CHAPTER 118--H.F.No. 1842

An act relating to energy; modifying the solar energy incentive program; establishing various renewable energy and other energy-related programs; governing a certain utility filing; requiring reports; appropriating money; amending Minnesota Statutes 2019 Supplement, section 116C.7792; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Section 1. Minnesota Statutes 2019 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program ~~shall be operated for eight consecutive calendar years commencing in 2014. $5,000,000 shall be allocated in each of the first four years, $15,000,000 in the fifth year, $10,000,000 in each of the sixth and seventh years, and $5,000,000 in the eighth year from funds~~ is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e)~~, and~~. Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) $10,000,000 in 2021; and

(2) $10,000,000 in 2022.

(e) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

~~Any unspent amount allocated in the fifth year is available until December 31 of the sixth year.~~ (f) Any unspent amount remaining ~~at the end of any other allocation year~~ on January 1, 2023, must be transferred to the renewable development account.

~~The solar system~~ (g) A solar energy system receiving a production incentive under this section must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system.

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(h) The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

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

Sec. 2. **[116J.55] COMMUNITY ENERGY TRANSITION GRANTS.**

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and is scheduled to cease operations or whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Subd. 2. **Program establishment.** A community energy transition grant program is established in the department to award grants to assist eligible communities to address the economic dislocation associated with the closing of a local electric generating plant.

Subd. 3. **Account established.** (a) A community energy transition account is created in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner for grants under this section and must be expended only as provided in this section.

Subd. 4. **Application process.** (a) Applications for a grant under this section must be made to the commissioner on a form developed by the commissioner.

(b) A grant application made by a county must include a resolution of support from the legislative body in the city in which the electric generating plant is or was located.

Subd. 5. **Grant awards; limitations.** (a) The commissioner must award grants under this section to eligible communities through a competitive grant process.

(b) A grant awarded to an eligible community under this section must not exceed $500,000.

(c) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Subd. 6. **Eligible expenditures.** (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

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(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section.

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to researching, planning, and implementing activities designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

Subd. 7. **Report.** By January 15, 2022, the commissioner must submit a report to the chairs and ranking minority members of the committees of the senate and house of representatives with jurisdiction over economic development and energy. The report must describe the number and amount of grants awarded under this section and the uses made of grant funds by eligible communities awarded grants.

Sec. 3. **PRAIRIE ISLAND NET ZERO PROJECT.**

Subdivision 1. **Program established.** The Prairie Island Net Zero Project is established with the goal of the Prairie Island Indian Community developing an energy system that results in net zero emissions.

Subd. 2. **Grant.** The commissioner of commerce must enter into a grant contract with the Prairie Island Indian Community to provide the amount appropriated under section 5, subdivision 2, to stimulate research, development, and implementation of renewable energy projects benefiting the Prairie Island Indian Community or its members. Any examination conducted by the commissioner of commerce to determine the sufficiency of the financial stability and capacity of the Prairie Island Indian Community to carry out the purposes of this grant is limited to the Community Services Department of the Prairie Island Indian Community.

Subd. 3. **Bids.** The Prairie Island Indian Community must obtain bids to construct the proposed project from no fewer than three separate contractors and must enter into one or more contracts to complete the project and must submit the certified total cost to the commissioner no later than January 1, 2022.

Subd. 4. **Plan; report.** (a) The Prairie Island Indian Community must file a comprehensive project plan with the commissioner of commerce and the legislative committees with jurisdiction over energy policy no later than July 1, 2021, describing the Prairie Island Net Zero Project elements and implementation strategy.

(b) The Prairie Island Indian Community must file a report with the commissioner of commerce and the legislative committees with jurisdiction over energy policy on July 1, 2022, and each July 1 thereafter until the project is complete, describing the progress made in implementing the project and the uses of expended funds. A final report must be completed within 90 days of the date the project is complete.

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

Sec. 4. **FILING OF MORTGAGE OR DEED OF TRUST THROUGH 2020; PUBLIC UTILITY.**

Notwithstanding Minnesota Statutes, section 507.327, for the public utility subject to Minnesota Statutes, section 116C.7791, the filing of the mortgage or deed of trust executed between May 1, 2020, and December

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31, 2020, filed in the Office of the Secretary of State under Minnesota Statutes, section 336.02, along with, or as part of, the financing statement covering the fixtures, has the same effect, and is notice of the rights and interests of the mortgagee or trustee in easements, other less than fee simple interests in real estate, and fee simple interests in real estate of the public utility to the same extent, as if the mortgage or deed of trust were duly recorded in the office of the county recorder or duly registered in the office of the registrar of titles of the counties in which the real estate is situated. The effectiveness of the filing terminates at the same time as provided in Minnesota Statutes, section 336B.02, subdivision 3, for the termination of the effectiveness of fixture filing. Any filing made in accordance with this section shall also be made with the office of the county recorder, or duly registered in the office of the registrar of titles, of the counties in which the real estate is situated.

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

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Community energy transition grants.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2021 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for deposit in the community energy transition account established in Minnesota Statutes, section 116J.55, subdivision 3. This is a onetime appropriation and is available until June 30, 2022.

(b) If another bill is enacted during the 2020 regular legislative session that appropriates money from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, for the same general purpose as provided under Minnesota Statutes, section 116J.55, the appropriation under this subdivision cancels to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 2. **Prairie Island Net Zero Project.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $16,000,000 in fiscal year 2021 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant to the Prairie Island Indian Community to implement the Prairie Island renewable energy project under section 3. The base for this project is $15,200,000 in fiscal year 2022 and $15,000,000 in fiscal year 2023. The base for fiscal year 2024 is $0. Any unspent funds remaining in the account upon completion of the project cancel to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1. The commissioner of commerce shall manage the grant, including the disbursement of grant funds to the Prairie Island Indian Community.

(b) The commissioner shall reserve a portion of the appropriation made under this section to pay actual expenditures on the project that exceed the certified total cost. The amount reserved shall be the lesser of:

(1) 20 percent of the certified total cost for the project; or

(2) the difference between the certified total cost and the amount appropriated under this section.

(c) Notwithstanding paragraph (a), if the certified total cost for the project is less than $46,200,000, the commissioner shall withhold from the project base in fiscal year 2023 an amount equal to the difference between $46,200,000 and the sum of the amount of the certified total cost and the amount reserved by the commissioner under paragraph (b), and shall transfer the withheld amount to the renewable development account.

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(d) For the purposes of this subdivision, "certified total cost" means the total cost of all contracts the Prairie Island Indian Community enters into with contractors to complete the Prairie Island Net Zero Project under section 3.

Subd. 3. **Granite Falls hydropower.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,750,000 in fiscal year 2021 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant to the city of Granite Falls to purchase a new turbine to expand the electric generating capacity of the city's existing hydroelectric generating facility. Of this amount, $400,000 is to repair structural damage and erosion caused by flooding to the building that houses the turbines that generate electricity. This appropriation is onetime and is available until June 30, 2023.

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

Presented to the governor May 20, 2020

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