

HF2620 - 0 - Distributed Energy Resources System Upgrades

Chief Author: **Kristin Pursell**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **3/15/2023 3:26:07 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Public Utilities Commission

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

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

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

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
	Total	-	-	-	-	-

Lead LBO Analyst's Comment

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

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State Cost (Savings) Calculation Details

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

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

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Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

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

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Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

H.F. 2620 proposes the appropriation of Renewable development account funds for upgrades to interconnect distributed energy projects, amending Minnesota statute 2022, section 116C.779, subdivision 1 and adding subdivisions 2 and 3.

Section 1, Subd. 1 Renewable development account.

- Subd. 1 (e): Added reference to 116C.7793 and 116C.7794 to existing statutes 116C.7792 and 216C.41 to pull funds from the account to pay obligations under those paragraphs.
- No additional changes to this section.

Section 2 [116C.7793] Distributed Energy Resources System Upgrade Program.

Subd. 1. Definitions

Subd. 2. Establishment; purpose.

- Directs the utility subject to this section, Xcel Energy, to operate a program to complete infrastructure upgrades necessary for interconnection of distributed generation.
- The program must enable the review and approval of projects in 43 business days.
- Enable behind the meter interconnection for on-site electricity use.
- Minimize capacity constrained locations.
- Minimize the cost of upgrades through the use of control technologies, energy storage, and other innovative technologies.

Subd. 3. Required Plan

- Plan must be filed with the commission by September 1st, 2023 which includes how the utility proposes to prioritize locations, the number of projects the utility anticipates to interconnect, and how the utility will report to the commission the programs outcomes.
- The Commissioner of Commerce must approve the plan no later than December 31, 2023.

Subd. 4. Eligible costs.

- Xcel Energy may pay reasonable upgrade costs as determined by the Commissioner.

Subd. 5. Capacity reserved.

- Any additional capacity gained through these upgrades will be reserved for eligible projects.
- The Commissioner can alter the reserved capacity if it is in the public interest to do so.

- An eligible project will be no more than 120 percent of annual usage and be behind the customer meter.

Subd. 6. Program funding.

- funding amounts in 2023 and 2024 for the program are left blank in the bill.

Section 3 [116C.7793] Small Interconnection Cost Sharing Program

Subd. 1. Definitions

Subd. 2. Program funding.

- To be used exclusively for the small interconnection cost-sharing program.
- \$250,000 in 2023 is allocated and does not transfer back and will remain available to the program.

Subd. 3. Eligible use.

- To pay the reasonable cost of distribution upgrades defined in 116C.7793 or
- An interconnection review and study necessary for the interconnection of an eligibility in the small interconnection cost sharing program that would not be covered by customer contributions to the program.

Assumptions

The Department is required to review a plan that Xcel Energy submits and approve by December 2023. The Department is also required to approve any modifications to the plan. The Department assumes it will be able to fulfil these responsibilities within its existing function as the proposal is currently written.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

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

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Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill establishes programs and funding for distribution and interconnection system upgrades.

Section 1 allows funding from the Renewable Development Account (RDA) to be used for the programs in sections 2 and 3.

Section 2 establishes the Distributed Energy Resources System Upgrade Program. This section directs Xcel Energy to operate a program to complete infrastructure upgrades necessary to enable electricity customers to interconnect distributed generation, aimed at reducing interconnection queue times and minimizing the cost of distribution upgrades, among other goals. Xcel is directed to file a plan for the program with the Department of Commerce by September 1, 2023. This section provides funding for the program through the RDA.

Section 3 establishes the Small Interconnection Cost-Sharing Program. This section provides \$250,000 in RDA funding for the small interconnection cost-sharing program established by the Public Utilities Commission (PUC) in docket No. E-999/CI-16-521.

Technical note: Section 3 should refer to the order issued on December 19, 2022 as that is the order that established the cost-sharing program in the bill.

Assumptions

The PUC does consider interconnection and distribution issues in various dockets, including Integrated Distribution Plans, annual DER reports, and interconnection-related complaints. However, the programs established in the bill are the responsibility of Xcel Energy and the Department of Commerce and do not directly affect the PUC. It is possible that Xcel Energy may need to file a tariff change with the PUC as a result of the changes in this bill. The PUC anticipates that it could handle the work associated with this bill using existing resources and does not anticipate any fiscal impact from this bill.

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

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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