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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2413**

02/20/2012 Authored by Hackbarth, Hilty, Kahn and Hortman

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance

1.1 A bill for an act
1.2 relating to energy; distributed energy resources and funding for renewable
1.3 development; providing for energy conservation improvement funds and
1.4 renewable development account funds for qualifying solar energy projects
1.5 on public buildings; amending Minnesota Statutes 2010, sections 116C.779,
1.6 subdivision 2; 216B.2411, subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2010, section 116C.779, subdivision 2, is amended to
1.9 read:

1.10 Subd. 2. **Renewable energy production incentive.** (a) Until January 1, 2021,
1.11 \$10,900,000 annually must be allocated from available funds in the account to fund
1.12 renewable energy production incentives. Up to \$9,400,000 of this annual amount is for
1.13 incentives for electricity generated by wind energy conversion systems that are eligible for
1.14 the incentives under section 216C.41 or Laws 2005, chapter 40.

1.15 (b) ~~The balance of this amount, up to~~ At least \$1,500,000 annually, may of the
1.16 amount specified in paragraph (a) must be used for production incentives for on-farm
1.17 biogas recovery facilities and hydroelectric facilities that are eligible for the incentive
1.18 under section 216C.41 or for production incentives for other renewables, to including
1.19 qualifying solar energy projects as defined by section 216B.2411. The incentives must
1.20 be provided in the same manner as under section 216C.41, with at least \$1,000,000
1.21 annually being used for production incentives for qualifying solar energy projects on
1.22 public buildings within the public utility's service territory.

1.23 (c) Any portion of the \$10,900,000 not expended in any calendar year for the
1.24 incentive is available for other spending purposes under this section. This subdivision
1.25 does not create an obligation to contribute funds to the account.

(d) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Sec. 2. Minnesota Statutes 2010, section 216B.2411, subdivision 1, is amended to read:

Subdivision 1. **Generation projects.** (a) Any municipality or rural electric association providing electric service and subject to section 216B.241 may, and each public utility may, use five percent of the total amount to be spent on energy conservation improvements under section 216B.241, on:

(1) projects in Minnesota to construct an electric generating facility that utilizes eligible renewable energy sources as defined in subdivision 2, such as methane or other combustible gases derived from the processing of plant or animal wastes, biomass fuels such as short-rotation woody or fibrous agricultural crops, or other renewable fuel, as its primary fuel source;

(2) projects in Minnesota to install a distributed generation facility of ten megawatts or less of interconnected capacity that is fueled by natural gas, renewable fuels, or another similarly clean fuel; or

(3) projects in Minnesota to install a qualifying solar energy project as defined in subdivision 2.

(b) A municipality, rural electric association, or public utility that offers a program to customers to promote installing qualifying solar energy projects may request authority from the commissioner to exceed the five percent limit in paragraph (a), but not to exceed ten percent, to meet customer demand for installation of qualifying solar energy projects. In considering this request, the commissioner shall consider customer interest in qualifying solar energy and the impact on other customers, and whether at least 50 percent of the additional funds are being spent on qualifying solar energy projects on public buildings. A municipality, rural electric association, or public utility may not participate in a qualifying solar energy project on a property unless it is provided evidence that all reasonable cost-effective conservation investments have previously been made to the property.

(c) For a municipality, rural electric association, or public utility, projects under this section must be considered energy conservation improvements as defined in section 216B.241.