

HOUSE RESEARCH

Bill Summary

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Overview

House File 773 contains several provisions designed to promote the generation of solar electricity in Minnesota. It requires utilities to pay solar generators a “value of solar” price calculated by the Department of Commerce; establishes a solar energy standard that requires a certain proportion of utility retail electric sales to be generated by solar energy by certain target dates; and authorizes the commissioner of commerce to calculate a solar energy production incentive designed to support a level of development of solar energy that will meet the solar energy standard. The bill also requires the production of several studies on solar energy, thermal as well as electric, and the use of on-site energy storage systems.

Section

- 1 [Title.] Names this act the Solar Energy Jobs Act of 2013.
- 2 [216B.03] Reasonable rate. Specifies that the solar energy production incentive, established in section 216C.411 of the bill is added to a list of statutory sections promoting renewable energy whose goals the commission is directed to further.
- 3 [216B.16]
Subd. 6e. Solar energy production incentive. Specifies that the incentive shall be included in the commission’s determination of just and reasonable rates, except for customers eligible for the low-income electric rate discount.

Section

4 [216B.1641] Value of solar rate.

Subd. 1. Definition. Defines ‘solar photovoltaic device.’”

Subd. 2. Applicability. Specifies that this section applies to the two public utilities and the generation and transmission cooperative with the largest retail electricity sales in the state on the effective date of the act; it is effective for all other utilities on July 1, 2015.

Subd. 3. Interconnection. Requires a utility to interconnect with a solar photovoltaic device governed under this section.

Subd. 4. Standard contract. Directs the commission to establish a statewide uniform contract that must be used for projects governed under this section. Contract terms must extend at least 20 years and provide for the rate approved by the Minnesota Public Utilities Commission under this section.

Subd. 5. Purchases. Requires a utility to purchase all energy and capacity offered by a project to which it is interconnected for the term of the contract at the value of solar rate.

Subd. 6. Value of solar rate; calculation. Directs the Department of Commerce to calculate the value of solar rate (VSR) for each utility subject to it by October 1, 2013. Specifies the components that must be used to calculate the VSR.

Subd. 7. Value of solar rate; information. Directs the Department of Commerce to solicit information from utilities in order to calculate the VSR, and directs utilities to respond in a timely fashion.

Subd. 8. Value of solar rate; process. Directs the Department of Commerce to solicit comments and recommendations from utilities, ratepayers, and other parties interested in the VSR calculation.

Subd. 9. Value of solar rate; adjustments. Requires the commissioner of commerce to annually determine whether the VSR needs to be adjusted, after receiving comments from interested parties. The commissioner has authority to adjust the rate.

Subd. 10. Value of solar rate; billing. Directs that owners receiving the VSR are to receive their regular electric bill based on their consumption and are to be paid the VSR for all their electricity production. Separate meters are required.

Subd. 11. Commission review; approval. Directs the commissioner to submit the rate and the comments and recommendations received to the commission annually for its review. The commission may solicit additional comments and shall approve or modify the VSR and direct utilities to begin paying the approved rate.

Section

5 [216B.1691]

Subd. 1. Definitions. Defines “renewable energy credit.”

6 [216B.1691]

Subd. 2f. Solar energy standard. Requires utilities subject to the renewable energy standard to also meet a solar energy standard. In 2016, 0.52 percent of the utility’s retail electric sales must be met through the purchase or generation of solar energy. The standard rises to 10.06 percent in 2030.

7 [216B.1691]

Subd. 4. Renewable energy credits. Provides that a renewable energy credit (REC) is owned by the owner of the facility that generated the electricity with which the REC is associated, unless the REC is assigned to another entity by law, by order of the commission, or by a contract executed after July 1, 2013. Specifies that a REC may only be transferred through contract, and transfer of a REC to a utility may not be made a condition of signing a contract.

8 [216B.23]

Subd. 1a. Authority to issue refund. Specifies that the commission may not issue a refund based on a claim that approved rates have not furthered the goals of section 216C.411, which establishes a solar energy production incentive.

9 [216B.241]

Subd. 5c. Large solar electric generating plant. Provides that a cooperative purchasing electricity from this facility in Olmsted County may count the purchases toward its energy-savings goal under the Conservation Improvement Program or toward the solar energy standard.

10 [216B.2411]

Subd. 3. Other provisions. Provides that electricity generated from a solar project funded through a utility’s Conservation Improvement Program may be counted towards the utility’s solar energy standard.

11 [216C.2413] Solar energy production incentive account.

Subd. 1. Definitions.

Subd. 2. Account established; account management. Establishes a solar energy production incentive account in the special revenue fund, to be managed by the commissioner of commerce.

Subd. 3. Purpose. States that the purpose of the account is to pay the incentive and related administrative costs.

Section

Subd. 4. Assessment. Authorizes the department of commerce to annually assess up to 1.33 percent of a utility's gross annual retail electricity sales within the state, to be used to pay the incentive.

12 [216C.411] Solar energy production incentive.

Subd. 1. Incentive payment; appropriation. Specifies eligibility to receive incentive payments.

Subd. 2. Eligibility window; payment duration. Specifies that a solar project receives incentive payments for 20 years, and that payments will be made through 2049.

Subd. 3. Amount of payment. Specifies that payments are made for each kilowatt-hour of electricity generated. Defines the reference price as the price the commissioner determines is necessary to provide an economic incentive that will result in the development of aggregate solar capacity to meet the solar energy standard in section 6. Lists the reference price (left blank) for various categories and sizes of solar generators. The incentive paid to solar generators is the reference price minus the VSR calculated in section 4.

Subd. 4. Additional payment; Made in Minnesota. Authorizes the commissioner to pay an additional incentive amount to owners of solar photovoltaic modules manufactured in Minnesota.

13 **Study of potential for solar energy installation on public buildings.** Directs the commissioner of commerce to contract for a study, to be completed by January 1, 2014, analyzing the potential for electricity production from solar photovoltaic devices placed on public buildings.

14 **Solar interconnection study.** Requires each electric utility to provide the commissioner of commerce, by November 1, 2013, with an assessment of the current capacity available on its distribution system for interconnecting solar photovoltaic devices to non-residential buildings, as well as the costs of upgrading the system to allow for additional solar capacity to be installed.

15 **Value of on-site storage study.** Requires the commissioner of commerce to contract for a study that analyzes the costs and benefits of installing utility-managed energy storage devices in residential and non-residential buildings, their interactions with solar photovoltaic devices, existing barriers to installing such energy-storage devices, and how they might be overcome. The report to the legislature is due by January 1, 2014.

16 **Value of solar thermal study.** Requires the commissioner of commerce to contract for a study that analyzes the costs and benefits of installing solar thermal projects in residential and commercial buildings in Minnesota to reduce heating and cooling costs. The report is due to the legislature by January 1, 2014.

Section

17 **Severability.** Provides that if any provision of this act is found to be unconstitutional, the remaining provisions are valid.