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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3102

03/23/2023

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The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act

1.2 relating to energy; modifying the solar for schools program; transferring money;

1.3 amending Minnesota Statutes 2022, sections 216C.375, subdivisions 1, 2, 3, 4, 5,

1.4 6, 7, 9, 10, 11, by adding subdivisions; 216C.376, subdivision 1, by adding a

1.5 subdivision; repealing Minnesota Statutes 2022, section 216C.376, subdivisions

1.6 2, 3, 4, 5, 6, 7, 8, 9.

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

1.8 Section 1. Minnesota Statutes 2022, section 216C.375, subdivision 1, is amended to read:

1.9 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376,

1.10 the following terms have the meanings given them.

1.11 (b) "Competitive grant" means the grant the commissioner awards to a school to (1)

1.12 stimulate the installation of solar energy systems on school buildings or on school property

1.13 adjacent to a school building by reducing the upfront costs, and (2) enable schools to use

1.14 the solar energy system as a teaching tool that can be integrated into the school's curriculum.

1.15 (c) "Curriculum support grant" means a grant the commissioner awards to a school to

1.16 make the solar energy system a visible learning tool for students, teachers, staff, and the

1.17 public, including workforce and career opportunities for students.

1.18 ~~(b)~~ (d) "Developer" means an entity that installs a solar energy system on a school

1.19 building that has been awarded a grant under this section.

1.20 (e) "Loan" means a loan the commissioner issues to a school borrower in order to support

1.21 payment of the balance of solar energy system installation costs after accounting for the

1.22 competitive grant and any additional upfront incentives paid to the school by the electric

2.1 utility or a local governmental unit, provided that the school owns the solar energy system
 2.2 throughout the loan term.

2.3 ~~(e)~~ (f) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

2.4 ~~(d)~~ (g) "School" means: (1) a school that operates as part of an independent or special
 2.5 school district; (2) a Tribal school; or ~~(2)~~ (3) a state college or university that is under the
 2.6 jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

2.7 ~~(e)~~ (h) "School district" means an independent or special school district.

2.8 ~~(f)~~ (i) "Solar energy system" means photovoltaic or solar thermal devices.

2.9 ~~(g)~~ (j) "Solar thermal" has the meaning given to "qualifying solar thermal project" in
 2.10 section 216B.2411, subdivision 2, paragraph (d).

2.11 ~~(h)~~ (k) "State colleges and universities" has the meaning given in section 136F.01,
 2.12 subdivision 4.

2.13 Sec. 2. Minnesota Statutes 2022, section 216C.375, subdivision 2, is amended to read:

2.14 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
 2.15 Department of Commerce. The purpose of the program is to provide: (1) competitive grants
 2.16 to stimulate the installation of solar energy systems on or adjacent to school buildings by
 2.17 reducing the cost, and to enable schools to use costs, including interconnection costs and
 2.18 other infrastructure costs directly related to installing the solar energy system; (2) loans to
 2.19 schools to support the balance of solar installation costs after accounting for the competitive
 2.20 grant and any additional upfront incentives paid to the school by the electric utility or a
 2.21 local governmental unit, provided that the school owns the solar energy system throughout
 2.22 the loan term; (3) curriculum support grants to schools to make the solar energy system as
 2.23 a teaching tool that can be integrated into the school's curriculum; and (4) technical assistance
 2.24 and other services to schools seeking to install solar energy systems.

2.25 Sec. 3. Minnesota Statutes 2022, section 216C.375, subdivision 3, is amended to read:

2.26 Subd. 3. **Establishment of account.** A solar for schools program account is established
 2.27 in the special revenue fund. Money received from the general fund must be transferred to
 2.28 the commissioner of commerce and credited to the account. Except as otherwise provided
 2.29 in this paragraph, money deposited in the account remains in the account until expended.
 2.30 Any money that remains in the account on June 30, ~~2027~~ 2035, cancels to the general fund.

3.1 Sec. 4. Minnesota Statutes 2022, section 216C.375, subdivision 4, is amended to read:

3.2 Subd. 4. **Expenditures.** (a) Money in the account is appropriated to the commissioner
3.3 and may be used only:

3.4 (1) for competitive grant awards made under this section; and

3.5 (2) for curriculum support grants made under this section;

3.6 (3) for loans to schools made under this section;

3.7 (4) to pay for technical assistance to schools under this section; and

3.8 ~~(2)~~ (5) to pay the reasonable costs incurred by the department to administer this section.

3.9 (b) Competitive grant awards, curriculum support grants, and loans to schools that receive
3.10 service from the utility subject to section 116C.779 may be made only with funds money
3.11 in the account must be used only for grants for solar energy systems installed on or adjacent
3.12 to school buildings receiving retail electric service from a utility that is not subject to
3.13 transferred from the account established under section 116C.779, subdivision 1, paragraph
3.14 (e), pursuant to section 216C.376, subdivision 1.

3.15 Sec. 5. Minnesota Statutes 2022, section 216C.375, subdivision 5, is amended to read:

3.16 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section
3.17 only if the solar energy system that is the subject of the grant:

3.18 (1) is installed on or adjacent to the school building that consumes the electricity generated
3.19 by the solar energy system, on property within the service territory of the utility currently
3.20 providing electric service to the school building;

3.21 (2) has a capacity that does not exceed ~~the lesser of 40 kilowatts or~~ 120 percent of the
3.22 estimated annual electricity consumption of the school building at which the solar energy
3.23 system is installed, as determined (i) by the total consumption of the applicable electricity
3.24 premise during any 12-month period during the last three years immediately prior to
3.25 application for a competitive grant or a loan under this section, and (ii) after including any
3.26 projected additional future electrical consumption estimated by a professional engineer or
3.27 a certified energy manager, accounting for: (A) forecasted installation of electric vehicle
3.28 charging infrastructure for school vehicles; (B) electric heat pump or other geo-exchange
3.29 heating and cooling equipment; and (C) other low-carbon electrification measures; and

3.30 (3) has real-time and cumulative display devices, located in a prominent location
3.31 accessible to students and the public, that indicate the system's electrical performance.

4.1 (b) A school that receives a rebate or other financial incentive under section 216B.241
 4.2 for a solar energy system and that demonstrates considerable need for financial assistance,
 4.3 as determined by the commissioner, is eligible for a grant under this section for the same
 4.4 solar energy system.

4.5 Sec. 6. Minnesota Statutes 2022, section 216C.375, subdivision 6, is amended to read:

4.6 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals
 4.7 to utilities, schools, and developers ~~who may wish~~ to apply for a competitive grant, a
 4.8 curriculum support grant, or a loan under this section on behalf of a school. The commissioner
 4.9 may issue: (1) a single request for proposals for applications for the competitive grant
 4.10 program, curriculum support program, and loan program; or (2) individual requests for
 4.11 proposals for each program under clause (1).

4.12 (b) A school, utility, or developer ~~must~~ may submit an application for a competitive
 4.13 grant to the commissioner on behalf of a school on a form prescribed by the commissioner.

4.14 (c) A school must apply for a curriculum support grant or a loan under this section.

4.15 (d) The application form must include, at a minimum, the following information:

4.16 (1) the capacity of the proposed solar energy system and the expected amount of
 4.17 electricity ~~that is expected to be~~ generated;

4.18 (2) the current energy demand of the school building ~~on~~ to which the solar energy
 4.19 generating system is to be ~~installed~~ interconnected and information regarding any distributed
 4.20 energy resource, including subscription to a community solar garden, that currently provides
 4.21 electricity to the school building;

4.22 (3) the projected additional future electrical demand of the school building, after
 4.23 accounting for forecasted installation of (i) electric vehicle charging infrastructure for school
 4.24 vehicles, (ii) electric heat pumps or other geo-exchange heating and cooling equipment,
 4.25 and (iii) other low-carbon electrification measures, provided that the forecast has been
 4.26 completed by a professional engineer or certified energy manager;

4.27 (4) calculations that demonstrate the solar energy system is projected to generate no
 4.28 more than 120 percent of the sum of (i) the current energy demand of the school building
 4.29 under clause (2), and (ii) the projected additional future electrical demand under clause (3);

4.30 ~~(3)~~ (5) a description of any solar thermal devices proposed as part of the solar energy
 4.31 system;

5.1 ~~(4)~~ (6) the total cost to purchase and install the solar energy system and the solar energy
 5.2 system's lifecycle cost, including removal and disposal at the end of the system's life;

5.3 ~~(5)~~ (7) a copy of the proposed contract agreement between the school and the public
 5.4 utility or developer that includes provisions addressing responsibility for maintenance of
 5.5 the solar energy system;

5.6 ~~(6)~~ (8) the school's plan to make the solar energy system serve as a visible learning tool
 5.7 for students, teachers, and ~~visitors to the school~~ public, including (i) how the solar energy
 5.8 system may be integrated into the school's curriculum, ~~and~~ (ii) provisions for real-time
 5.9 monitoring of the solar energy system performance for display in a prominent location
 5.10 within the school or on-demand in the classroom, and (iii) solar energy and environmentally
 5.11 friendly workforce and career opportunities for students and the public;

5.12 ~~(7)~~ (9) information that demonstrates the school's level of need for financial assistance
 5.13 available under this section;

5.14 ~~(8)~~ (10) information that demonstrates the school's readiness to implement the project,
 5.15 including but not limited to the availability of the site on which the solar energy system is
 5.16 to be installed and the level of the school's engagement with the utility providing electric
 5.17 service to the school building on which the solar energy system is to be installed on issues
 5.18 relevant to the implementation of the project, including metering and other issues;

5.19 ~~(9)~~ (11) with respect to the installation and operation of the solar energy system, the
 5.20 willingness and ability of the developer or the public utility to:

5.21 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
 5.22 subdivision 6; and

5.23 (ii) adhere to the provisions of section 177.43;

5.24 (12) the interconnection and utility infrastructure required to install the solar energy
 5.25 systems, provided that the upgrades to main electrical panels, transformers, substations, and
 5.26 other infrastructure are necessary and directly related to the solar installation;

5.27 ~~(10)~~ (13) how the developer or public utility plans to reduce the school's initial capital
 5.28 expense to purchase and install the solar energy system by providing financial assistance
 5.29 to the school; and

5.30 ~~(11)~~ (14) any other information deemed relevant by the commissioner.

5.31 ~~(e)~~ (e) The commissioner must administer an open application process for competitive
 5.32 grants and curriculum support grants under this section at least twice annually.

6.1 (f) The commissioner must administer an open application process under this section
 6.2 on a rolling basis for solar for school loans.

6.3 ~~(d)~~ (g) The commissioner must develop administrative procedures governing the
 6.4 application and grant award process for competitive grants, curriculum support grants, and
 6.5 solar for school loans.

6.6 Sec. 7. Minnesota Statutes 2022, section 216C.375, subdivision 7, is amended to read:

6.7 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
 6.8 a grant under this section shall provide the commissioner information regarding participation
 6.9 in the utility's energy conservation and optimization program under section 216B.241,
 6.10 including any energy conservation measures implemented at the school building at which
 6.11 the solar energy system is installed. The commissioner may make additional
 6.12 recommendations to the school regarding cost-effective conservation measures it can
 6.13 implement and may provide technical assistance and direct the school to available financial
 6.14 assistance programs.

6.15 Sec. 8. Minnesota Statutes 2022, section 216C.375, is amended by adding a subdivision
 6.16 to read:

6.17 Subd. 7a. **Interconnection.** A utility must establish procedures governing the engineering
 6.18 review and interconnection process for solar installations supported by competitive grants
 6.19 or loans under this section. A solar for schools project under this section must receive an
 6.20 initial engineering review within 60 days of the date a complete project application is
 6.21 submitted. A solar for schools project must receive final witness testing and permission to
 6.22 operate within 30 days of the date an application is submitted. A utility that fails to meet
 6.23 the requirements of this subdivision is subject to a fine of \$100 per day, which must be paid
 6.24 to the commissioner and deposited in solar for schools account under subdivision 3.

6.25 Sec. 9. Minnesota Statutes 2022, section 216C.375, subdivision 9, is amended to read:

6.26 Subd. 9. **Competitive grant payments.** (a) The commissioner must award a competitive
 6.27 grant from the account established under subdivision 3 to a school for the necessary costs
 6.28 associated with the purchase and installation of a solar energy system. The amount of the
 6.29 grant must be based on the commissioner's assessment of the school's need for financial
 6.30 assistance. A school must not receive a grant in excess of \$..... Grant expenses related to
 6.31 interconnection costs or directly related infrastructure upgrade costs necessitated by the
 6.32 solar installation must be limited to \$250,000 per school. Grant expenses related to

7.1 interconnection costs or infrastructure upgrade costs may include the costs incurred by the
7.2 utility or by the solar installation contractor.

7.3 (b) For competitive grant awards to schools served by the utility subject to section
7.4 116C.779, the commissioner may prioritize schools where more than 50 percent of students
7.5 are eligible for free and reduced-price lunch under the National School Lunch Program.

7.6 Sec. 10. Minnesota Statutes 2022, section 216C.375, is amended by adding a subdivision
7.7 to read:

7.8 Subd. 9a. **Curriculum support grant payments.** (a) The commissioner must award a
7.9 curriculum support grant from the account established under subdivision 3 to a school to
7.10 make the solar energy system a visible learning tool for students, teachers, staff, and the
7.11 public, including workforce and career opportunities for students.

7.12 (b) The commissioner may make up to \$2,000,000 of curriculum support grant awards
7.13 annually under this section.

7.14 Sec. 11. Minnesota Statutes 2022, section 216C.375, is amended by adding a subdivision
7.15 to read:

7.16 Subd. 9b. **Solar for schools loans.** The commissioner must award a loan from the account
7.17 established under subdivision 3 to a school to support the balance of solar installation costs,
7.18 after accounting for the competitive grant and any additional upfront incentives paid to the
7.19 school by the electric utility or a local governmental unit, provided that the school owns
7.20 the solar energy system throughout the loan term. Loans provided under this section must
7.21 be made without regard to the status of a grant award under this section.

7.22 (b) The total principal of loans provided to any single school, Tribal school, or charter
7.23 school with common directors or trustees must not exceed \$1,000,000. Loans provided
7.24 under this section must not include any charged or accrued interest.

7.25 (c) A loan issued under this section is not: (1) subject to any referendum that prohibits
7.26 the school district from borrowing money under section 123B.63; and (2) included in a
7.27 school district's debt limits under section 475.53.

7.28 Sec. 12. Minnesota Statutes 2022, section 216C.375, is amended by adding a subdivision
7.29 to read:

7.30 Subd. 9c. **Renewable energy credits.** The renewable energy credits associated with the
7.31 electricity generated by a solar energy system installed under this section are the property

8.1 of the public utility subject to this section for the life of the system, regardless of the duration
 8.2 of the financial assistance provided by the public utility under this section.

8.3 Sec. 13. Minnesota Statutes 2022, section 216C.375, is amended by adding a subdivision
 8.4 to read:

8.5 Subd. 9d. **Net metering.** Notwithstanding the capacity limits under section 216B.164,
 8.6 subdivision 3, a school with a solar installation having a capacity of no more than 250
 8.7 kilowatts may elect to be compensated for the customer's net input into the utility system
 8.8 in the form a kilowatt-hour credit on the school's energy bill carried forward and applied
 8.9 to subsequent energy bills, with any net input supplied by the customer into the utility system
 8.10 that exceeds the energy supplied to the customer by the utility to be compensated at the
 8.11 average retail energy rate. For the purposes of this subdivision, "average retail energy rate"
 8.12 has the meaning given in section 216B.164, subdivision 3. This subdivision does not apply
 8.13 to a school receiving a value of solar rate under section 216B.164, subdivision 10.

8.14 Sec. 14. Minnesota Statutes 2022, section 216C.375, subdivision 10, is amended to read:

8.15 Subd. 10. **Application deadline.** No application may be submitted under this section
 8.16 after December 31, ~~2025~~ 2033.

8.17 Sec. 15. Minnesota Statutes 2022, section 216C.375, subdivision 11, is amended to read:

8.18 Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January
 8.19 15, ~~2028~~ 2036, the commissioner must report to the chairs and ranking minority members
 8.20 of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts
 8.21 awarded to schools under this section during the previous year; (2) loans and amounts
 8.22 awarded to schools under this section during the previous year; (3) the total capacity of all
 8.23 solar installations on all Minnesota schools and the capacity installed during the previous
 8.24 year, including the number of school installations supported by grants and loans under this
 8.25 section; (4) financial assistance, including amounts per award, provided to schools under
 8.26 section 216C.376 during the previous year; and ~~(3)~~ (5) any remaining balances available
 8.27 under this section and section 216C.376.

8.28 Sec. 16. Minnesota Statutes 2022, section 216C.376, subdivision 1, is amended to read:

8.29 Subdivision 1. ~~**Establishment; purpose**~~ **Transfer.** Notwithstanding section 116C.779,
 8.30 subdivision 1, paragraph (j), beginning July 1, 2023, and until June 30, 2035, the utility
 8.31 subject to section 116C.779 must operate a program to provide financial assistance to enable

9.1 ~~schools to install and operate solar energy systems that can be used as teaching tools and~~
9.2 ~~be integrated into the school curriculum~~ annually transfer \$8,000,000 from the renewable
9.3 development account under section 116C.779, subdivision 1, to the solar for schools account
9.4 under section 216C.375, subdivision 3.

9.5 Sec. 17. Minnesota Statutes 2022, section 216C.376, is amended by adding a subdivision
9.6 to read:

9.7 Subd. 2a. **Use of money.** The money transferred to the solar for schools account under
9.8 subdivision 1 must be used to pay for competitive grants, curriculum support grants, and
9.9 solar for schools loans under section 216C.375, to applicants located within the service
9.10 territory of the utility subject to section 116C.779.

9.11 Sec. 18. **SOLAR FOR SCHOOLS PROGRAM; TRANSFER.**

9.12 (a) \$250,000,000 in fiscal year 2024 is transferred from the general fund to the
9.13 commissioner of commerce to the solar for schools account established under Minnesota
9.14 Statutes, section 216C.375, subdivision 3.

9.15 (b) Of the amount transferred under paragraph (a), \$110,000,000 is reserved for solar
9.16 for schools loans made under Minnesota Statutes, section 216C.375, subdivision 9b, and
9.17 \$10,000,000 is reserved for curriculum support grants made under Minnesota Statutes,
9.18 section 216C.375, subdivision 9a.

9.19 Sec. 19. **REPEALER.**

9.20 Minnesota Statutes 2022, section 216C.376, subdivisions 2, 3, 4, 5, 6, 7, 8, and 9, are
9.21 repealed.

216C.376 SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.

Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain but is not limited to the following elements:

(1) a description of how the public utility proposes to use incentive program money withheld from the renewable development account to provide financial assistance to schools at which a solar energy system is installed;

(2) an estimate of the amount of financial assistance that the public utility provides to a school under clause (1), and the length of time financial assistance is provided;

(3) administrative procedures governing the application and financial assistance award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner must approve a plan under this subdivision that the commissioner determines to be in the public interest no later than December 31, 2021. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial assistance under this section if it meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district or the state college or university in which the school building operates;

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, may not exceed the lesser of one megawatt alternating current or 120 percent of the average annual electric energy consumption of the school building; and

(3) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school uses the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all money withheld under subdivision 5 are allocated to program participants, including funds from canceled projects.

Subd. 5. **Program funding.** (a) In 2022, the public utility subject to section 116C.779 must withhold \$8,000,000 from the transfer made under section 116C.779, subdivision 1, paragraph (e), to pay for assistance provided by the program under this section. The money withheld under this paragraph must be used to pay for financial assistance awarded under this section and the costs to administer this section. Any money that remains unexpended on June 30, 2027, cancels to the renewable development account.

(b) The renewable energy credits associated with the electricity generated by a solar energy system installed under this section are the property of the public utility that is subject to this section for the life of the system, regardless of the duration of the financial assistance provided by the public utility under this section.

APPENDIX
Repealed Minnesota Statutes: 23-03755

Subd. 6. **Limitation.** (a) No more than 60 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent. If, after December 31, 2024, there is an insufficient number of applicant schools to fulfill the requirements of this paragraph, the remaining amounts may be provided to any school that is otherwise eligible to receive financial assistance under this section but for the requirements of this paragraph.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district or state college or university.

(c) Paragraph (a) does not apply to a state college or university.

Subd. 7. **Technical assistance.** The commissioner may provide technical assistance to schools to develop and execute projects under this section.

Subd. 8. **Program information.** The public utility must provide information requested by the commissioner that the commissioner determines is necessary to complete the report required under section 216C.375, subdivision 11.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2025.