

HOUSE RESEARCH

Bill Summary

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- 1 [16C.144] **Subd. 2. Guaranteed energy-savings agreement.** Authorizes the commissioner of administration to extend the term of a guaranteed energy-savings agreement from 15 to 25 years.
- 2 [116C.779] **Subd. 3. Initiative for Renewable Energy and the Environment.** Provides \$5,000,000 annually from the Renewable Development Fund to the University of Minnesota's Initiative for Renewable Energy and the Environment.
- 3 [216B.02] **Public utility.** Exempts from the definition of public utility a person who furnishes consumers with electricity or heat generated from wind or solar equipment located on the consumer's property, provided that the equipment is owned or operated by an entity other than the consumer.
- 4 [216B.03] **Reasonable rate.** Conforming language.
- 5 [216B.16] **Subd. 6e. Solar energy production incentive.** Provides that the solar energy production incentive be included by the commission in determining just and reasonable rates.
- 6 [216B.16] **Subd. 7b. Transmission cost adjustment.** Allows a utility cost recovery outside a general rate case for transmission costs for facilities not located in Minnesota but determined by the Midwest Independent Systems Operator to benefit Minnesota consumers.

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- 7 **[216B.1635] Recovery of gas utility infrastructure costs.** Allows for utility cost recovery outside of a general rate case for replacing and updating natural gas distribution pipelines and other infrastructure as required under federal law.
- 8 **[216B.164] Definitions.**
- 9 **[216B.164] Subd. 3. Purchases; small facilities.** Increases the maximum capacity of distributed generation facilities interconnected with a public utility that are eligible for reimbursement for excess electricity generation under the net metering statutes from 40 to 1,000 kilowatts.
- 10 **[216B.164] Subd. 4. Purchases; wheeling; costs.** Increases to 1,000 kilowatts the maximum capacity of a facility interconnected with a public utility that, under this subdivision, must be paid the utility's avoided energy costs for excess generation.
- 11 **[216B.164] Subd. 4a. Net metered facility.** Allows a customer up to 1,000-kilowatts capacity to elect to receive a credit on the customer's energy bill carried forward.
- 12 **[216B.164] Subd. 4b. Aggregation of meters.** Requires a utility to accommodate a customer who requests the installation of multiple meters.
- 13 **[216B.164] Subd. 4c. Limiting cumulative generation prohibited.** Prohibits the commission, a municipality, or cooperative electric association board from limiting the aggregate level of net metering capacity on a utility's system to a level below 5 percent of average annual electricity sales during the past three years.
- 14 **[216B.164] Subd. 6. Rules and uniform contract.** Requires the commission to establish a statewide uniform contract for a facility having less than 1,000-kilowatt capacity.
- 15 **[216B.164] Subd. 10. Energy for public buildings.** Allows a wind generator or wind storage device with a capacity up to 3.5 megawatts to be subject to net metering provisions.
- 16 **[216B.1641] Value of solar rate.**

Subd. 1. Definition. Defines "solar photovoltaic device."

Subd. 2. Applicability. Specifies that this section applies to all public utilities and to those cooperative associations and municipal electric utilities that have elected to be governed under section 216C.412, below.

Allows a customer to elect to be compensated for excess electricity purchased by a utility under this section or the net metering statutes.

Caps a solar photovoltaic device subject to this section at two megawatts capacity.

Subd. 3. Standby charge prohibited. Prohibits a utility from applying a standby charge to a solar photovoltaic device governed under this section.

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Subd. 4. Standard contract. Requires the commission to establish a statewide uniform contract with at least a 20-year term to be used by a utility purchasing energy from a solar photovoltaic device electing to be governed under this section.

Subd. 5. Credits. Requires a utility to purchase all energy and capacity offered by a solar photovoltaic device to which it is interconnected for the term of the contract and to credit those purchases to the owner of the device at the value of solar rate.

Subd. 6. Value of solar rate; guidance document. Directs the Department of Commerce, after obtaining input from stakeholders and the public, to develop a value of solar guidance document by December 1, 2013, that specifies the components that must be used to calculate the value of solar rate (VSR). The department may incorporate additional amounts into the VSR, including measurable economic development benefits of solar energy. The guidance document may be revised annually.

Subd. 7. Utilities to offer tariff. Requires utilities subject to this section to file a VSR tariff with the commission by April 1, 2014, and annually thereafter.

Subd. 8. Value of solar rate; billing. Directs that owners of solar photovoltaic devices receiving the VSR are to receive their regular electric bill based on their consumption and are to be credited the VSR for all their electricity production. Separate meters measuring consumption and generation are required to be provided by the utility.

Subd. 9. Commission review; approval. Directs the commission to review the VSR tariff submitted by utilities, approve or modify it by July 1, 2014, and issue an order to all electric utilities to begin crediting the VSR to owners of solar photovoltaic devices. Prohibits the commission from approving a VSR lower than a utility's retail rate.

17 [216B.1651] Definitions.

Subd. 2. Community solar generating facility. Defines a community solar generating facility as a solar photovoltaic device with a capacity under two megawatts that sells subscriptions for portions of its generation to subscribers that live within the electric service area of the public utility to which the facility is interconnected or to a cooperative association or municipality that has elected to be governed under section 216C.412, below.

18 [216B.1652] Subscriptions.

Subd. 1. Presale of subscriptions. Prohibits construction of a community solar generating facility until contracts have been executed that represent at least 80 percent of the facility's capacity.

Subd. 2. Size. Requires a subscription to be capped at 120 percent of the annual average electricity consumption at the site. A subscriber may not own subscriptions whose total capacity exceeds the maximum capacity of a facility

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subject to the net metering statute. If a subscriber receives electricity generated from a renewable energy source prior to purchasing a subscription, the capacity of the source must be subtracted from the subscriber's otherwise allowable maximum capacity to be received from the community solar generating facility.

Subd. 3. Certification. Requires a subscriber to be provided with certain information prior to purchasing a subscription.

Subd. 4. On-site subscriber. Specifies that a subscriber owning the property on which a community solar generating facility is located has no additional rights than any other subscriber.

Subd. 5. Subscription prices. Specifies that subscription prices are not subject to regulation by the commission, but are negotiated between subscribers and the facility.

Subd. 6. Subscription transfer. Requires a subscriber terminating a contract with the facility to transfer it to an eligible subscriber or to the facility.

Subd. 7. New subscribers. Requires the facility to provide the utility with which it is interconnected information regarding new subscribers.

Subd. 8. Meter change. Requires a subscriber moving to a different property served by the facility to notify the facility within 30 days.

Subd. 9. Renewable energy credits. Provides that a subscriber owns the renewable energy credits allotted to the subscription.

Subd. 10. Disputes. Provides that disputes between the facility and the utility be resolved under the mechanism available under the net metering statute.

19 [216B.1635] Disposition of electricity generated.

Subd. 1. Allocation. Provides that a subscriber is allocated electricity generated by the facility proportional to the size of the subscription. Subscribers may not resell electricity governed by the contract. Any excess generation by the facility above the needs of subscribers must be sold to the utility.

Subd. 2. Utility purchases. Requires the interconnecting utility to purchase all excess electricity generated by the facility for the price paid under the net metering law or any other law governing prices paid for solar energy.

Subd. 3. Interconnection. Requires the commission to establish uniform interconnection fees for solar community generating facilities.

Subd. 4. Nonutility status. Provides that a community solar generating facility is not a public utility.

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- 20 [216.1654] **Billing.** Describes the billing procedure for subscribers and requires the Department of Commerce to establish a uniform administrative system to credit the utility accounts of subscribers. Requires the commission to examine whether the rate paid by a utility to a facility should be adjusted to reflect the utility's actual fixed costs.
- 21 [216B.1691] **Subd. 1. Definitions.** Defines "renewable energy credit."
- 22 [216B.1691] **Subd. 2a. Eligible energy technology standard.** Requires that each public utility generate or procure 40 percent of its retail electricity sales from renewable sources by 2030.
- 23 [216B.1691] **Subd. 2e. Rate impact of standard compliance; report.** Requires the commission to develop a uniform reporting system for utilities analyzing the rate impact of compliance with the Renewable Energy Standard.
- 24 [216B.1691] **Subd. 2f. Solar energy standard.** Establishes a separate Solar Energy Standard for public utilities, with a target of 0.5 percent in 2016, two percent in 2020, and four percent in 2025.
- 25 [216B.1692] **Subd. 1. Qualifying projects.** Specifies that a utility air emissions control project may be approved by the commission to obtain cost recovery outside of a rate case if the facilities on which the controls are to be installed are located outside the state and are needed to comply with federal or state air regulations and the project has received an advance determination of prudence by the commission.
- 26 [216B.1692] **Subd. 1a. Exemption.** Exempts a project from provisions that are satisfied by the requirement that the project receive an advance determination of prudence from the commission.
- 27 [216B.1692] **Subd. 8. Sunset.** Extends the expiration of this section by five years to 2020.
- 28 [216B.1695] **Subd. 5. Cost recovery.** Allows recovery of costs of an emissions-reduction project in a rider approved under section 216B.1692.
- 29 [216B.1695] **Subd. 5a. Rate of return.** Allows the commission to allow a rate of return on an emissions-reduction project at a rate determined to be in the public interest.
- 30 [216B.23] **Subd. 1a. Authority to issue refund.** Conforming language.
- 31 [216B.241.] **Subd. 1e. Applied research and development grants.** Requires the commissioner of commerce to annually assess utilities \$500,000 annually for a grant to the Clean Energy Resource Teams established under section 216C.385.
- 32 [216B.241] **Subd. 5c. Large solar electric generating plant.** Conforming language.
- 33 [216B.2411] **Subd. 3. Other provisions.** Conforming language.

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- 34** [216B.40] **Exclusive service right; service extension.** Specifies that an electric utility has an exclusive right to service customers in its service territory by electric line.
- 35** [216C.411] **Solar energy incentive account.** Establishes an account in the special revenue fund in the state treasury to pay an incentive for solar electricity produced in the service territory of cooperative associations or municipalities that elect to be governed under section 216C.412. Up to \$5,000,000 annually is transferred to the account from the Renewable Development Fund. By April 1, 2014, the commissioner of commerce is to develop an administrative procedure by which the payments are to be made.
- 36** [216C.412] **Solar energy production incentive.**
- Subd. 1. Applicability.** Specifies that this section applies to all public utilities providing retail electric service and to cooperative associations and municipal utilities that elect to be governed under it.
- Subd. 2. Incentive amount.** Requires owners of solar photovoltaic devices to apply to the utility to which it is interconnected in order to receive an incentive payment. Payments are made on a first-come, first-served basis, may not be paid to owners of devices with a capacity greater than two megawatts, and may not exceed in aggregate during any calendar year more than 1.33 percent of a utility's gross operating revenues from electricity sales during the previous year. Cooperative associations and municipal electric utilities may elect to have the Department of Commerce pay incentives to its qualifying customers from the account established in section 216C.411.
- Subd. 3. Eligibility window.** Specifies that incentive payments may be paid to owners of solar photovoltaic devices that first begin generating electricity after January 1, 2014, and must continue to be available through 2049. An owner may receive payments for 20 years.
- Subd. 4. Amount of payment.** Specifies that the incentive is paid on a per-kilowatt hour generated basis and is equal to a reference price, specified for residential and commercial projects of various sizes and ranging from 13.6 to 20.4 cents per kilowatt-hour, minus the value of solar rate approved by the commission under section 216B.1641. The commissioner of commerce may adjust the reference price annually.
- Subd. 5. Dispute resolution.** Specifies that disputes between owners of solar photovoltaic devices and utilities regarding incentive payments shall be resolved by the commissioner of commerce.
- Subd. 6. Appropriation.** Annually appropriates an amount sufficient to pay the incentive from the account established in section 216C.411 to the commissioner of commerce.
- 37** [216C.413] **Definitions.** Defines "Made in Minnesota."

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38 [216C.414] **“Made In Minnesota” production incentive account.** Establishes an account from which incentive payments are paid to owners of solar photovoltaic modules that are “Made in Minnesota.” \$5,000,000 is annually transferred to the account from the renewable development fund. Sums sufficient to make the payments are annually appropriated to the commissioner of commerce.

39 [216C.415] **“Made In Minnesota” solar energy production incentive; qualification.** Requires manufacturers of solar photovoltaic devices seeking to qualify them as “Made in Minnesota” to submit an application to the commissioner of commerce, who will reject or approve an application within 90 days. The commissioner may revoke a solar module’s “Made in Minnesota” certification if the module no longer qualifies.

40 [216C.416] **“Made In Minnesota” solar energy production incentive.**

Subd. 1. Setting incentive. Requires the commissioner of commerce to set an incentive amount for a solar photovoltaic module that has been certified as “Made in Minnesota” within 90 days of that certification. The per-kilowatt-hour generated incentive amount is paid to an owner for ten years.

Subd. 2. Criteria for determining incentive amount. Requires the commissioner to set the incentive amount at a level that allows an owner a reasonable return on the owner’s investment, considering the installed cost of the device, federal tax incentives received by the owner, the declining efficiency of the modules over time, and other factors. The commissioner shall revise the incentive amount annually based on these factors. The incentive may not exceed 40 percent of the average installation cost-per-kilowatt, after taxes.

Subd. 3. Metering of production. Requires a utility to provide a meter, paid for by the owner of the solar photovoltaic device, to measure production in order for the owner to receive incentive payments, and to submit production data to the commissioner.

Subd. 4. Payment due date. Requires incentive payments to be made no later than July 1 following the year of production.

Subd. 5. Renewable energy credits. Provides that renewable energy credits attached to electricity generated by a solar photovoltaic device receiving payments under this section belong to the interconnected utility.

41 [216C.417] **“Made In Minnesota” solar energy production incentive; payment.**

Subd. 1. Incentive payment. Limits incentive payments to owners of solar photovoltaic devices whose capacity is less than 40 kilowatts that have received a “Made in Minnesota” certification from the commissioner and have installed the device on residential or commercial property.

Subd. 2. Application process. Requires applications for the incentive to be submitted to the commissioner in January and February. The commissioner shall

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use a random method to approve the number of applications the commissioner determines will exhaust the funds available for the ten-year duration of the incentive.

Subd. 3. Commissioner approval of incentive application. Requires the commissioner to disapprove applications if the commissioner determines that funding is insufficient to pay the incentive for any portion of the ten-year payment period, and to establish an annual cap on the cumulative capacity of projects awarded incentives that year.

Subd. 4. Eligibility window; payment duration. Restricts payments to solar photovoltaic devices installed generating electricity between 2014 and the end of 2023. No payments may be made after 2023.

Subd. 5. Allocation of payments. Requires incentive payments to be split evenly between residential and commercial applicants. Encourages the commissioner to distribute incentives throughout all regions of the state.

Subd. 6. Limitation. Prohibits an owner that has received an incentive under this section from receiving a “Made in Minnesota” rebate under section 116C.7791 for the same modules.

- 42** [216C.436] **Subd. 7. Repayment.** Provides that repayments of loans made by a city to a commercial or residential property owner to install conservation investments or renewable energy devices may be made via special assessments on property taxes for a term of 20 years.
- 43** [216C.436] **Subd. 8. Bond issuance; repayment.** Provides that the revenue bonds sold by the city to finance the loans made under the previous section must be payable within 20 years of issuance.
- 44** **Laws 2005, ch. 97, art. 10, § 3. Sunset.** Extends the expiration date of the statute amended in section 7 above by eight years to 2023.
- 45** **Study of potential for solar energy installations on public buildings.** Requires the commissioner of commerce to contract for a study to estimate the space available on public buildings for solar installations.
- 46** **Transmission for future renewable energy standard.** Requires the public utilities commission to order all electric utilities and transmission companies to develop plans for transmission enhancements necessary to support the increase in the Renewable Energy Standard to 40 percent by 2030.
- 47** **Solar interconnection study.** Requires each electric utility to provide to the commissioner of commerce an assessment of the amount of capacity available on nonresidential buildings in its service area, and what the costs of necessary upgrades to the distribution system to allow such interconnections would be.

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- 48** **Value of on-site energy storage study.** Requires the commissioner of commerce to contract for a study to analyze the costs and benefits of installing utility-managed energy storage devices in residential and commercial properties and existing barriers to their installation.
- 49** **Value of solar thermal study.** Requires the commissioner of commerce to contract for a study to analyze the costs and benefits of installing solar thermal devices in residential and commercial properties.
- 50** **Severability.** Provides that if any provision of this act is found to be unconstitutional the remaining provisions are valid.
- 51** **Repealer.** Repeals Minnesota Statutes, section 216B.1637, which allows Xcel Energy to recover, outside of a general rate case, costs incurred for cast iron natural gas distribution lines and other equipment.
- 52** **Effective date.** Provides that all sections are effective the day following final enactment.