

A bill for an act
relating to energy; allowing utilities to make conservation improvement
expenditures for certain solar energy projects; amending Minnesota Statutes
2006, section 216B.2411, subdivision 2, by adding a subdivision; Minnesota
Statutes 2007 Supplement, section 216B.2411, subdivision 1.

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

Section 1. Minnesota Statutes 2007 Supplement, 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 ~~that is meeting the~~
~~objectives under section 216B.1691~~ 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; ~~or~~

(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) installing a qualifying solar energy project as defined in subdivision 2.

(b) For public utilities, as defined under section 216B.02, subdivision 4, projects
under this section must be considered energy conservation improvements as defined in
section 216B.241. For cooperative electric associations and municipal utilities, projects

2.1 under this section must be considered load-management activities described in section
2.2 216B.241, subdivision 1.

2.3 Sec. 2. Minnesota Statutes 2006, section 216B.2411, subdivision 2, is amended to read:

2.4 Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this
2.5 subdivision and section 216B.241, subdivision 1, have the meanings given them.

2.6 (b) "Eligible renewable energy sources" means fuels and technologies to generate
2.7 electricity through the use of any of the resources listed in section 216B.1691, subdivision
2.8 1, paragraph (a), clause (1), except that ~~the term~~ "biomass" has the meaning provided
2.9 under paragraph (c), and "solar" must meet the definition of a qualified solar energy
2.10 project under paragraph (d).

2.11 (c) "Biomass" includes:

2.12 (1) methane or other combustible gases derived from the processing of plant or
2.13 animal material;

2.14 (2) alternative fuels derived from soybean and other agricultural plant oils or animal
2.15 fats;

2.16 (3) combustion of barley hulls, corn, soy-based products, or other agricultural
2.17 products;

2.18 (4) wood residue from the wood products industry in Minnesota or other wood
2.19 products such as short-rotation woody or fibrous agricultural crops; and

2.20 (5) landfill gas, mixed municipal solid waste, and refuse-derived fuel from mixed
2.21 municipal solid waste.

2.22 (d) "Qualifying solar energy project" means a qualifying solar thermal project or
2.23 qualifying solar electric project.

2.24 (e) "Qualifying solar thermal project" means a flat plate or evacuated tube that meets
2.25 the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant
2.26 energy and transfers it to a storage medium for distribution as energy to heat or cool air or
2.27 water, but does not include equipment used to heat water at a residential property (1) for
2.28 domestic use if less than one-half of the energy used for that purpose is derived from the
2.29 sun or (2) for use in a hot tub or swimming pool.

2.30 (f) "Qualifying solar electric project" means solar electric equipment that meets the
2.31 requirements of section 216C.25 with a total peak generating capacity of 100 kilowatts
2.32 or less used for generating electricity primarily for use in a residential property or small
2.33 business to reduce the effective electric load for that residence or small business.

2.34 (g) "Residential property" means the principal residence used by the homeowner at
2.35 the time the solar equipment is placed in service.

3.1 (h) "Small business" has the meaning given to it in section 645.445.

3.2 Sec. 3. Minnesota Statutes 2006, section 216B.2411, is amended by adding a
3.3 subdivision to read:

3.4 Subd. 4. **Qualifying solar energy project.** (a) A utility subject to section 216B.241
3.5 may include in its conservation plan programs for the installation of qualifying solar
3.6 energy projects as provided in this section. Qualifying solar energy projects must
3.7 meet or exceed cost-effectiveness and other guidelines to be developed by order of
3.8 the commissioner. Energy savings from qualifying solar energy projects may not be
3.9 counted toward the minimum energy savings goal of at least one percent for energy
3.10 conservation improvements required under section 216B.241, subdivision 1c, but may, as
3.11 the commissioner determines appropriate:

3.12 (1) be counted above that minimum percentage; and

3.13 (2) be considered when establishing performance incentives under section 216B.241,
3.14 subdivision 2c.

3.15 (b) Qualifying solar energy projects may not be considered when establishing
3.16 demand-side management targets under sections 216B.2422, 216B.243, or any other
3.17 section of this chapter.

3.18 Sec. 4. **EFFECTIVE DATE.**

3.19 Sections 1 to 3 are effective the day following final enactment.