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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 235

- 01/12/2017 Authored by O'Neill, Metsa, Garofalo, Ecklund, Newberger and others
- The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance
- 01/19/2017 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 01/26/2017 Adoption of Report: Placed on the General Register as Amended
- Read for the Second Time

1.1 A bill for an act

1.2 relating to energy; renaming and repurposing the renewable development account;

1.3 terminating certain solar energy incentives; appropriating money; amending

1.4 Minnesota Statutes 2016, sections 16B.323; 116C.779, subdivision 1; 116C.7792;

1.5 216C.41, subdivisions 2, 5a; proposing coding for new law in Minnesota Statutes,

1.6 chapter 216C; repealing Minnesota Statutes 2016, sections 116C.779, subdivision

1.7 3; 174.187; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; 216C.416;

1.8 Laws 2013, chapter 85, article 6, section 11.

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

1.10 Section 1. Minnesota Statutes 2016, section 16B.323, is amended to read:

1.11 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

1.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.13 the meanings given.

1.14 ~~(b) "Made in Minnesota" means the manufacture in this state of:~~

1.15 ~~(1) components of a solar thermal system certified by the Solar Rating and Certification~~

1.16 ~~Corporation; or~~

1.17 ~~(2) solar photovoltaic modules that:~~

1.18 ~~(i) are manufactured at a manufacturing facility in Minnesota that is registered and~~

1.19 ~~authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,~~

1.20 ~~CSA International, Intertek, or an equivalent independent testing agency;~~

1.21 ~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek,~~

1.22 ~~or an equivalent independent testing agency; and~~

2.1 ~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses~~
 2.2 ~~(1), (5), and (6).~~

2.3 ~~For the purposes of clause (2), "manufactured" has the meaning given in section~~
 2.4 ~~116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

2.5 ~~(e)~~ (b) "Major renovation" means a substantial addition to an existing building, or a
 2.6 substantial change to the interior configuration or the energy system of an existing building.

2.7 ~~(d)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed
 2.8 in conjunction with a solar thermal system.

2.9 ~~(e) "Solar Photovoltaic module~~ (d) "Photovoltaic device" has the meaning given in
 2.10 section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 16.

2.11 ~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project"
 2.12 in section 216B.2411, subdivision 2, paragraph (e).

2.13 ~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly
 2.14 or in part by the state from the bond proceeds fund.

2.15 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for
 2.16 the construction or major renovation of a state building, after the completion of a cost-benefit
 2.17 analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of up to 40
 2.18 kilowatts capacity on, adjacent, or in proximity to the state building.

2.19 (b) The capacity of a solar energy system must be less than 40 kilowatts to the extent
 2.20 necessary to match the electrical load of the building or to the extent necessary to keep the
 2.21 costs for the installation below the five percent maximum set by paragraph (c).

2.22 (c) The cost of the solar energy system must not exceed five percent of the appropriations
 2.23 from the bond proceeds fund for the construction or renovation of the state building. Purchase
 2.24 and installation of a solar thermal system may account for no more than 25 percent of the
 2.25 cost of a solar energy system installation.

2.26 (d) A project subject to this section is ineligible to receive a rebate for the installation
 2.27 of a solar energy system under section 116C.7791 or from any utility.

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

2.29 Sec. 2. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

2.30 Subdivision 1. **Renewable development Energy fund account.** (a) The energy fund
 2.31 account is established as a separate account in the special revenue fund in the state treasury.

3.1 Appropriations and transfers to the account shall be credited to the account. Earnings, such
3.2 as interest, dividends, and any other earnings arising from assets of the account, shall be
3.3 credited to the account. Funds remaining in the account at the end of a fiscal year are not
3.4 canceled to the general fund, but remain in the account until expended.

3.5 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
3.6 plant must transfer all funds in the renewable development account previously established
3.7 under this subdivision and managed by the public utility to the energy fund account
3.8 established in paragraph (a). Funds awarded to grantees in previous grant cycles that have
3.9 not yet been expended and unencumbered funds required to be paid in calendar year 2017
3.10 under sections 116C.7791, 116C.7792, and 216C.41 are not subject to transfer under this
3.11 paragraph.

3.12 (c) Beginning January 15, 2018, and continuing each January 15 thereafter, the public
3.13 utility that owns the Prairie Island nuclear generating plant must transfer to a ~~renewable~~
3.14 ~~development~~ the energy fund account \$500,000 each year for each dry cask containing spent
3.15 fuel that is located at the Prairie Island power plant for each year the plant is in operation,
3.16 and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant
3.17 to paragraph ~~(e)~~ (f). The fund transfer must be made if nuclear waste is stored in a dry cask
3.18 at the independent spent-fuel storage facility at Prairie Island for any part of a year.

3.19 ~~(b)~~ (d) Beginning January 15, 2018, and continuing each January 15 thereafter, the public
3.20 utility that owns the Monticello nuclear generating plant must transfer to the ~~renewable~~
3.21 ~~development~~ energy fund account \$350,000 each year for each dry cask containing spent
3.22 fuel that is located at the Monticello nuclear power plant for each year the plant is in
3.23 operation, and \$5,250,000 each year the plant is not in operation if ordered by the commission
3.24 pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made if nuclear waste is stored in
3.25 a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

3.26 (e) Each year, the public utility shall withhold from the funds transferred to the energy
3.27 fund account under paragraphs (c) and (d) the amount necessary to pay its obligations under
3.28 sections 116C.7791, 116C.7792, and 216C.41 for that calendar year.

3.29 ~~(e)~~ (f) After discontinuation of operation of the Prairie Island nuclear plant or the
3.30 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
3.31 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
3.32 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
3.33 facility for any year in which the commission finds, by the preponderance of the evidence,
3.34 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored

4.1 at the facility to a permanent or interim storage site out of the state. This determination shall
4.2 be made at least every two years.

4.3 ~~(d) Funds in the account may be expended only for any of the following purposes:~~

4.4 ~~(1) to increase the market penetration within the state of renewable electric energy~~
4.5 ~~resources at reasonable costs;~~

4.6 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects~~
4.7 ~~and companies within the state;~~

4.8 ~~(3) to stimulate research and development within the state into renewable electric energy~~
4.9 ~~technologies; and~~

4.10 ~~(4) to develop near-commercial and demonstration scale renewable electric projects or~~
4.11 ~~near-commercial and demonstration scale electric infrastructure delivery projects if those~~
4.12 ~~delivery projects enhance the delivery of renewable electric energy.~~

4.13 The utility that owns a nuclear generating plant is eligible to apply for renewable development
4.14 account grants.

4.15 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~
4.16 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~
4.17 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~
4.18 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise not in~~
4.19 ~~the public interest, and may, if agreed to by the public utility, modify proposed expenditures.~~
4.20 The commission may approve reasonable and necessary expenditures for administering the
4.21 account in an amount not to exceed five percent of expenditures. Commission approval is
4.22 not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or
4.23 other law.

4.24 ~~(f) The account shall be managed by the public utility but the public utility must consult~~
4.25 ~~about account expenditures with an advisory group that includes, among others,~~
4.26 ~~representatives of its ratepayers. The commission may require that other interests be~~
4.27 ~~represented on the advisory group. The advisory group must be consulted with respect to~~
4.28 ~~the general scope of expenditures in designing a request for proposal and in evaluating~~
4.29 ~~projects submitted in response to a request for proposals. In addition to consulting with the~~
4.30 ~~advisory group, the public utility must utilize an independent third-party expert to evaluate~~
4.31 ~~proposals submitted in response to a request for proposal, including all proposals made by~~
4.32 ~~the public utility. A request for proposal for research and development under paragraph (d),~~
4.33 ~~clause (3), may be limited to or include a request to higher education institutions located in~~

5.1 ~~Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for~~
5.2 ~~multiple projects may include a provision that exempts the projects from the third-party~~
5.3 ~~expert review and instead provides for project evaluation and selection by a merit peer~~
5.4 ~~review grant system. The utility should attempt to reach agreement with the advisory group~~
5.5 ~~after consulting with it but the utility has full and sole authority to determine which~~
5.6 ~~expenditures shall be submitted to the commission for commission approval. In the process~~
5.7 ~~of determining request for proposal scope and subject and in evaluating responses to request~~
5.8 ~~for proposals, the public utility must strongly consider, where reasonable, potential benefit~~
5.9 ~~to Minnesota citizens and businesses and the utility's ratepayers.~~

5.10 ~~(g) Funds in the account may not be directly appropriated by the legislature by a law~~
5.11 ~~enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date~~
5.12 ~~may be expended only pursuant to an order of the commission according to this subdivision.~~

5.13 ~~(h) A request for proposal for renewable energy generation projects must, when feasible~~
5.14 ~~and reasonable, give preference to projects that are most cost-effective for a particular energy~~
5.15 ~~source.~~

5.16 ~~(i) The public utility must annually, by February 15, report to the chairs and ranking~~
5.17 ~~minority members of the legislative committees with jurisdiction over energy policy on~~
5.18 ~~projects funded by the account for the prior year and all previous years. The report must,~~
5.19 ~~to the extent possible and reasonable, itemize the actual and projected financial benefit to~~
5.20 ~~the public utility's ratepayers of each project.~~

5.21 ~~(j) A project receiving funds from the account must produce a written final report that~~
5.22 ~~includes sufficient detail for technical readers and a clearly written summary for nontechnical~~
5.23 ~~readers. The report must include an evaluation of the project's financial, environmental, and~~
5.24 ~~other benefits to the state and the public utility's ratepayers.~~

5.25 ~~(k) Final reports, any mid-project status reports, and renewable development account~~
5.26 ~~financial reports must be posted online on a public Web site designated by the commission.~~

5.27 ~~(l) All final reports must acknowledge that the project was made possible in whole or~~
5.28 ~~part by the Minnesota renewable development fund, noting that the fund is financed by the~~
5.29 ~~public utility's ratepayers.~~

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

5.31 Sec. 3. Minnesota Statutes 2016, section 116C.7792, is amended to read:

5.32 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

6.1 The utility subject to section 116C.779 shall operate a program to provide solar energy
6.2 production incentives for solar energy systems of no more than a total nameplate capacity
6.3 of 20 kilowatts direct current. The program shall be operated for five consecutive calendar
6.4 years commencing in 2014. \$5,000,000 shall be allocated for each of the five years from
6.5 the ~~renewable development~~ energy fund account established in section 116C.779 to a separate
6.6 account for the purpose of the solar production incentive program. The solar system must
6.7 be sized to less than 120 percent of the customer's on-site annual energy consumption. The
6.8 production incentive must be paid for ten years commencing with the commissioning of
6.9 the system. The utility must file a plan to operate the program with the commissioner of
6.10 commerce. The utility may not operate the program until it is approved by the commissioner.

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

6.12 Sec. 4. Minnesota Statutes 2016, section 216C.41, subdivision 2, is amended to read:

6.13 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made
6.14 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner
6.15 or operator of a qualified hydropower facility or qualified wind energy conversion facility
6.16 for electric energy generated and sold by the facility, (3) a publicly owned hydropower
6.17 facility for electric energy that is generated by the facility and used by the owner of the
6.18 facility outside the facility, or (4) the owner of a publicly owned dam that is in need of
6.19 substantial repair, for electric energy that is generated by a hydropower facility at the dam
6.20 and the annual incentive payments will be used to fund the structural repairs and replacement
6.21 of structural components of the dam, or to retire debt incurred to fund those repairs.

6.22 (b) Payment may only be made upon receipt by the commissioner of commerce of an
6.23 incentive payment application that establishes that the applicant is eligible to receive an
6.24 incentive payment and that satisfies other requirements the commissioner deems necessary.
6.25 The application must be in a form and submitted at a time the commissioner establishes.

6.26 (c) There is annually appropriated from the ~~renewable development~~ energy fund account
6.27 established under section 116C.779 to the commissioner of commerce sums sufficient to
6.28 make the payments required under this section, in addition to the amounts funded by the
6.29 ~~renewable development~~ energy fund account as specified in subdivision 5a.

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

7.1 Sec. 5. Minnesota Statutes 2016, section 216C.41, subdivision 5a, is amended to read:

7.2 Subd. 5a. ~~Renewable development account~~ Payment authorization. The Department
7.3 of Commerce shall authorize payment of the renewable energy production incentive to wind
7.4 energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to
7.5 on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive
7.6 shall be made from the ~~renewable energy development fund~~ account as provided under
7.7 section 116C.779, subdivision 2.

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

7.9 Sec. 6. [216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA"
7.10 SOLAR ENERGY PRODUCTION INCENTIVES.

7.11 Subdivision 1. General provisions. Payment of a "Made in Minnesota" solar energy
7.12 production incentive to an owner whose application was approved by the commissioner of
7.13 commerce under section 216C.415, prior to the effective date of this act must be administered
7.14 under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414,
7.15 subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this
7.16 section to an owner whose application was approved by the commissioner after the effective
7.17 date of this act.

7.18 Subd. 2. Appropriation. (a) Unspent money remaining in the account established under
7.19 Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the
7.20 energy fund account in the special revenue fund established under section 116C.779,
7.21 subdivision 1.

7.22 (b) There is annually appropriated from the energy fund account in the special revenue
7.23 fund established in section 116C.779 to the commissioner of commerce money sufficient
7.24 to make the incentive payments required under Minnesota Statutes 2016, section 216C.415.

7.25 (c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of
7.26 this appropriation may be used for administrative costs.

7.27 Subd. 3. Eligibility window; payment duration. (a) Payments may be made under this
7.28 subdivision only for solar photovoltaic module installations that meet the requirements of
7.29 subdivision 1 and that first begin generating electricity between January 1, 2014, and
7.30 December 31, 2017.

7.31 (b) The payment eligibility window of the incentive begins and runs consecutively from
7.32 the date the solar photovoltaic modules first begins generating electricity.

8.1 (c) An owner of solar photovoltaic modules may receive payments under this section
8.2 for a particular module for a period of ten years, provided that sufficient funds are available
8.3 in the account.

8.4 (d) No payment may be made under this section for electricity generated after December
8.5 31, 2027.

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

8.7 **Sec. 7. PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
8.8 **THERMAL REBATES.**

8.9 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
8.10 of a solar thermal system whose application was approved by the commissioner of commerce
8.11 after the effective date of this act.

8.12 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
8.13 section 216C.416, as of July 2, 2017, must be transferred to the energy fund account
8.14 established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

8.16 **Sec. 8. APPROPRIATION.**

8.17 \$100,000 in fiscal year 2018 and \$100,000 in fiscal year 2019 are appropriated from the
8.18 energy fund account in the special revenue fund established in Minnesota Statutes, section
8.19 116C.779, subdivision 1, to the commissioner of commerce to administer the "Made in
8.20 Minnesota" solar energy production incentive program in Minnesota Statutes, section
8.21 216C.417. Any remaining unspent funds cancel back to the energy fund account at the end
8.22 of the biennium.

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

8.24 **Sec. 9. REPEALER.**

8.25 (a) Minnesota Statutes 2016, section 116C.779, subdivision 3, is repealed.

8.26 (b) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413;
8.27 216C.414; 216C.415; and 216C.416, are repealed.

8.28 (c) Laws 2013, chapter 85, article 6, section 11, is repealed.

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

116C.779 FUNDING FOR RENEWABLE DEVELOPMENT.

Subd. 3. **Initiative for Renewable Energy and the Environment.** (a) Beginning July 1, 2009, and each July 1 through 2011, \$5,000,000 must be allocated from the renewable development account to fund a grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment for the purposes described in paragraph (b). The Initiative for Renewable Energy and the Environment must set aside at least 15 percent of the funds received annually under the grant for qualified projects conducted at a rural campus or experiment station. Any set-aside funds not awarded to a rural campus or experiment station at the end of the fiscal year revert back to the Initiative for Renewable Energy and the Environment for its exclusive use. This subdivision does not create an obligation to contribute funds to the account.

(b) Activities funded under this grant may include, but are not limited to:

- (1) environmentally sound production of energy from a renewable energy source, including biomass and agricultural crops;
- (2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;
- (3) development of energy conservation and efficient energy utilization technologies;
- (4) energy storage technologies; and
- (5) analysis of policy options to facilitate adoption of technologies that use or produce low-carbon renewable energy.

(c) For the purposes of this subdivision:

- (1) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment; and
- (2) "renewable energy source" means hydro, wind, solar, biomass, and geothermal energy, and microorganisms used as an energy source.

(d) Beginning January 15 of 2010, and each year thereafter, the director of the Initiative for Renewable Energy and the Environment at the University of Minnesota shall submit a report to the chair and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance describing the activities conducted during the previous year funded under this subdivision.

174.187 MADE IN MINNESOTA SOLAR INSTALLATIONS.

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

(b) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

- (1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;
- (2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and
- (3) that are manufactured in Minnesota:
 - (i) via manufacturing processes that must include tabbing, stringing, and lamination; or
 - (ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

(c) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

Subd. 2. **Made in Minnesota solar energy system requirement.** Notwithstanding any other law to the contrary, if the commissioner engages in any project for the construction, improvement, maintenance, or repair of any building, highway, road, bridge, or land owned or controlled by the department and the construction, improvement, maintenance, or repair involves installation of one or more solar photovoltaic modules, the commissioner must ensure that the solar photovoltaic modules purchased and installed are "Made in Minnesota" as defined in subdivision 1, paragraph (b).

Subd. 3. **Application.** Subdivision 2 does not apply if:

- (1) as a condition of the receipt of federal financial assistance for a specific project, the commissioner is required to use a procurement method that might result in the award of a contract

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to a manufacturer that does not meet the "Made in Minnesota" criteria established in subdivision 1, paragraph (b); or

(2) no solar photovoltaic modules are available that meet the "Made in Minnesota" criteria and fulfill the function required by the project.

216C.411 DEFINITIONS.

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

216C.412 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.

Subdivision 1. **Account established; account management.** A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. There is annually appropriated from the account to the commissioner of commerce money sufficient to make the incentive payments under section 216C.415, the transfers under section 216C.416, and to administer sections 216C.412 to 216C.415.

Subd. 2. **Payments from public utilities.** (a) Beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years, each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.241, subdivision 1a. Payments under this subdivision must be included in the calculation of whether a utility's other spending on generation exceeds the limits authorized for spending on generation under section 216B.2411, subdivision 1, for investments proposed for commissioner of commerce approval after July 1, 2013. The limits on spending in section 216B.2411 do not limit or apply to payments required by this subdivision. Payments made under this paragraph count toward satisfying expenditure obligations of a public utility under section 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1. A public utility subject to this paragraph must be credited energy savings for the purpose of satisfying its energy savings requirement under section 216B.241, subdivision 1c, based on its payment to the commissioner.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the public utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the total amount paid to the commissioner of

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commerce under paragraph (a), totals \$15,000,000 annually. The commissioner shall, upon receipt of the payment, deposit it in the account established in subdivision 1.

216C.413 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.

Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner of commerce on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) any additional nonproprietary information requested by the commissioner of commerce; and

(4) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. The commissioner must issue or deny the issuance of a certificate within 90 days of receipt of a completed application. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 3. **Revocation of certification.** The commissioner may revoke a certification of a module as "Made in Minnesota" if the commissioner finds that the module no longer meets the requirements to be certified. The revocation does not affect incentive payments awarded prior to the revocation.

216C.414 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as "Made in Minnesota" the commissioner of commerce shall set a solar energy production incentive amount for that solar photovoltaic module for the purpose of the incentive payment under section 216C.415. The incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive applications approved in the year to which the incentive amount is applicable for the ten-year duration of the incentive payments. An incentive amount must be calculated for each module for each calendar year through 2023.

Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall set the incentive payment amount by determining the average amount of incentive payment required to allow an average owner of installed solar photovoltaic modules a reasonable return on their investment. In setting the incentive amount the commissioner shall consider:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic installed projects;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by public utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules; and

(6) the estimated levelized cost per kilowatt-hour generated.

(b) The commissioner shall annually, for incentive applications received in a year, revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6), general market conditions, and the availability of other incentives. In no case shall the "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments, of the average historic installation

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cost per kilowatt. The commissioner may exceed the 40 percent cap if the commissioner determines it is necessary to fully expend funds available for incentive payments in a particular year.

Subd. 3. **Metering of production.** A public utility must, at the expense of a customer, provide a meter to measure the production of a solar photovoltaic module system that is approved to receive incentive payments. The public utility must furnish the commissioner with information sufficient for the commissioner to determine the incentive payment. The information must be provided on a calendar year basis by no later than March 1. The commissioner shall provide a public utility with forms to use to provide the production information. A customer must attest to the accuracy of the production information.

Subd. 4. **Payment due date.** Payments must be made no later than July 1 following the year of production.

Subd. 5. **Renewable energy credits.** Renewable energy credits associated with energy provided to a public utility for which an incentive payment is made belong to the utility.

216C.415 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of grid-connected solar photovoltaic modules with a total nameplate capacity below 40 kilowatts direct current who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive that has been approved by the commissioner;

(2) has received a "Made in Minnesota" certificate under section 216C.413 for the module; and

(3) has installed on residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Application process.** Applications for an incentive payment must be received by the commissioner between January 1 and February 28. The commissioner shall by a random method approve the number of applications the commissioner reasonably determines will exhaust the funds available for payment for the ten-year period of incentive payments. Applications for residential and commercial installations shall be separately randomly approved.

Subd. 3. **Commissioner approval of incentive application.** The commissioner must approve an application for an incentive for an owner to be eligible for incentive payments. The commissioner must not approve an application in a calendar year if the commissioner determines there will not be sufficient funding available to pay an incentive to the applicant for any portion of the ten-year duration of payment. The commissioner shall annually establish a cap on the cumulative capacity for a program year based on funds available and historic average installation costs. Receipt of an incentive is not an entitlement and payment need only be made from available funds in the "Made in Minnesota" solar production incentive account.

Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from new solar photovoltaic module installations that are commissioned between January 1, 2014, and December 31, 2023.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar system is commissioned.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2033.

(e) An owner of solar photovoltaic modules may not first begin to receive payments under this section after December 31, 2024.

Subd. 5. **Allocation of payments.** (a) If there are sufficient applications, approximately 50 percent of the incentive payment shall be for owners of eligible solar photovoltaic modules installed on residential property, and approximately 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner shall endeavor to distribute incentives paid under this section to owners of solar photovoltaic modules installed in a manner so that the amount of payments received in an area of the state reasonably approximates the amount of payments made by a utility serving that area.

(c) For purposes of this subdivision:

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(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 6. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

216C.416 SOLAR THERMAL REBATES.

Subdivision 1. **Rebate program created.** The commissioner of commerce shall operate a program to provide rebates for the installation of "Made in Minnesota" solar thermal systems in the state. "Solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water. A solar thermal system is "Made in Minnesota" if components of the system are manufactured in Minnesota and the solar thermal system is certified by the Solar Rating and Certification Corporation. The solar thermal system may be installed in residential and commercial facilities for, among other purposes, hot water, space heating, or pool heating purposes.

Subd. 2. **Account; funding.** (a) The solar thermal system rebate account is created as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds in the account are appropriated to the commissioner of commerce for the purpose of making the rebate payments under this section and administering this section.

(b) Beginning January 1, 2014, and each January 1 thereafter to January 1, 2023, the commissioner of commerce shall annually transfer \$250,000 from the account created in section 216C.412 for deposit in the account created in this subdivision.

(c) To the extent there are sufficient applications, the commissioner shall annually spend for rebates under this section from 2014 to 2023, for a total of ten years, approximately \$250,000 per year. If sufficient applications are not received to spend the money available for rebates in a year under this section, the unspent money must be returned to the account from which it was transferred, provided that funds available for 2014 applications shall remain available for 2015 applications.

Subd. 3. **Individual incentives.** The maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$5,000. The maximum rebate for a commercial installation is the lesser of 25 percent of the installation cost of the complete system or \$25,000. The system must be installed by a factory authorized installer. The commissioner shall allocate approximately 50 percent of the rebates in each year to solar thermal hot water and 50 percent to solar thermal air projects if sufficient applications are made for each.

Subd. 4. **Application process.** Applications for incentives must be made to the commissioner of commerce on forms provided by the commissioner. The commissioner shall use a random process for the selection of recipients of incentives except to the extent necessary to allocate rebates as required by this section.

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Laws 2013, chapter 85, article 6, section 11

Sec. 11. **SOLAR PHOTOVOLTAIC MODULES.**

No solar photovoltaic module may be installed that is financed directly or indirectly, wholly or in part, with money appropriated in this act, unless the solar photovoltaic module is made in Minnesota as defined in Minnesota Statutes, section 16B.323, subdivision 1, paragraph (b).