

**CHAPTER 193--H.F.No. 3232**

*An act relating to energy; modifying the solar energy incentive program; amending Minnesota Statutes 2017 Supplement, sections 116C.7792; 216B.1691, subdivision 2f.*

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

Section 1. Minnesota Statutes 2017 Supplement, section 116C.7792, is amended to read:

**116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 20 40 kilowatts direct current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts. The program shall be operated for eight consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated in each of the first four years, \$15,000,000 in the fifth year, \$10,000,000 in each of the sixth and seventh years, and \$5,000,000 in the eighth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of the solar production incentive program operated by the utility and not for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Any unspent amount remaining at the end of any other allocation year must be transferred to the renewable development account. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

**EFFECTIVE DATE.** This section is effective June 1, 2018.

Sec. 2. Minnesota Statutes 2017 Supplement, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

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

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

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

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

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

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

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

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

Presented to the governor May 19, 2018

Signed by the governor May 29, 2018, 1:06 p.m.