

1.1 A bill for an act  
1.2 relating to energy; directing the Public Utilities Commission to develop incentives  
1.3 to encourage certain utility investments promoting distributed energy resource  
1.4 interconnections; amending Minnesota Statutes 2020, section 216B.1611,  
1.5 subdivision 2.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2020, section 216B.1611, subdivision 2, is amended to read:

1.8 Subd. 2. **Distributed generation; generic proceeding.** (a) The commission shall initiate  
1.9 a proceeding within 30 days of July 1, 2001, to establish, by order, generic standards for  
1.10 utility tariffs for the interconnection and parallel operation of distributed generation fueled  
1.11 by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels  
1.12 of no more than ten megawatts of interconnected capacity. At a minimum, these tariff  
1.13 standards must:

1.14 (1) to the extent possible, be consistent with industry and other federal and state  
1.15 operational and safety standards;

1.16 (2) provide for the low-cost, safe, and standardized interconnection of facilities;

1.17 (3) take into account differing system requirements and hardware, as well as the overall  
1.18 demand load requirements of individual utilities;

1.19 (4) allow for reasonable terms and conditions, consistent with the cost and operating  
1.20 characteristics of the various technologies, so that a utility can reasonably be assured of the  
1.21 reliable, safe, and efficient operation of the interconnected equipment; and

2.1 (5) establish (i) a standard interconnection agreement that sets forth the contractual  
2.2 conditions under which a company and a customer agree that one or more facilities may be  
2.3 interconnected with the company's utility system, and (ii) a standard application for  
2.4 interconnection and parallel operation with the utility system.

2.5 (b) The commission may develop financial incentives based on a public utility's  
2.6 performance in encouraging residential and small business customers to participate in on-site  
2.7 generation.

2.8 (c) By December 1, 2021, the commission must develop financial incentives that  
2.9 encourage a public utility to invest in upgrades to its infrastructure that allow for the  
2.10 interconnection of distributed energy resources that the public utility does not own. The  
2.11 incentives must be structured to increase as the aggregate capacity of the distributed energy  
2.12 resources whose interconnection is enabled by the investments increases.

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