The commissioner, as part of the assessment authorized under paragraph (a),
 27.16 shall annually assess \$500,000 per fiscal year for a grant to the partnership created in
 27.17 section 216C.385, subdivision 2. The grant must be used to exercise the powers and
 27.18 perform the duties specified in section 216C.385, subdivision 3.

27.19 (d) By February 15, 2014, and each February 15 thereafter, the commissioner shall
 27.20 report to the chairs and ranking minority members of the committees of the legislature
 27.21 with primary jurisdiction over energy policy and energy finance on the assessments made
 27.22 under this subdivision for the previous calendar year and the use of the assessment. The
 27.23 report must clearly describe the activities supported by the assessment and the parties
 27.24 that engaged in those activities.

23.14 Subd. 1e. **Applied research and development grants.** (a) The commissioner
 23.15 may, by order, approve and make grants for applied research and development projects
 23.16 of general applicability that identify new technologies or strategies to maximize energy
 23.17 savings, improve the effectiveness of energy conservation programs, or document
 23.18 the carbon dioxide reductions from energy conservation programs. When approving
 23.19 projects, the commissioner shall consider proposals and comments from utilities and
 23.20 other interested parties. The commissioner may assess up to \$3,600,000 annually for the
 23.21 purposes of this subdivision. The assessments must be deposited in the state treasury
 23.22 and credited to the energy and conservation account created under subdivision 2a. An
 23.23 assessment made under this subdivision is not subject to the cap on assessments provided
 23.24 by section 216B.62, or any other law.

23.25 (b) The commissioner, as part of the assessment authorized under paragraph (a),
 23.26 shall annually assess and grant up to \$500,000 for the purpose of subdivision 9.

23.27 (c) The commissioner, as part of the assessment authorized under paragraph (a),
 23.28 each state fiscal year shall assess \$500,000 for a grant to the partnership created by section
 23.29 216C.385, subdivision 2. The grant must be used to exercise the powers and perform the
 23.30 duties specified in section 216C.385, subdivision 3.

23.31 (d) By February 15 annually, the commissioner shall report to the chairs and ranking
 23.32 minority members of the committees of the legislature with primary jurisdiction over
 23.33 energy policy and energy finance on the assessments made under this subdivision for the
 23.34 previous calendar year and the use of the assessment. The report must clearly describe the
 23.35 activities supported by the assessment and the parties that engaged in those activities.

24.1 **EFFECTIVE DATE.** Paragraph (c) is effective for assessments for state fiscal
 24.2 years commencing on or after July 1, 2013.

24.5 Section 1. Minnesota Statutes 2012, section 216B.2401, is amended to read:
 24.6 **216B.2401 ENERGY CONSERVATION SAVINGS POLICY GOAL.**

24.7 The legislature finds that energy savings are an energy resource, and that
24.8 cost-effective energy savings are preferred over all other energy resources. The legislature
24.9 further finds that cost-effective energy savings should be procured systematically and
24.10 aggressively in order to reduce utility costs for businesses and residents, improve the
24.11 competitiveness and profitability of businesses, create more energy-related jobs, reduce the
24.12 economic burden of fuel imports, and reduce pollution and emissions that cause climate
24.13 change. Therefore, it is the energy policy of the state of Minnesota to achieve annual
24.14 energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and
24.15 natural gas directly through cost-effective energy conservation improvement programs
24.16 and rate design, and indirectly through energy efficiency achieved by energy consumers
24.17 without direct utility involvement, energy codes and appliance standards, programs
24.18 designed to transform the market or change consumer behavior, energy savings resulting
24.19 from efficiency improvements to the utility infrastructure and system, and other efforts to
24.20 promote energy efficiency and energy conservation.

36.6 Section 1. Minnesota Statutes 2012, section 216B.241, subdivision 1, is amended to
36.7 read:

36.8 Subdivision 1. **Definitions.** For purposes of this section and section 216B.16,
36.9 subdivision 6b, the terms defined in this subdivision have the meanings given them.

36.10 (a) "Commission" means the Public Utilities Commission.

36.11 (b) "Commissioner" means the commissioner of commerce.

36.12 (c) "Department" means the Department of Commerce.

36.13 (d) "Energy conservation" means demand-side management of energy supplies
36.14 resulting in a net reduction in energy use. Load management that reduces overall energy
36.15 use is energy conservation.

36.16 (e) "Energy conservation improvement" means a project that results in energy
36.17 efficiency or energy conservation. Energy conservation improvement may include waste
36.18 ~~heat recovery~~ that is recovered and converted into electricity, but does not include electric
36.19 utility infrastructure projects approved by the commission under section 216B.1636.
36.20 Energy conservation improvement also includes waste heat recovered and used as thermal
36.21 energy.

36.22 (f) "Energy efficiency" means measures or programs, including energy conservation
36.23 measures or programs, that target consumer behavior, equipment, processes, or devices
36.24 designed to produce either an absolute decrease in consumption of electric energy or natural
36.25 gas or a decrease in consumption of electric energy or natural gas on a per unit of production
36.26 basis without a reduction in the quality or level of service provided to the energy consumer.

36.27 (g) "Gross annual retail energy sales" means annual electric sales to all retail
36.28 customers in a utility's or association's Minnesota service territory or natural gas
36.29 throughput to all retail customers, including natural gas transportation customers, on a
36.30 utility's distribution system in Minnesota. For purposes of this section, gross annual
36.31 retail energy sales exclude:

36.32 (1) gas sales to:

36.33 (i) a large energy facility;

37.1 (ii) a large customer facility whose natural gas utility has been exempted by the
37.2 commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made
37.3 to the large customer facility; and

37.4 (iii) a commercial gas customer facility whose natural gas utility has been exempted
37.5 by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales
37.6 made to the commercial gas customer facility; and

37.7 (2) electric sales to a large customer facility whose electric utility has been exempted
37.8 by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales
37.9 made to the large customer facility.

37.10 (h) "Investments and expenses of a public utility" includes the investments
37.11 and expenses incurred by a public utility in connection with an energy conservation
37.12 improvement, including but not limited to:

37.13 (1) the differential in interest cost between the market rate and the rate charged on a
37.14 no-interest or below-market interest loan made by a public utility to a customer for the
37.15 purchase or installation of an energy conservation improvement;

37.16 (2) the difference between the utility's cost of purchase or installation of energy
37.17 conservation improvements and any price charged by a public utility to a customer for
37.18 such improvements.

37.19 (i) "Large customer facility" means all buildings, structures, equipment, and
37.20 installations at a single site that collectively (1) impose a peak electrical demand on an
37.21 electric utility's system of not less than 20,000 kilowatts, measured in the same way as the
37.22 utility that serves the customer facility measures electrical demand for billing purposes or
37.23 (2) consume not less than 500 million cubic feet of natural gas annually. In calculating
37.24 peak electrical demand, a large customer facility may include demand offset by on-site
37.25 cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy
37.26 demand from the large customer facility's mining and processing operations.

37.27 (j) "Large energy facility" has the meaning given it in section 216B.2421,
37.28 subdivision 2, clause (1).

37.29 (k) "Load management" means an activity, service, or technology to change the
 37.30 timing or the efficiency of a customer's use of energy that allows a utility or a customer to
 37.31 respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

37.32 (l) "Low-income programs" means energy conservation improvement programs that
 37.33 directly serve the needs of low-income persons, including low-income renters.

37.34 (m) "Qualifying utility" means a utility that supplies the energy to a customer that
 37.35 enables the customer to qualify as a large customer facility.

38.1 (n) "Waste heat recovered and used as thermal energy" means capturing heat energy
 38.2 that would otherwise be exhausted or dissipated to the environment from machinery,
 38.3 buildings, or industrial processes and productively using such recovered thermal energy
 38.4 where it was captured or distributing it as thermal energy to other locations where it is
 38.5 used to reduce demand side consumption of natural gas, electric energy, or both.

38.6 ~~(n)~~ (o) "Waste heat recovery converted into electricity" means an energy recovery
 38.7 process that converts otherwise lost energy from the heat of exhaust stacks or pipes used
 38.8 for engines or manufacturing or industrial processes, or the reduction of high pressure
 38.9 in water or gas pipelines.

38.10 Sec. 2. Minnesota Statutes 2012, section 216B.241, is amended by adding a
 38.11 subdivision to read:

38.12 Subd. 10. **Waste heat recovery; thermal energy distribution.** Demand side
 38.13 natural gas or electric energy displaced by use of waste heat recovered and used as thermal
 38.14 energy, including the recovered thermal energy from a cogeneration or combined heat and
 38.15 power facility, is eligible to be counted towards a utility's natural gas or electric energy
 38.16 savings goals, subject to department approval.

27.25 Sec. 30. Minnesota Statutes 2012, section 216B.2411, subdivision 3, is amended to read:

27.26 Subd. 3. **Other provisions.** (a) Electricity generated by a facility constructed with
 27.27 funds provided under this section and using an eligible renewable energy source may be
 27.28 counted toward the renewable energy objectives in section 216B.1691, subject to the
 27.29 provisions of that section, except as provided in paragraph (c).

27.30 (b) Two or more entities may pool resources under this section to provide assistance
 27.31 jointly to proposed eligible renewable energy projects. The entities shall negotiate and
 27.32 agree among themselves for allocation of benefits associated with a project, such as the
 27.33 ability to count energy generated by a project toward a utility's renewable energy objectives
 27.34 under section 216B.1691, except as provided in paragraph (c). The entities shall provide a
 28.1 summary of the allocation of benefits to the commissioner. A utility may spend funds under
 28.2 this section for projects in Minnesota that are outside the service territory of the utility.

28.3 (c) Electricity generated by a solar photovoltaic device constructed with funds
 28.4 provided under this section may be counted toward a public utility's solar energy standard
 28.5 under section 216B.1691, subdivision 2f.

29.36 Sec. 32. **[216C.413] DEFINITIONS.**

30.1 For the purposes of sections 216C.412 to 216C.417, the following terms have the
 30.2 meanings given.

30.3 (a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic
 30.4 modules:

30.5 (1) at a manufacturing facility located in Minnesota that is registered and authorized
 30.6 to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by
 30.7 Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved
 30.8 independent certification agency;

30.9 (2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or
 30.10 an equivalent UL-approved independent certification agency, which must be physically
 30.11 applied to the modules at a manufacturing facility described in clause (1); and

30.12 (3) that are manufactured in Minnesota:

30.13 (i) by manufacturing processes that must include tabbing, stringing, and lamination;
 30.14 or

30.15 (ii) by interconnecting low-voltage direct current photovoltaic elements that produce
 30.16 the final useful photovoltaic output of the modules.

30.17 A solar photovoltaic module that is manufactured by attaching microinverters, direct
 30.18 current optimizers, or other power electronics to a laminate or solar photovoltaic
 30.19 module that has received UL 1703 certification marks outside Minnesota from UL, CSA
 30.20 International, Intertek, or an equivalent UL-approved independent certification agency is
 30.21 not "Made in Minnesota" under this paragraph.

30.22 (b) "Solar photovoltaic module" has the meaning given in section 116C.7791,
 30.23 subdivision 1, paragraph (e).

28.6 Sec. 31. **[216C.412] SOLAR ENERGY PRODUCTION INCENTIVE.**

28.7 Subdivision 1. **Applicability.** A public utility providing retail electric service to
 28.8 Minnesota customers is subject to the provisions of this section.

28.9 Subd. 2. **Incentive payment.** (a) Incentive payments may be made under this
 28.10 section only to an owner of a solar photovoltaic device who has:

14.32 Section 1. **[216C.411] DEFINITIONS.**

15.1 For the purposes of sections 216C.411 to 216C.415, the following terms have the
 15.2 meanings given.

15.3 (a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic
 15.4 modules:

15.5 (1) at a manufacturing facility located in Minnesota that is registered and authorized
 15.6 to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by
 15.7 Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved
 15.8 independent certification agency;

15.9 (2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or
 15.10 an equivalent UL-approved independent certification agency, which must be physically
 15.11 applied to the modules at a manufacturing facility described in clause (1); and

15.12 (3) that are manufactured in Minnesota:

15.13 (i) by manufacturing processes that must include tabbing, stringing, and lamination;
 15.14 or

15.15 (ii) by interconnecting low-voltage direct current photovoltaic elements that produce
 15.16 the final useful photovoltaic output of the modules.

15.17 A solar photovoltaic module that is manufactured by attaching microinverters, direct
 15.18 current optimizers, or other power electronics to a laminate or solar photovoltaic
 15.19 module that has received UL 1703 certification marks outside Minnesota from UL, CSA
 15.20 International, Intertek, or an equivalent UL-approved independent certification agency is
 15.21 not "Made in Minnesota" under this paragraph.

15.22 (b) "Solar photovoltaic module" has the meaning given in section 116C.7791,
 15.23 subdivision 1, paragraph (e).

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

- 28.11 (1) submitted to the public utility to which the solar photovoltaic device is
28.12 interconnected, on a form prescribed by the public utility, an application to receive the
28.13 incentive; and
- 28.14 (2) received from the public utility in writing a determination that the solar
28.15 photovoltaic device qualifies for the incentive.
- 28.16 (b) A public utility shall make incentive payments under this section on a first-come,
28.17 first-served basis. A public utility is not required to make aggregate incentive payments
28.18 under this section in any one calendar year that exceed 1.33 percent of the public utility's
28.19 gross operating revenues from retail sales of electric service provided to Minnesota
28.20 customers during the previous calendar year.
- 28.21 (c) A public utility that owns a solar photovoltaic device is not eligible to receive
28.22 incentive payments under this section.
- 28.23 (d) A solar photovoltaic device whose capacity exceeds two megawatts is ineligible
28.24 to receive incentive payments under this section.
- 28.25 **Subd. 3. Eligibility window; payment duration.** (a) Payments may be made under
28.26 this section only for electricity generated from a solar photovoltaic device that first begins
28.27 generating electricity after January 1, 2014, through December 31, 2049.
- 28.28 (b) Payment of the incentive begins and runs consecutively from the date the solar
28.29 photovoltaic device begins generating electricity.
- 28.30 (c) A public utility paying an incentive under this section must enter into a contract
28.31 with an owner of a solar photovoltaic system under which the public utility agrees to make
28.32 incentive payments for a period of 20 years.
- 28.33 (d) No payment may be made under this section for electricity generated after
28.34 December 31, 2049.
- 29.1 **Subd. 4. Amount of payment.** (a) An incentive payment is based on the number of
29.2 kilowatt hours of electricity generated. The per-kilowatt-hour amount of the payment for
29.3 each category of qualified solar photovoltaic device listed below is equal to the applicable
29.4 reference price specified in this subdivision minus:
- 29.5 (1) the value of solar rate approved by the commissioner under section 216B.1641,
29.6 for owners of solar photovoltaic devices that have elected to have the public utility's
29.7 purchase price for electricity governed by that section; or
- 29.8 (2) the rate a public utility pays an owner of a solar photovoltaic device for excess
29.9 electricity generation under section 216B.164, for owners of solar photovoltaic devices
29.10 that have elected to have the public utility's purchase price for electricity governed by
29.11 that section.

29.12	<u>Nameplate Capacity</u>	<u>Reference Price</u>
29.13	<u>Residential</u>	<u>20.4 cents per kilowatt-hour</u>
29.13		
29.14	<u>Nonresidential:</u>	
29.15	<u>Under 25 kilowatts</u>	<u>18.1 cents per kilowatt-hour</u>
29.16	<u>Rooftop, 25 kilowatts to 2</u>	
29.17	<u>megawatts</u>	<u>15.9 cents per kilowatt-hour</u>
29.18	<u>Ground-mounted, 25 kilowatts to</u>	
29.19	<u>2 megawatts</u>	<u>13.6 cents per kilowatt-hour</u>

29.20 (b) By January 1, 2015, and every January 1 thereafter through 2049, the
 29.21 commissioner shall make a determination as to whether the reference price needs to be
 29.22 adjusted in order to achieve the solar energy standard established in section 216B.1691,
 29.23 subdivision 2f, at the lowest level of incentive payments. In making the determination,
 29.24 the commissioner shall solicit comments and recommendations from public utilities,
 29.25 ratepayers, and other interested parties regarding the calculation of the reference price.
 29.26 After considering the comments and recommendations, the commissioner may adjust
 29.27 the reference price.

29.28 (c) For the purposes of this subdivision, "reference price" means the lowest
 29.29 per-kilowatt price for electricity generated by a qualified solar photovoltaic system the
 29.30 commissioner determines is sufficient to provide an economic incentive that will result
 29.31 in the development of aggregate capacity in this state to meet the solar energy standard
 29.32 established in section 216B.1691, subdivision 2f.

29.33 Subd. 5. **Dispute resolution.** Disputes between an owner of a solar photovoltaic
 29.34 device and a public utility paying an incentive under this section shall be resolved by
 29.35 the commissioner of commerce.

30.24 Sec. 33. **[216C.414] "MADE IN MINNESOTA" PRODUCTION INCENTIVE**
 30.25 **ACCOUNT.**

30.26 Subdivision 1. **Account establishment; management.** A "Made in Minnesota"
 30.27 production incentive account is established as a separate account in the special revenue
 30.28 fund in the state treasury. The commissioner shall credit to the account the amounts
 30.29 collected under this section and appropriations and transfers to the account. Earnings, such
 30.30 as interest, dividends, and any other earnings arising from account assets, must be credited
 30.31 to the account. Funds remaining in the account at the end of a fiscal year are not canceled
 30.32 to the general fund but remain in the account. The commissioner shall manage the account.

30.33 Subd. 2. **Purpose.** The purpose of the account is to pay the "Made in Minnesota"
 30.34 production incentive to owners of qualified solar photovoltaic devices, including related
 30.35 administrative costs, under section 216C.417.

31.1 Subd. 3. **Transfer.** The public utility that contributes to the account established
 31.2 under section 116C.779 shall transfer from that account up to \$5,000,000 annually to
 31.3 the commissioner of commerce for deposit in the account established in subdivision 1
 31.4 for the purpose of paying the "Made in Minnesota" production incentive to owners of
 31.5 solar photovoltaic devices that qualify under section 216C.417. The commissioner of
 31.6 commerce shall request funds to be transferred by the public utility only to the extent
 31.7 necessary to fully fund the annual aggregate "Made in Minnesota" incentives paid to
 31.8 owners of solar photovoltaic devices.

31.9 Subd. 4. **Appropriation.** An amount sufficient to pay the "Made in Minnesota"
 31.10 production incentive under this section is annually appropriated from the account
 31.11 established under this section to the commissioner of commerce for the purposes of this
 31.12 section.

15.25 Sec. 2. **[216C.412] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**
 15.26 **INCENTIVE ACCOUNT.**

15.27 Subdivision 1. **Account established; account management.** A "Made in
 15.28 Minnesota" solar energy production incentive account is established as a separate account
 15.29 in the special revenue fund in the state treasury. Earnings, such as interest, dividends,
 15.30 and any other earnings arising from account assets, must be credited to the account.
 15.31 Funds remaining in the account at the end of a fiscal year do not cancel to the general
 15.32 fund but remain in the account. There is annually appropriated from the account to the
 15.33 commissioner of commerce money sufficient to make the incentive payments under
 15.34 section 216C.415 and to administer sections 216C.412 to 216C.415.

16.1 Subd. 2. **Payments from public utilities.** (a) Beginning January 1, 2014, and
 16.2 each January 1 thereafter, through 2023, for a total of ten years, each electric public
 16.3 utility subject to section 216B.241 must annually pay to the commissioner of commerce
 16.4 five percent of the minimum amount it is required to spend on energy conservation
 16.5 improvements under section 216B.241, subdivision 1a. Payments made under this
 16.6 paragraph count towards satisfying expenditure obligations of a public utility under section
 16.7 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them
 16.8 in the account established in subdivision 1. A public utility subject to this paragraph must
 16.9 be credited energy-savings for the purpose of satisfying its energy savings requirement
 16.10 under section 216B.241, subdivision 1c, based on its payment to the commissioner.

31.13 Sec. 34. **[216C.415] "MADE IN MINNESOTA" SOLAR ENERGY**31.14 **PRODUCTION INCENTIVE; QUALIFICATION.**

31.15 Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking
 31.16 to qualify those modules as eligible to receive the "Made in Minnesota" solar energy
 31.17 production incentive must submit an application to the commissioner of commerce on a
 31.18 form prescribed by the commissioner. The application must contain:

31.19 (1) a technical description of the solar photovoltaic module and the processes used
 31.20 to manufacture it, excluding proprietary details;

31.21 (2) documentation that the solar photovoltaic module meets all the required
 31.22 applicable parts of the "Made in Minnesota" definition in section 216C.413, including
 31.23 evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to
 31.24 qualify as "Made in Minnesota";

31.25 (3) any additional nonproprietary information requested by the commissioner
 31.26 of commerce; and

31.27 (4) certification signed by the chief executive officer of the manufacturing company
 31.28 attesting to the truthfulness of the contents of the application and supporting materials
 31.29 under penalty of perjury.

31.30 Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar
 31.31 photovoltaic module meets the definition of "Made in Minnesota" in section 216C.413, the
 31.32 commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing
 31.33 the name and model numbers of the certified solar photovoltaic modules and the date of
 31.34 certification. The commissioner must issue or deny the issuance of a certificate within 90
 32.1 days of receipt of a completed application. A copy of the certificate must be provided to
 32.2 each purchaser of the solar photovoltaic module.

32.3 Subd. 3. **Revocation of certification.** The commissioner may revoke a certification
 32.4 of a module as "Made in Minnesota" if the commissioner finds that the module no longer
 32.5 meets the requirements to be certified. The revocation does not affect incentive payments
 32.6 awarded prior to the revocation.

16.11 (b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning
 16.12 January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the utility
 16.13 that manages the account under section 116C.779 must annually pay from that account to
 16.14 the commissioner an amount that, when added to the total amount paid to the commissioner
 16.15 of commerce under paragraph (a), totals \$15,000,000 annually. The commissioner shall,
 16.16 upon receipt of the payment, deposit it in the account established in subdivision 1.

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

16.18 Sec. 3. **[216C.413] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**16.19 **INCENTIVE; QUALIFICATION.**

16.20 Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking
 16.21 to qualify those modules as eligible to receive the "Made in Minnesota" solar energy
 16.22 production incentive must submit an application to the commissioner of commerce on a
 16.23 form prescribed by the commissioner. The application must contain:

16.24 (1) a technical description of the solar photovoltaic module and the processes used
 16.25 to manufacture it, excluding proprietary details;

16.26 (2) documentation that the solar photovoltaic module meets all the required
 16.27 applicable parts of the "Made in Minnesota" definition in section 216C.411, including
 16.28 evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to
 16.29 qualify as "Made in Minnesota";

16.30 (3) any additional nonproprietary information requested by the commissioner
 16.31 of commerce; and

16.32 (4) certification signed by the chief executive officer of the manufacturing company
 16.33 attesting to the truthfulness of the contents of the application and supporting materials
 16.34 under penalty of perjury.

17.1 Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar
 17.2 photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the
 17.3 commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing
 17.4 the name and model numbers of the certified solar photovoltaic modules and the date of
 17.5 certification. The commissioner must issue or deny the issuance of a certificate within 90
 17.6 days of receipt of a completed application. A copy of the certificate must be provided to
 17.7 each purchaser of the solar photovoltaic module.

17.8 Subd. 3. **Revocation of certification.** The commissioner may revoke a certification
 17.9 of a module as "Made in Minnesota" if the commissioner finds that the module no longer
 17.10 meets the requirements to be certified. The revocation does not affect incentive payments
 17.11 awarded prior to the revocation.

32.7 Sec. 35. **[216C.416] "MADE IN MINNESOTA" SOLAR ENERGY**
 32.8 **PRODUCTION INCENTIVE.**

32.9 Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as
 32.10 "Made in Minnesota," the commissioner of commerce shall set a solar energy production
 32.11 incentive amount for that solar photovoltaic module for the purpose of the incentive
 32.12 payment under section 216C.417. The incentive is a performance-based financial
 32.13 incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive
 32.14 applications approved in the year to which the incentive amount is applicable for the
 32.15 ten-year duration of the incentive payments. An incentive amount must be calculated for
 32.16 each module for each calendar year, through 2023.

32.17 Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall
 32.18 set the incentive payment amount by determining the average amount of incentive payment
 32.19 required to allow an average owner of installed solar photovoltaic modules a reasonable
 32.20 return on their investment. In setting the incentive amount the commissioner shall consider:

32.21 (1) an estimate of the installed cost per kilowatt-direct current, based on the cost data
 32.22 supplied by the manufacturer in the application submitted under section 216C.415, and an
 32.23 estimate of the average installation cost based on a representative sample of Minnesota
 32.24 solar photovoltaic installed projects;

32.25 (2) the average insolation rate in Minnesota;

32.26 (3) an estimate of the decline in the generation efficiency of the solar photovoltaic
 32.27 modules over time;

32.28 (4) the rate paid by utilities to owners of solar photovoltaic modules under section
 32.29 216B.164 or other law;

32.30 (5) applicable federal tax incentives for installing solar photovoltaic modules; and

32.31 (6) the estimated levelized cost per kilowatt-hour generated.

32.32 (b) The commissioner shall annually, for incentive applications received in a year,
 32.33 revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6),
 32.34 general market conditions, and the availability of other incentives. In no case shall the
 32.35 "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid
 33.1 exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments,
 33.2 of the average historic installation cost per kilowatt. The commissioner may exceed the 40
 33.3 percent cap if the commissioner determines it is necessary to fully expend funds available
 33.4 for incentive payments in a particular year.

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

17.13 Sec. 4. **[216C.414] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**
 17.14 **INCENTIVE.**

17.15 Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as
 17.16 "Made in Minnesota" the commissioner of commerce shall set a solar energy production
 17.17 incentive amount for that solar photovoltaic module for the purpose of the incentive
 17.18 payment under section 216C.415. The incentive is a performance-based financial
 17.19 incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive
 17.20 applications approved in the year to which the incentive amount is applicable for the
 17.21 ten-year duration of the incentive payments. An incentive amount must be calculated for
 17.22 each module for each calendar year, through 2023.

17.23 Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall
 17.24 set the incentive payment amount by determining the average amount of incentive payment
 17.25 required to allow an average owner of installed solar photovoltaic modules a reasonable
 17.26 return on their investment. In setting the incentive amount the commissioner shall consider:

17.27 (1) an estimate of the installed cost per kilowatt-direct current, based on the cost data
 17.28 supplied by the manufacturer in the application submitted under section 216C.413, and an
 17.29 estimate of the average installation cost based on a representative sample of Minnesota
 17.30 solar photovoltaic installed projects;

17.31 (2) the average insolation rate in Minnesota;

17.32 (3) an estimate of the decline in the generation efficiency of the solar photovoltaic
 17.33 modules over time;

17.34 (4) the rate paid by utilities to owners of solar photovoltaic modules under section
 17.35 216B.164 or other law;

18.1 (5) applicable federal tax incentives for installing solar photovoltaic modules; and

18.2 (6) the estimated levelized cost per kilowatt-hour generated.

18.3 (b) The commissioner shall annually, for incentive applications received in a year,
 18.4 revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6),
 18.5 general market conditions, and the availability of other incentives. In no case shall the
 18.6 "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid
 18.7 exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments,
 18.8 of the average historic installation cost per kilowatt. The commissioner may exceed the 40
 18.9 percent cap if the commissioner determines it is necessary to fully expend funds available
 18.10 for incentive payments in a particular year.

33.5 Subd. 3. **Metering of production.** A utility or association must, at the expense of a
 33.6 customer, provide a meter to measure the production of a solar photovoltaic module
 33.7 system that is approved to receive incentive payments. The utility or association must
 33.8 furnish the commissioner with information sufficient for the commissioner to determine
 33.9 the incentive payment. The information must be provided on a calendar year basis by no
 33.10 later than March 1. The commissioner shall provide an association or utility with forms to
 33.11 use to provide the production information. A customer must attest to the accuracy of the
 33.12 production information.

33.13 Subd. 4. **Payment due date.** Payments must be made no later than July 1 following
 33.14 the year of production.

33.15 Subd. 5. **Renewable energy credits.** Renewable energy credits associated with
 33.16 energy provided to a utility or association for which an incentive payment is made belong
 33.17 to the utility or association.

33.18 Sec. 36. **[216C.417] "MADE IN MINNESOTA" SOLAR ENERGY**
 33.19 **PRODUCTION INCENTIVE; PAYMENT.**

33.20 Subdivision 1. **Incentive payment.** Incentive payments may be made under this
 33.21 section only to an owner of grid-connected solar photovoltaic modules with a total
 33.22 nameplate capacity below 40-kilowatts direct current who:

33.23 (1) has submitted to the commissioner, on a form established by the commissioner,
 33.24 an application to receive the incentive that has been approved by the commissioner;

33.25 (2) has received a "Made in Minnesota" certificate under section 216C.415 for
 33.26 the module; and

33.27 (3) has installed on residential or commercial property solar photovoltaic modules
 33.28 that are generating electricity and has received a "Made in Minnesota" certificate under
 33.29 section 216C.415.

33.30 Subd. 2. **Application process.** Applications for an incentive payment must be
 33.31 received by the commissioner between January 1 and February 28. The commissioner
 33.32 shall by a random method approve the number of applications the commissioner
 33.33 reasonably determines will exhaust the funds available for payment for the ten-year period
 33.34 of incentive payments. Applications for residential and commercial installations shall be
 33.35 separately randomly approved. The random method adopted by the commissioner must
 34.1 allow for the commissioner to achieve statewide geographic distribution of the kilowatt
 34.2 hours of payment if there are sufficient applications to achieve that distribution.

18.11 Subd. 3. **Metering of production.** A utility or association must, at the expense of a
 18.12 customer, provide a meter to measure the production of a solar photovoltaic module
 18.13 system that is approved to receive incentive payments. The utility or association must
 18.14 furnish the commissioner with information sufficient for the commissioner to determine
 18.15 the incentive payment. The information must be provided on a calendar year basis by no
 18.16 later than March 1. The commissioner shall provide an association or utility with forms to
 18.17 use to provide the production information. A customer must attest to the accuracy of the
 18.18 production information.

18.19 Subd. 4. **Payment due date.** Payments must be made no later than July 1 following
 18.20 the year of production.

18.21 Subd. 5. **Renewable energy credits.** Renewable energy credits associated with
 18.22 energy provided to a utility or association for which an incentive payment is made belong
 18.23 to the utility or association.

18.24 Sec. 5. **[216C.415] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**
 18.25 **INCENTIVE; PAYMENT.**

18.26 Subdivision 1. **Incentive payment.** Incentive payments may be made under this
 18.27 section only to an owner of grid-connected solar photovoltaic modules with a total
 18.28 nameplate capacity below 40 kilowatts direct current who:

18.29 (1) has submitted to the commissioner, on a form established by the commissioner,
 18.30 an application to receive the incentive that has been approved by the commissioner;

18.31 (2) has received a "Made in Minnesota" certificate under section 216C.413 for
 18.32 the module; and

18.33 (3) has installed on residential or commercial property solar photovoltaic modules
 18.34 that are generating electricity and has received a "Made in Minnesota" certificate under
 18.35 section 216C.413.

19.1 Subd. 2. **Application process.** Applications for an incentive payment must be
 19.2 received by the commissioner between January 1 and February 28. The commissioner
 19.3 shall by a random method approve the number of applications the commissioner
 19.4 reasonably determines will exhaust the funds available for payment for the ten-year period
 19.5 of incentive payments. Applications for residential and commercial installations shall be
 19.6 separately randomly approved.

34.3 Subd. 3. **Commissioner approval of incentive application.** The commissioner
 34.4 must approve an application for an incentive for an owner to be eligible for incentive
 34.5 payments. The commissioner must not approve an application in a calendar year if the
 34.6 commissioner determines there will not be sufficient funding available to pay an incentive
 34.7 to the applicant for any portion of the ten-year duration of payment. The commissioner
 34.8 shall annually establish a cap on the cumulative capacity for a program year based on
 34.9 funds available and historic average installation costs. Receipt of an incentive is not
 34.10 an entitlement and payment need only be made from available funds in the "Made in
 34.11 Minnesota" solar production incentive account.

34.12 Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under
 34.13 this section only for electricity generated from new solar photovoltaic module installations
 34.14 that are commissioned between January 1, 2014, and December 31, 2023.

34.15 (b) The payment eligibility window of the incentive begins and runs consecutively
 34.16 from the date the solar system is commissioned.

34.17 (c) An owner of solar photovoltaic modules may receive payments under this
 34.18 section for a particular module for a period of ten years provided that sufficient funds are
 34.19 available in the account.

34.20 (d) No payment may be made under this section for electricity generated after
 34.21 December 31, 2033.

34.22 (e) An owner of solar photovoltaic modules may not first begin to receive payments
 34.23 under this section after December 31, 2024.

34.24 Subd. 5. **Allocation of payments.** (a) If there are sufficient applications,
 34.25 approximately 50 percent of the incentive payment shall be for owners of eligible solar
 34.26 photovoltaic modules installed on residential property, and approximately 50 percent shall
 34.27 be for owners of eligible solar photovoltaic modules installed on commercial property.

34.28 (b) The commissioner shall endeavor to geographically distribute incentives paid
 34.29 under this section to owners of solar photovoltaic modules installed throughout the state.

34.30 (c) For purposes of this subdivision:

34.31 (1) "residential property" means residential real estate that is occupied and used as a
 34.32 homestead by its owner or by a renter and includes "multifamily housing development"
 34.33 as defined in section 462C.02, subdivision 5, except that residential property on which
 34.34 solar photovoltaic modules (i) whose capacity exceeds ten kilowatts is installed; or
 34.35 (ii) connected to a utility's distribution system and whose electricity is purchased by
 35.1 several residents, each of whom own a share of the electricity generated, shall be deemed
 35.2 commercial property; and

19.7 Subd. 3. **Commissioner approval of incentive application.** The commissioner
 19.8 must approve an application for an incentive for an owner to be eligible for incentive
 19.9 payments. The commissioner must not approve an application in a calendar year if the
 19.10 commissioner determines there will not be sufficient funding available to pay an incentive
 19.11 to the applicant for any portion of the ten-year duration of payment. The commissioner
 19.12 shall annually establish a cap on the cumulative capacity for a program year based on
 19.13 funds available and historic average installation costs. Receipt of an incentive is not
 19.14 an entitlement and payment need only be made from available funds in the "Made in
 19.15 Minnesota" solar production incentive account.

19.16 Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under
 19.17 this section only for electricity generated from new solar photovoltaic module installations
 19.18 that are commissioned between January 1, 2014, and December 31, 2023.

19.19 (b) The payment eligibility window of the incentive begins and runs consecutively
 19.20 from the date the solar system is commissioned.

19.21 (c) An owner of solar photovoltaic modules may receive payments under this
 19.22 section for a particular module for a period of ten years provided that sufficient funds are
 19.23 available in the account.

19.24 (d) No payment may be made under this section for electricity generated after
 19.25 December 31, 2033.

19.26 (e) An owner of solar photovoltaic modules may not first begin to receive payments
 19.27 under this section after December 31, 2024.

19.28 Subd. 5. **Allocation of payments.** (a) If there are sufficient applications,
 19.29 approximately 50 percent of the incentive payment shall be for owners of eligible solar
 19.30 photovoltaic modules installed on residential property, and approximately 50 percent shall
 19.31 be for owners of eligible solar photovoltaic modules installed on commercial property.

19.32 (b) The commissioner shall endeavor to distribute incentives paid under this section
 19.33 to owners of solar photovoltaic modules installed in a manner so that the amount of
 19.34 payments received in an area of the state reasonably approximates the amount of payments
 19.35 made by a utility serving that area.

19.36 (c) For purposes of this subdivision:

20.1 (1) "residential property" means residential real estate that is occupied and used as a
 20.2 homestead by its owner or by a renter and includes "multifamily housing development"
 20.3 as defined in section 462C.02, subdivision 5, except that residential property on which
 20.4 solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii)
 20.5 connected to a utility's distribution system and whose electricity is purchased by several
 20.6 residents, each of whom own a share of the electricity generated, shall be deemed
 20.7 commercial property; and

35.3 (2) "commercial property" means real property on which is located a business,
 35.4 government, or nonprofit establishment.
 35.5 Subd. 6. **Limitation.** An owner receiving an incentive payment under this section
 35.6 may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

20.8 (2) "commercial property" means real property on which is located a business,
 20.9 government, or nonprofit establishment.
 20.10 Subd. 6. **Limitation.** An owner receiving an incentive payment under this section
 20.11 may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.
 20.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
 12.18 Sec. 13. **[216B.2427] SOLAR ELECTRICITY STANDARD.**
 12.19 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
 12.20 this subdivision have the meanings given them.
 12.21 (b) "Public utility" has the meaning given in section 216B.02, subdivision 4.
 12.22 (c) "Total retail electric sales" has the meaning given in section 216B.1691,
 12.23 subdivision 1, paragraph (c).
 12.24 Subd. 2. **Solar electricity standard.** (a) A public utility must generate or procure
 12.25 solar electric generation capacity for its retail customers in Minnesota or the retail
 12.26 customers of a distribution utility to which the public utility provides wholesale electric
 12.27 service. At a minimum, one percent of the public utility's total retail electric sales to retail
 12.28 customers in Minnesota must be generated by solar energy by the end of the year 2025.
 12.29 (b) For the purposes of calculating the total retail electric sales under this section of
 12.30 a public utility, there shall be excluded retail electric sales to customers that are:
 12.31 (1) a mineral extraction or mineral processing facility or a paper mill that meets the
 12.32 definition of a "large customer facility" under section 216B.241, subdivision 1, paragraph
 12.33 (i); or
 12.34 (2) an iron ore mining operation using over ten megawatts connected load and
 12.35 producing iron concentrate.
 13.1 Those customers may not have included in the rates charged to them by the public utility
 13.2 any costs of satisfying the solar standard specified by this section.
 13.3 (c) A public utility may not use energy used to satisfy the solar energy standard
 13.4 under this section to satisfy its standard obligation under section 216B.1691, nor may
 13.5 energy used to satisfy the standard under section 216B.1691 be used to satisfy the standard
 13.6 under this section.

13.7 Subd. 3. **Use of integrated resource planning process.** Except if inconsistent with
13.8 this section, the commission may modify or delay implementation of a standard obligation
13.9 in the same manner as in section 26B.1691, subdivision 2b, as a part of an integrated
13.10 resource planning proceeding under section 216B.2422, or in other proceedings before the
13.11 commission. The order to delay or modify shall not be considered advisory with respect
13.12 to any public utility. This subdivision shall not be construed to limit the commission's
13.13 authority to modify or delay implementation of a standard obligation in other proceedings
13.14 before it.

13.15 Subd. 4. **Utility plans filed with commission.** Each public utility shall report
13.16 to the commission on its plans, activities, and progress demonstrating the efforts made
13.17 towards complying with this section. The report shall be included in its filings under
13.18 section 216B.2422 or in a separate report submitted to the commission every two years,
13.19 whichever is more frequent. In its resource plan or separate report, each public utility shall
13.20 provide a description of:

13.21 (1) the status of the utility's solar energy mix relative to the standards;

13.22 (2) efforts taken to meet the standards;

13.23 (3) any obstacles encountered or anticipated in meeting the standards;

13.24 (4) potential solutions to the identified obstacles; and

13.25 (5) an estimation of the rate impact related to measures taken by the public utility
13.26 necessary to comply with this section. The rate impact estimate must be for wholesale
13.27 rates and, if the public utility makes retail sales, an estimate shall also be completed
13.28 for the impact on the public utility's retail rates. An estimation of rate impacts must
13.29 also account for acquisition of energy capacity, distribution, and transmission upgrades
13.30 avoided as a result of the standards.

13.31 Subd. 5. **Renewable energy credits.** In lieu of generating or procuring energy
13.32 directly to satisfy the solar electricity standard of this section, a public utility may use
13.33 renewable energy credits that originate from a solar electricity generator to satisfy the
13.34 standard. In doing so, a public utility must follow protocols established by the commission
13.35 under section 216B.1691, subdivision 4 for registering, tracking, and retiring credits.

14.1 Subd. 6. **Compliance; penalties.** (a) The commission must regularly investigate
14.2 whether a public utility is in compliance with its standard obligation under subdivision 2.

14.3 (b) If the commission finds noncompliance, it may order the public utility to
14.4 construct solar energy facilities, purchase solar energy, purchase renewable energy credits
14.5 generated by solar energy, or engage in other activities to achieve compliance. If a public
14.6 utility fails to comply with an order under this subdivision, the commission may impose a
14.7 financial penalty on the public utility in an amount not to exceed the estimated cost of the
14.8 public utility to achieve compliance. The penalty may not exceed the lesser of the cost
14.9 of constructing facilities or purchasing renewable energy credits necessary for the public
14.10 utility to achieve compliance. The commission must deposit financial penalties imposed
14.11 under this subdivision in the energy and conservation account established in the special
14.12 revenue fund under section 216B.241, subdivision 2a.

14.13 (c) Nothing in this subdivision shall be construed to limit any other authority the
14.14 commission possesses to enforce this section.

24.21 Sec. 2. Minnesota Statutes 2012, section 216C.05, is amended to read:

24.22 **216C.05 FINDINGS AND PURPOSE.**

24.23 Subdivision 1. **Energy planning.** The legislature finds and declares that continued
24.24 growth in demand for energy will cause severe social and economic dislocations, and that
24.25 the state has a vital interest in providing for: increased efficiency in energy consumption,
24.26 the development and use of renewable energy resources wherever possible, and the
24.27 creation of an effective energy forecasting, planning, and education program.

24.28 The legislature further finds and declares that the protection of life, safety, and
24.29 financial security for citizens during an energy crisis is of paramount importance.

24.30 Therefore, the legislature finds that it is in the public interest to review, analyze, and
24.31 encourage those energy programs that will minimize the need for annual increases in fossil
24.32 fuel consumption by 1990 and the need for additional electrical generating plants, and
25.1 provide for an optimum combination of energy sources and energy conservation consistent
25.2 with environmental protection and the protection of citizens.

25.3 The legislature intends to monitor, through energy policy planning and
25.4 implementation, the transition from historic growth in energy demand to a period when
25.5 demand for traditional fuels becomes stable and the supply of renewable energy resources
25.6 is readily available and adequately utilized.

25.7 The legislature further finds that for economic growth, environmental improvement,
25.8 and protection of citizens, it is in the public interest to encourage those energy programs
25.9 that will provide an optimum combination of energy resources, including energy savings.

25.10 Therefore, the legislature, through its committees, must monitor and evaluate
25.11 progress towards greater reliance on cost-effective energy efficiency and renewable
25.12 energy and lesser dependence on fossil fuels in order to reduce the economic burden
25.13 of fuel imports, diversify utility-owned and consumer-owned energy resources, reduce
25.14 utility costs for businesses and residents, improve the competitiveness and profitability of
25.15 Minnesota businesses, create more energy-related jobs that contribute to the Minnesota
25.16 economy, and reduce pollution and emissions that cause climate change.

25.17 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

25.18 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
25.19 electricity and natural gas be achieved through cost-effective energy efficiency;

25.20 ~~(1)~~ (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent
25.21 by the year 2015, through increased reliance on energy efficiency and renewable energy
25.22 alternatives; and

25.23 ~~(2)~~ (3) 25 percent of the total energy used in the state be derived from renewable
25.24 energy resources by the year 2025.

28.30 Section 1. Minnesota Statutes 2012, section 216B.2422, subdivision 4, is amended to
28.31 read:

28.32 Subd. 4. **Preference for renewable energy facility.** The commission shall not
28.33 approve a new or refurbished nonrenewable energy facility in an integrated resource plan
29.1 or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate
29.2 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the
29.3 utility has demonstrated that a renewable energy facility is not in the public interest. The
29.4 public interest determination must include whether the resource plan helps the utility
29.5 achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy
29.6 standard under section 216B.1691, or the solar energy standard under section 216B.2427.

33.24 Section 1. Minnesota Statutes 2012, section 216C.435, is amended by adding a
33.25 subdivision to read:

33.26 Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy
33.27 improvements" mean energy improvements that have been identified in an energy audit
33.28 or renewable energy system feasibility study as repaying their purchase and installation
33.29 costs in 20 years or less, based on the amount of future energy saved and estimated future
33.30 energy prices.

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

34.1 Sec. 2. Minnesota Statutes 2012, section 216C.435, subdivision 8, is amended to read:

34.2 Subd. 8. **Qualifying real property.** "Qualifying real property" means a
34.3 single-family or multifamily residential dwelling, or a commercial or industrial building,
34.4 that the implementing entity has determined, after review of an energy audit or renewable
34.5 energy system feasibility study, can be benefited by installation of cost-effective energy
34.6 improvements.

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

34.8 Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 2, is amended to read:

34.9 Subd. 2. **Program requirements.** A financing program must:

34.10 (1) impose requirements and conditions on financing arrangements to ensure timely
34.11 repayment;

34.12 (2) require an energy audit or renewable energy system feasibility study to be
34.13 conducted on the qualifying real property and reviewed by the implementing entity prior
34.14 to approval of the financing;

34.15 (3) require the inspection of all installations and a performance verification of at
34.16 least ten percent of the energy improvements financed by the program;

34.17 (4) not prohibit the financing of all cost-effective energy improvements not otherwise
34.18 prohibited by this section;

34.19 (5) require that all cost-effective energy improvements be made to a qualifying
34.20 real property prior to, or in conjunction with, an applicant's repayment of financing for
34.21 energy improvements for that property;

34.22 ~~(5)~~ (6) have energy improvements financed by the program performed by licensed
34.23 contractors as required by chapter 326B or other law or ordinance;

34.24 ~~(6)~~ (7) require disclosures to borrowers by the implementing entity of the risks
34.25 involved in borrowing, including the risk of foreclosure if a tax delinquency results from
34.26 a default;

34.27 ~~(7)~~ (8) provide financing only to those who demonstrate an ability to repay;

34.28 ~~(8)~~ (9) not provide financing for a qualifying real property in which the owner is not
34.29 current on mortgage or real property tax payments;

34.30 ~~(9)~~ (10) require a petition to the implementing entity by all owners of the qualifying
34.31 real property requesting collections of repayments as a special assessment under section
34.32 429.101;

34.33 ~~(10)~~ (11) provide that payments and assessments are not accelerated due to a default
34.34 and that a tax delinquency exists only for assessments not paid when due; and

35.7 Sec. 37. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

35.8 Subd. 7. **Repayment.** An implementing entity that finances an energy improvement
35.9 under this section must:

35.10 (1) secure payment with a lien against the benefited qualifying real property; and

35.11 (2) collect repayments as a special assessment as provided for in section 429.101
35.12 or by charter, provided that special assessments may be made payable in up to 20 equal
35.13 annual installments.

35.14 If the implementing entity is an authority, the local government that authorized
35.15 the authority to act as implementing entity shall impose and collect special assessments
35.16 necessary to pay debt service on bonds issued by the implementing entity under subdivision
35.17 8, and shall transfer all collections of the assessments upon receipt to the authority.

35.18 Sec. 38. Minnesota Statutes 2012, section 216C.436, subdivision 8, is amended to read:

35.19 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue
35.20 revenue bonds as provided in chapter 475 for the purposes of this section, provided the
35.21 revenue bond must not be payable more than 20 years from the date of issuance.

35.22 (b) The bonds must be payable as to both principal and interest solely from the
35.23 revenues from the assessments established in subdivision 7.

35.24 (c) No holder of bonds issued under this subdivision may compel any exercise of the
35.25 taxing power of the implementing entity that issued the bonds to pay principal or interest
35.26 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
35.27 compel any exercise of the taxing power of the local government. Bonds issued under
35.28 this subdivision are not a debt or obligation of the issuer or any local government that
35.29 issued them, nor is the payment of the bonds enforceable out of any money other than the
35.30 revenue pledged to the payment of the bonds.

35.31 Sec. 39. Laws 2005, chapter 97, article 10, section 3, is amended to read:

35.32 Sec. 3. **SUNSET.**

35.33 Sections 1 and 2 shall expire on June 30, ~~2015~~ 2023.

36.1 Sec. 40. **STUDY OF POTENTIAL FOR SOLAR ENERGY INSTALLATIONS**
36.2 **ON PUBLIC BUILDINGS.**

35.1 ~~(11)~~ (12) require that liability for special assessments related to the financing runs
35.2 with the qualifying real property.

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

35.4 Sec. 4. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

35.5 Subd. 7. **Repayment.** An implementing entity that finances an energy improvement
35.6 under this section must:

35.7 (1) secure payment with a lien against the benefited qualifying real property; and

35.8 (2) collect repayments as a special assessment as provided for in section 429.101
35.9 or by charter, provided that special assessments may be made payable in up to 20 equal
35.10 annual installments.

35.11 If the implementing entity is an authority, the local government that authorized
35.12 the authority to act as implementing entity shall impose and collect special assessments
35.13 necessary to pay debt service on bonds issued by the implementing entity under subdivision
35.14 8, and shall transfer all collections of the assessments upon receipt to the authority.

35.15 Sec. 5. Minnesota Statutes 2012, section 216C.436, subdivision 8, is amended to read:

35.16 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue
35.17 revenue bonds as provided in chapter 475 for the purposes of this section, provided the
35.18 revenue bond must not be payable more than 20 years from the date of issuance.

35.19 (b) The bonds must be payable as to both principal and interest solely from the
35.20 revenues from the assessments established in subdivision 7.

35.21 (c) No holder of bonds issued under this subdivision may compel any exercise of the
35.22 taxing power of the implementing entity that issued the bonds to pay principal or interest
35.23 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
35.24 compel any exercise of the taxing power of the local government. Bonds issued under
35.25 this subdivision are not a debt or obligation of the issuer or any local government that
35.26 issued them, nor is the payment of the bonds enforceable out of any money other than the
35.27 revenue pledged to the payment of the bonds.

33.17 Sec. 2. Laws 2005, chapter 97, article 10, section 3, is amended to read:

33.18 Sec. 3. **SUNSET.**

33.19 Sections 1 and 2 shall expire on June 30, ~~2015~~ 2023.

36.3 (a) The commissioner of commerce shall contract with an independent consultant
36.4 selected through a request for proposal process to produce a report analyzing the potential
36.5 for electricity generation resulting from the installation of solar photovoltaic devices on
36.6 and adjacent to public buildings in this state. The study must:

36.7 (1) determine, for buildings identified under the process initiated in Laws 2001,
36.8 chapter 212, article 1, section 3, commonly referred to as the B3 program, the amount
36.9 of space available for the installation of solar photovoltaic devices and the maximum
36.10 solar electricity generation potential; and

36.11 (2) utilize existing data on energy efficiency potential developed under the B3
36.12 program and determine how investments in energy efficiency for these buildings could
36.13 be combined with solar photovoltaic systems to enhance a building's overall energy
36.14 efficiency. The analysis must include a schedule for installing solar photovoltaic systems
36.15 on public buildings at a rate of four percent of available space per year and must prioritize
36.16 installations that result in the largest benefits with the shortest payback periods.

36.17 (b) By January 1, 2014, the commissioner of commerce shall submit a copy of the
36.18 report to the chairs and ranking minority members of the legislative committees with
36.19 primary jurisdiction over energy policy and state government finance.

36.20 (c) The commissioner of commerce shall assess an amount necessary under
36.21 Minnesota Statutes, section 216B.241, subdivision 1e, in addition to the assessment
36.22 already authorized under that subdivision, for the purpose of completing the study
36.23 described in this section.

36.24 Sec. 41. **TRANSMISSION FOR FUTURE RENEWABLE ENERGY STANDARD.**

36.25 (a) The commission shall order all Minnesota electric utilities, as defined in
36.26 Minnesota Statutes, section 216B.1691, subdivision 1, paragraph (b), and all transmission
36.27 companies, as defined in Minnesota Statutes, section 216B.02, to study and develop plans
36.28 for the transmission network enhancements necessary to support increasing the renewable
36.29 energy standard established in Minnesota Statutes, section 216B.1691, subdivision 2a, to
36.30 40 percent by 2030, while maintaining system reliability.

36.31 (b) The Minnesota electric utilities and transmission companies must complete the
36.32 study work under the direction of the commissioner of commerce. Prior to the start of the
36.33 study, the commissioner, in consultation with Minnesota electric utilities and transmission
36.34 companies, shall appoint a technical review committee consisting of up to 15 individuals
36.35 with experience and expertise in electric transmission system engineering, electric power
37.1 systems operations, and renewable energy generation technology to review the study's
37.2 proposed methods and assumptions, ongoing work, and preliminary results.

37.3 (c) As part of the planning process, the Minnesota electric utilities and transmission
 37.4 companies must incorporate and build upon the analyses that have previously been done
 37.5 or that are in progress including but not limited to the 2006 Minnesota Wind Integration
 37.6 Study and ongoing work to address geographically dispersed development plans, the
 37.7 2007 Minnesota Transmission for Renewable Energy Standard Study, the 2008 and
 37.8 2009 Statewide Studies of Dispersed Renewable Generation, the 2009 Minnesota RES
 37.9 Update, Corridor, and Capacity Validation Studies, the 2010 Regional Generation Outlet
 37.10 Study, the 2011 Multi Value Project Portfolio Study, and recent and ongoing Midwest
 37.11 Independent Transmission System Operator transmission expansion planning work. The
 37.12 utilities and transmission companies shall collaborate with the Midwest Independent
 37.13 Transmission System Operator to optimize and integrate, to the extent possible,
 37.14 Minnesota's transmission plans with other regional considerations and to encourage the
 37.15 Midwest Independent Transmission System Operator to incorporate Minnesota's planning
 37.16 work into its transmission expansion future planning.

37.17 (d) The study must be completed and submitted to the Minnesota Public Utilities
 37.18 Commission by November 1, 2014. The report shall include a description of the analyses
 37.19 that have been conducted and the results, including:

37.20 (1) a conceptual plan for transmission necessary for generation interconnection and
 37.21 delivery and for access to regional geographic diversity and regional supply and demand
 37.22 side flexibility; and

37.23 (2) identification and development of potential solutions to any critical issues
 37.24 encountered to support increasing the renewable energy standard to 40 percent by 2030
 37.25 while maintaining system reliability, as well as potential impacts and barriers of increasing
 37.26 the renewable energy standard to 45 percent and 50 percent.

37.27 Sec. 42. **VALUE OF ON-SITE ENERGY STORAGE STUDY.**

37.28 (a) The commissioner of commerce shall contract with an independent consultant
 37.29 selected through a request for proposal process to produce a report analyzing the potential
 37.30 costs and benefits of installing utility-managed, grid-connected energy storage devices in
 37.31 residential and commercial buildings in this state. The study must:

37.32 (1) estimate the potential value of on-site energy storage devices as a
 37.33 load-management tool to reduce costs for individual customers and for the utility, including
 37.34 but not limited to reductions in energy, particularly peaking, costs, and capacity costs;

38.1 (2) examine the interaction of energy storage devices with on-site solar photovoltaic
 38.2 devices; and

38.3 (3) analyze existing barriers to the installation of on-site energy storage devices by
 38.4 utilities, and examine strategies and design potential economic incentives to overcome
 38.5 those barriers.

20.13 Sec. 6. **VALUE OF ON-SITE ENERGY STORAGE STUDY.**

20.14 (a) The commissioner of commerce shall contract with an independent consultant
 20.15 selected through a request for proposal process to produce a report analyzing the potential
 20.16 costs and benefits of installing utility-managed energy storage modules in residential and
 20.17 commercial buildings in this state. The study must:

20.18 (1) estimate the potential value of on-site energy storage modules as a
 20.19 load-management tool to reduce costs for individual customers and for the utility,
 20.20 including, but not limited to, reductions in energy, particularly peaking and capacity costs;

20.21 (2) examine the interaction of energy storage modules with on-site solar photovoltaic
 20.22 modules; and

20.23 (3) analyze existing barriers to the installation of on-site energy storage modules
 20.24 by utilities, and examine strategies and design potential economic incentives, including
 20.25 using utility funds expended under Minnesota Statutes, section 216B.241, to overcome
 20.26 those barriers.

38.6 (b) The commissioner of commerce shall assess an amount necessary under
 38.7 Minnesota Statutes, section 216B.241, subdivision 1e, in addition to the assessment
 38.8 already authorized under that subdivision, for the purpose of completing the study
 38.9 described in this section.

38.10 (c) By January 1, 2014, the commissioner of commerce shall submit the study to
 38.11 the chairs and ranking minority members of the legislative committees with jurisdiction
 38.12 over energy policy and finance.

38.13 Sec. 43. **VALUE OF SOLAR THERMAL STUDY.**

38.14 (a) The commissioner of commerce shall contract with an independent consultant
 38.15 selected through a request for proposal process to produce a report analyzing the potential
 38.16 costs and benefits of expanding the installation of solar thermal projects, as defined in
 38.17 Minnesota Statutes, section 216B.2411, subdivision 2, in residential and commercial
 38.18 buildings in this state. The study must examine the potential for solar thermal projects
 38.19 to reduce heating and cooling costs for individual customers and to reduce costs at the
 38.20 utility level as well. The study must also analyze existing barriers to the installation of
 38.21 on-site energy storage devices by utilities and examine strategies and design potential
 38.22 economic incentives to overcome those barriers. By January 1, 2014, the commissioner
 38.23 of commerce shall submit the study to the chairs and ranking minority members of the
 38.24 legislative committees with jurisdiction over energy policy and finance.

38.25 (b) The commissioner of commerce shall assess an amount necessary under
 38.26 Minnesota Statutes, section 216B.241, subdivision 1e, in addition to the assessment
 38.27 already authorized under that subdivision, for the purpose of completing the study
 38.28 described in this section.

38.29 Sec. 44. **TRANSMISSION LINE; CERTIFICATE OF NEED REQUIRED AND**
 38.30 **EVIDENCE REQUIRED.**

20.27 By January 1, 2014, the commissioner of commerce shall submit the study to the chairs
 20.28 and ranking minority members of the legislative committees with jurisdiction over energy
 20.29 policy and finance.

20.30 (b) The commissioner of commerce shall assess an amount, not to exceed \$100,000,
 20.31 under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of completing
 20.32 the study described in this section.

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

21.1 Sec. 7. **VALUE OF SOLAR THERMAL STUDY.**

21.2 (a) The commissioner of commerce shall contract with an independent consultant
 21.3 selected through a request for proposal process to produce a report analyzing the potential
 21.4 costs and benefits of expanding the installation of solar thermal projects, as defined in
 21.5 Minnesota Statutes, section 216B.2411, subdivision 2, in residential and commercial
 21.6 buildings in this state. The study must examine the potential for solar thermal projects to
 21.7 reduce heating and cooling costs for individual customers and to reduce utilities' costs.
 21.8 The study must also analyze existing barriers to the installation of solar thermal projects
 21.9 by utilities, and examine strategies and design potential economic incentives, including
 21.10 using utility funds expended under Minnesota Statutes, section 216B.241, to overcome
 21.11 those barriers. By January 1, 2014, the commissioner of commerce shall submit the study
 21.12 to the chairs and ranking minority members of the legislative committees with jurisdiction
 21.13 over energy policy and finance.

21.14 (b) The commissioner of commerce shall assess an amount, not to exceed \$100,000,
 21.15 under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of completing
 21.16 the study described in this section.

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

38.31 (a) A high-voltage transmission line with a capacity of 100 kilovolts or more
 38.32 proposed to be located within a city in the metropolitan area as defined in Minnesota
 38.33 Statutes, section 473.121, subdivision 2, for which a route permit application was filed
 38.34 between June 2011 and August 2011, and a certificate of need application was filed
 39.1 between June 2012 and August 2012, to rebuild approximately eight miles of 69 kilovolt
 39.2 transmission with a high-voltage transmission line to meet local area distribution needs,
 39.3 must be approved in a certificate of need proceeding conducted under Minnesota Statutes,
 39.4 section 216B.243. The certificate of need may be approved only if the commission finds
 39.5 by clear and convincing evidence that there is no feasible, cost-effective, and available
 39.6 distribution level alternative to the transmission line.

39.7 (b) Further proceedings regarding the routing of a high-voltage transmission line
 39.8 described in this section shall be suspended until the Public Utilities Commission has
 39.9 made a determination that the transmission line is needed.

39.10 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 39.11 applies to route permits and certificate of need applications pending on or after that date.

39.12 Sec. 45. **SEVERABILITY.**

39.13 If any provision of this act is found to be unconstitutional and void, the remaining
 39.14 provisions of this act are valid.

39.15 Sec. 46. **APPROPRIATIONS.**

39.16 (a) \$212,000 in fiscal year 2014 and \$100,000 in fiscal year 2015 are appropriated
 39.17 from the general fund to the commissioner of commerce for the purpose of carrying out
 39.18 the activities required in this act. It is assumed that an amount equal to this appropriation
 39.19 will be assessed by the commissioner of commerce under Minnesota Statutes, section
 39.20 216B.62, and deposited in the general fund. The base for this appropriation is \$80,000 in
 39.21 fiscal year 2016 and \$82,000 in fiscal year 2017.

39.22 (b) \$436,000 in fiscal year 2014 and \$226,000 in fiscal year 2015 are appropriated
 39.23 from the general fund from the assessments on utilities to the Public Utilities Commission
 39.24 for the purpose of carrying out the activities required in this act. It is assumed that
 39.25 an amount equal to this appropriation will be assessed by the commission under
 39.26 Minnesota Statutes, section 216B.62, and deposited in the general fund. The base for this
 39.27 appropriation is \$51,000 in fiscal year 2016 and \$28,000 in fiscal year 2017.

39.28 Sec. 47. **REPEALER.**

39.29 Minnesota Statutes 2012, section 216B.1637, is repealed.

39.30 Sec. 48. **EFFECTIVE DATE.**

39.19 Section 1. **APPROPRIATIONS.**

39.20 (a) \$364,000 in fiscal year 2014 and \$100,000 in fiscal year 2015 are appropriated
 39.21 from the general fund to the commissioner of commerce for the purpose of carrying out
 39.22 the activities required in this act. It is assumed that an amount equal to this appropriation
 39.23 will be assessed by the commissioner of commerce under Minnesota Statutes, section
 39.24 216B.62, and deposited in the general fund. The base for this appropriation is \$22,000 in
 39.25 fiscal year 2016 and \$23,000 in fiscal year 2017.

39.26 (b) \$279,000 in fiscal year 2014 and \$263,000 in fiscal year 2015 are appropriated
 39.27 from the general fund from the assessments on utilities to the Public Utilities Commission
 39.28 for the purpose of carrying out the activities required in this act. It is assumed that
 39.29 an amount equal to this appropriation will be assessed by the commission under
 39.30 Minnesota Statutes, section 216B.62, and deposited in the general fund. The base for this
 39.31 appropriation is \$63,000 in fiscal year 2016 and \$27,000 in fiscal year 2017.

33.20 Sec. 3. **REPEALER.**

33.21 Minnesota Statutes 2012, section 216B.1637, is repealed.

39.31 Unless otherwise specified, sections 1 to 47 are effective the day following final
 39.32 enactment.

2.23 Sec. 2. **SCOPING FOR RENEWABLE ENERGY STUDY.**

2.24 The commissioner of commerce, in consultation with the Legislative Energy
 2.25 Commission, shall develop the scope for a Minnesota energy future study on how
 2.26 Minnesota can achieve a sustainable energy system that does not rely on the burning
 2.27 of fossil fuels.

2.28 The study must include energy use in the electrical, transportation, thermal and
 2.29 industrial sectors of the state economy. The study shall evaluate options for different
 2.30 mixes of renewable energy, efficiency, energy storage, and new technologies that can
 2.31 best transform each sector of energy use to become fully sustainable and no longer rely
 2.32 on fossil fuels in a cost-effective manner.

2.33 The study must analyze both costs and benefits. The study must include at least the
 2.34 following considerations: system reliability, utility rates, energy prices, jobs, economic
 2.35 development, public health, and environmental quality. Calculation of costs and benefits
 3.1 must be based on full cost, life-cycle accounting methods that include the benefits of
 3.2 avoided externalities. The study must be designed to develop appropriate timelines and
 3.3 accommodate modifications that will occur as new technologies and efficiencies develop.

3.4 In developing the scope, the commissioner shall engage stakeholders concerning
 3.5 the study's parameters and assumptions. The commissioner must report the results of
 3.6 the scoping process to the Legislative Energy Commission by January 1, 2014. The
 3.7 commissioner may assess up to \$100,000 under Minnesota Statutes, section 216B.62, to
 3.8 scope and develop this energy study proposal.

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

14.15 Sec. 14. **STUDY; SOLAR ENERGY AND COOPERATIVE ELECTRIC**
 14.16 **ASSOCIATIONS AND MUNICIPAL UTILITIES.**

14.17 The Legislative Energy Commission must convene a group, including
 14.18 representatives from cooperative electric associations and municipal utilities, to discuss
 14.19 the role of solar energy as a generation resource for associations and municipal utilities.
 14.20 The discussions should be broadly focused on all issues related to solar as a generation
 14.21 resource including, without limitation:

14.22 (1) the comparative cost and value of solar and other generation resources;

14.23 (2) the need for new generation resources and timing of that need;

14.24 (3) the ownership, siting, sizing, pricing, and interconnection of solar generation; and

14.25 (4) the integration of solar generation with conservation and other generation
14.26 resources.

14.27 The group must be convened by July 1, 2013, and must report the results of the discussion
14.28 to the commission by February 1, 2014.

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

25.25 Sec. 3. **DEPARTMENT OF COMMERCE; DIVISION OF ENERGY**
25.26 **RESOURCES; STUDY.**

25.27 The Division of Energy Resources of the Department of Commerce must conduct
25.28 public meetings with stakeholders and members of the public and shall produce a report
25.29 on findings and legislative recommendations to accomplish the following purposes:

25.30 (1) clarify statewide energy-savings policies and utility energy-savings goals;

25.31 (2) maximize long-term cost-effective energy savings and minimize energy waste;

25.32 (3) maximize carbon reductions and economic benefits by increasing the efficiency
25.33 of all sectors of the state's energy system;

25.34 (4) minimize total utility costs and rate impacts for ratepayers in all sectors;

26.1 (5) determine appropriate funding sources for nonconservation projects and
26.2 programs, cogeneration, and combined heat and power projects;

26.3 (6) determine the appropriate consideration in the integrated resource planning and
26.4 certificate of need processes of the requirements to meet the state's energy conservation
26.5 and renewable energy goals; and

26.6 (7) provide the utility the appropriate incentives to meet the state's energy
26.7 conservation and renewable energy goals.

26.8 The report must be submitted by January 15, 2014, to the chairs and ranking minority
26.9 members of the committees of the legislature with primary jurisdiction over energy policy.

26.10 The division must provide public notice of the meetings.

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

29.9 Section 1. **RENEWABLE INTEGRATION STUDY.**

29.10 The commission shall order all Minnesota electric utilities, as defined in Minnesota
29.11 Statutes, section 216B.1691, subdivision 1, paragraph (b), to study and develop plans for
29.12 the transmission network enhancements necessary to support increasing the renewable
29.13 energy standard established in Minnesota Statutes, section 216B.1691, subdivision 2a, to
29.14 40 percent by 2030, while maintaining system reliability.

29.15 The Minnesota electric utilities must complete the study work under the direction of
29.16 the commissioner of commerce. Prior to the start of the study, the commissioner shall
29.17 appoint a technical review committee consisting of up to 15 individuals with experience
29.18 and expertise in electric transmission system engineering, electric power systems
29.19 operations, and renewable energy generation technology to review the study's proposed
29.20 methods and assumptions, ongoing work, and preliminary results.

29.21 As part of the planning process, the Minnesota electric utilities must incorporate
29.22 and build upon the analyses that have previously been done or that are in progress
29.23 including but not limited to the 2006 Minnesota Wind Integration Study and ongoing
29.24 work to address geographically dispersed development plans, the 2007 Minnesota
29.25 Transmission for Renewable Energy Standard Study, the 2008 and 2009 Statewide Studies
29.26 of Dispersed Renewable Generation, the 2009 Minnesota RES Update, Corridor, and
29.27 Capacity Validation Studies, the 2010 Regional Generation Outlet Study, the 2011 Multi
29.28 Value Project Portfolio Study, and recent and ongoing Midwest Independent System
29.29 Operator transmission expansion planning work. The utilities shall collaborate with the
29.30 Midwest Independent System Operator to optimize and integrate, to the extent possible,
29.31 Minnesota's transmission plans with other regional considerations and to encourage the
29.32 Midwest Independent System Operator to incorporate Minnesota's planning work into its
29.33 transmission expansion future planning.

30.1 The study must be completed and submitted to the Minnesota Public Utilities
30.2 Commission by December 1, 2013. The report shall include a description of the analyses
30.3 that have been conducted and the results, including:

30.4 (1) a conceptual plan for transmission necessary for generation interconnection and
30.5 delivery and for access to regional geographic diversity and regional supply and demand
30.6 side flexibility; and

30.7 (2) identification and development of potential solutions to any critical issues
30.8 encountered to support increasing the renewable energy standard to 40 percent by 2030
30.9 while maintaining system reliability, as well as potential impacts and barriers of increasing
30.10 the renewable energy standard to 45 percent and 50 percent.

35.28 Sec. 6. Minnesota Statutes 2012, section 429.101, subdivision 2, is amended to read:

35.29 Subd. 2. **Procedure for assessment.** Any special assessment levied under
35.30 subdivision 1 shall be payable in a single installment, or by up to ten equal annual
35.31 installments as the council may provide, except that a special assessment made under an
35.32 energy improvements financing program under subdivision 1, paragraph (c), may be
36.1 repayable in up to 20 equal installments. With ~~this exception~~ these exceptions, sections
36.2 429.061, 429.071, and 429.081 shall apply to assessments made under this section.

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

39.3 Section 1. **Study.**

39.4 The Legislative Energy Commission may study and report to the chairs and ranking
39.5 minority members of the legislative committees and divisions with primary jurisdiction
39.6 over energy policy on how best to increase the competitiveness of the paper, pulp, mining,
39.7 foundry, and steel industries in the state through additional cost-effective energy efficiency,
39.8 including the potential use of renewable energy systems, work process initiatives, or best
39.9 practices. In addition, the study must examine ways to use industrial energy efficiency
39.10 to assist in creating markets for new energy efficiency products and services, and assess
39.11 the impact of industrial energy efficiency in moderating electricity, water, and waste
39.12 prices by reducing demand. The commission may include legislative recommendations
39.13 in its report. The commission shall seek input from interested stakeholders, including
39.14 entities with recognized expertise with industrial efficiency and work processes with
39.15 these industries. The commission may contract for all or part of the activities related to
39.16 preparation of the report.