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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1133

02/14/2019 Authored by Acomb, Christensen, Persell, Becker-Finn, Claffin and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to solar energy; establishing a grant program to enable school districts to
1.3 finance the installation of solar energy systems on school buildings; creating an
1.4 account and a reserve account; appropriating money; proposing coding for new
1.5 law in Minnesota Statutes, chapter 216C.

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

1.7 Section 1. 216C.375] SOLAR ON SCHOOLS PROGRAM.

1.8 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.9 the meanings given them.

1.10 (b) "Energy storage system" means a commercially available technology capable of (1)
1.11 absorbing and storing electrical energy, and (2) dispatching stored electrical energy at a
1.12 later time.

1.13 (c) "Investor" means an entity that finances the design, purchase, installation, operation
1.14 and maintenance of a solar energy system installed at a school building in a school district
1.15 that received a grant under this section.

1.16 (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

1.17 (e) "School district" means an independent or special school district.

1.18 (f) "Solar energy system" means photovoltaic devices installed alone or in conjunction
1.19 with an energy storage system.

1.20 Subd. 2. Establishment; purpose. A solar on schools program is established in the
1.21 Department of Commerce. The program's purpose is to provide grants to stimulate the

2.1 installation of solar energy systems in school districts throughout the state by reducing the
2.2 cost to purchase and install solar energy systems.

2.3 Subd. 3. **Establishment of account; reserve account.** (a) A solar on schools program
2.4 reserve account number 1 is established in the renewable development account under section
2.5 116C.779, subdivision 1, paragraph (a). Money received from the renewable development
2.6 account must be transferred to the commissioner of commerce and credited to this account.
2.7 Money in the account is held in the account and does not lapse.

2.8 (b) A solar on schools program reserve account number 2 is established in the renewable
2.9 development account under section 116C.779, subdivision 1, paragraph (a). Money received
2.10 from the general fund must be transferred to the commissioner of commerce and credited
2.11 to this account. Money in the account is held in the account and does not lapse.

2.12 (c) When a grant is awarded under this section, the commissioner must reserve in the
2.13 applicable account the amount of funds necessary to enable the school district to acquire
2.14 the investor's entire financial interest in the solar energy system and terminate the power
2.15 purchase agreement, as stated in the power purchase agreement.

2.16 Subd. 4. **Expenditures.** Money in the account and reserve account may be used only:

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

2.18 (2) to pay the reasonable costs incurred by the department to administer this section.

2.19 Subd. 5. **Eligible system.** A grant may be awarded under this section to an eligible school
2.20 district only if the solar energy system that is the subject of the grant:

2.21 (1) is placed on, adjacent to, or in proximity to the school district building using the
2.22 electricity generated; and

2.23 (2) has a capacity that does not exceed 300 kilowatts or 120 percent of the estimated
2.24 electric load of the school district building where the solar energy system is proposed to be
2.25 installed, whichever is greater.

2.26 Subd. 6. **Eligible grant expenditures.** Grants awarded to a school district under this
2.27 section must be used to acquire the entire financial interest in a solar energy system held
2.28 by an investor under a power purchase agreement signed with the school district.

2.29 Subd. 7. **Power purchase agreement; design.** The commissioner must design a power
2.30 purchase agreement that must be used by an applicant seeking a grant under this section
2.31 and an investor. The power purchase agreement must:

3.1 (1) authorize a school district to use a grant awarded under this section to acquire the
3.2 investor's entire financial interest in the solar energy system and terminate the power purchase
3.3 agreement when both parties agree to the terms of the acquisition;

3.4 (2) contain a formula to calculate the future fair market value of the solar energy system;

3.5 (3) contain a formula to calculate the future value of payments to be made by the school
3.6 district to the investor under the power purchase agreement in the absence of an acquisition
3.7 described in clause (1);

3.8 (4) specify an escalator for the allowable rate of increase for costs over the term of the
3.9 power purchase agreement of the utility providing retail electricity service to the school
3.10 where the solar energy system is located; and

3.11 (5) not exceed a term of 20 years.

3.12 Subd. 8. **Ancillary agreement.** At the same time the power purchase agreement is
3.13 executed, the school district and the investor must enter into a separate agreement requiring
3.14 the investor to continue operating and maintaining the solar energy system through the term
3.15 of the original power purchase agreement.

3.16 Subd. 9. **Adjustment.** (a) Every five years after entering into the power purchase
3.17 agreement, and just prior to the proposed termination of the power purchase agreement, the
3.18 parties to the agreement must reexamine the projected values based on the formulas in the
3.19 power purchase agreement described in subdivision 7, clauses (2) to (4).

3.20 (b) The parties must notify the commissioner of any significant adjustments that should
3.21 be made to the future values forecasts in subdivision 7, clauses (2) to (4), based on experience
3.22 under the power purchase agreement or for other reasons.

3.23 (c) The commissioner must review the adjustments requested by the parties and must
3.24 approve the adjustments if the commissioner determines the adjustments:

3.25 (1) are reasonable;

3.26 (2) were unforeseeable to the parties at the time the power purchase agreement was
3.27 entered into or at the previous reexamination of the projected values; and

3.28 (3) are in the public interest.

3.29 (d) The commissioner must adjust the amount reserved in the applicable reserve account
3.30 for the project to conform with adjustments approved under this subdivision.

3.31 Subd. 10. **Application process.** A school district must submit an application to the
3.32 commissioner on a form prescribed by the commissioner. The commissioner must develop

4.1 administrative procedures governing the application and grant award process, and must
 4.2 award grants on a first-come, first-served basis.

4.3 Subd. 11. **Duties of the commissioner.** The commissioner must:

4.4 (1) provide technical assistance to school districts to develop and execute projects; and

4.5 (2) convene an advisory committee composed of representatives of solar energy
 4.6 developers, school districts, and investors to develop procedures and policies that result in
 4.7 the successful operation of the program established under this section.

4.8 Subd. 12. **Grant payments.** The commissioner must make a grant payment to the school
 4.9 district, as adjusted under subdivision 10, if applicable, within 30 days of the date the
 4.10 commissioner receives a copy of the agreement, signed by both parties, by which the school
 4.11 district acquires the entire financial interest of the investor in the solar energy system and
 4.12 which terminates the original power purchase agreement.

4.13 Subd. 13. **Application deadline.** An application must not be made under this section
 4.14 after December 31, 2023.

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

4.16 Sec. 2. **APPROPRIATION.**

4.17 (a) \$..... in fiscal year 2020 is transferred from the renewable development account
 4.18 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
 4.19 to conduct the program established under Minnesota Statutes, section 216C.375. The
 4.20 commissioner of commerce must deposit the appropriation in the account established under
 4.21 Minnesota Statutes, section 216C.375, subdivision 3, paragraph (a).

4.22 (b) \$..... in fiscal year 2020 is appropriated from the general fund to the commissioner
 4.23 of commerce to conduct the program established under Minnesota Statutes, section 216C.375.
 4.24 The commissioner of commerce must deposit the appropriation in the account established
 4.25 under Minnesota Statutes, section 216C.375, subdivision 3, paragraph (b).

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