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S.F. No. 680 - Solar Energy Jobs Act of 2013 (A-1 Amendment)

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OVERVIEW

Senate File No. 680 is a bill designed to increase the use of solar energy in Minnesota. A rate for solar energy called the “value of Solar Rate” is created that must be paid to solar energy generators. A solar energy standard is created requiring a prescribed amount of utility energy sales to consist of solar generated energy. A solar incentive is created to be paid to owners of solar photovoltaic devices. The incentive is funded by a charge against investor-owned utility retail electric sales.

Section 1 states that the title of the act is the "Solar Energy Jobs act of 2013”.

Section 2 amends an existing statute that requires reasonable utility rates to add a reference to the solar energy incentive rate component added by **Section 9**. This section applies to investor-owned electric utilities and does not apply to cooperatives or municipal utilities.

Section 3 requires the cost of the solar energy production incentive imposed by **Section 9** on investor-owned utilities to be paid for through the rates of investor-owned utility customers. This section does not affect electric cooperatives or municipal utilities. Customers receiving low-income heating assistance are not required to pay for the incentive in their electric rates.

Section 4 creates a new “value of solar” rate for utility customers who self-generate solar energy. A customer may elect to receive the rate under **Section 4** rather than the rate that the customer may be eligible for under the current **Minnesota Statutes, section 216B.164**. A utility is required to buy solar energy at the value of solar rate if the customer so elects. As of January 1, 2015 all utilities are subject to this rate including cooperative electric associations and municipal utilities. No maximum size is set for the amount of energy a customer can generate. The Public Utilities Commission must set the rate after the Department of Commerce

makes recommendations and the Commission receives public input. The rate is to be adjusted annually.

Section 5 provides a definition of renewable energy credit.

Section 6 establishes a solar standard mandate on the same utilities subject to the current renewable energy standard. The mandate goes from .52 percent of Minnesota retail sales in 2016 to 10.06 percent in 2030.

Section 7 regulates renewable energy credits.

Section 8 adds a reference to the new section of law created by **Section 12** to a current statute related to utility refunds.

Section 9 requires that a large solar energy project authorized by current law be used to satisfy the solar standard created by the bill and not the existing renewable energy standard.

Section 10 is similar to **Section 9** and changes a reference in current law from renewable energy standard to solar energy standard.

Section 11 creates a solar energy production incentive account as a special fund in the state treasury. The account is funded by a charge on investor-owned utilities not to exceed 1.33 percent of its gross annual retail electricity sales. The account is appropriated for the purpose of making incentive payments to solar generators under **Section 12**.

Section 12 provides incentive payments from the account created in **Section 11** to “an owner of a solar photovoltaic device”. The amount of the incentive is left blank in the bill but depends on the size of the device. An individual can receive an incentive for a device for 20 years but no payment can be made for energy generated after December 31, 2044. The incentive is based on kilowatt-hour production. The Public Utilities Commission is instructed to adjust the incentive payment annually.

Section 13 requires the Commissioner of Commerce to contract for a study of photovoltaic device installation potential on public buildings.

Section 14 requires all utilities to provide by November 1, 2013 to the Commissioner of Commerce an assessment of the capacity available on its distribution system to install solar photovoltaic devices adjacent to nonresidential buildings.

Section 15 requires the Commissioner of Commerce to contract for a report analyzing the potential costs and benefits of installing utility-managed energy storage devices in residential and commercial buildings.

Section 16 requires the Commissioner of Commerce to contract for an analysis of the costs and benefits of expanding the installation of solar thermal projects.

Section 17 provides for severability of the act provisions.

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