

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2144

(SENATE AUTHORS: MILLER)

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Introduction and first reading
Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to energy; establishing a program to promote the use of solar energy on
1.3 school buildings; proposing coding for new law in Minnesota Statutes, chapter
1.4 216C.

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

1.6 Section 1. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

1.7 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376,
1.8 the following terms have the meanings given them.

1.9 (b) "Developer" means an entity that installs a solar energy system on a school building
1.10 that has been awarded a grant under this section.

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

1.12 (d) "School" means a school that operates as part of an independent or special school
1.13 district.

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

1.15 (f) "Solar energy system" means photovoltaic or solar thermal devices.

1.16 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
1.17 Department of Commerce. The purpose of the program is to provide grants to stimulate the
1.18 installation of solar energy systems on or adjacent to school buildings by reducing the cost,
1.19 and to enable schools to use the solar energy system as a teaching tool that can be integrated
1.20 into the school's curriculum.

2.1 Subd. 3. Establishment of account. (a) A solar for schools program account is
2.2 established in the special revenue fund. Money received from the general fund must be
2.3 transferred to the commissioner of commerce and credited to the account. Money deposited
2.4 in the account remains in the account until expended, and does not cancel to the general
2.5 fund.

2.6 (b) When a grant is awarded under this section, the commissioner must reserve the grant
2.7 amount in the account.

2.8 Subd. 4. Expenditures. (a) Money in the account may be used only:

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

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

2.11 (b) Grant awards made with funds in the account must be used only for grants for solar
2.12 energy systems installed on or adjacent to school buildings receiving retail electric service
2.13 from a utility that is not subject to section 116C.779, subdivision 1.

2.14 Subd. 5. Eligible system. (a) A grant may be awarded to a school under this section
2.15 only if the solar energy system that is the subject of the grant:

2.16 (1) is installed on or adjacent to the school building that consumes the electricity generated
2.17 by the solar energy system, on property within the service territory of the utility currently
2.18 providing electric service to the school building; and

2.19 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
2.20 estimated annual electricity consumption of the school building at which the solar energy
2.21 system is installed.

2.22 (b) A school district that receives a rebate or other financial incentive under section
2.23 216B.241 for a solar energy system and that demonstrates considerable need for financial
2.24 assistance, as determined by the commissioner, is eligible for a grant under this section for
2.25 the same solar energy system.

2.26 Subd. 6. Application process. (a) The commissioner must issue a request for proposals
2.27 to utilities, schools, and developers who may wish to apply for a grant under this section
2.28 on behalf of a school.

2.29 (b) A utility or developer must submit an application to the commissioner on behalf of
2.30 a school on a form prescribed by the commissioner. The form must include, at a minimum,
2.31 the following information:

- 3.1 (1) the capacity of the proposed solar energy system and the amount of electricity that
3.2 is expected to be generated;
- 3.3 (2) the current energy demand of the school building on which the solar energy generating
3.4 system is to be installed, and information regarding any distributed energy resource, including
3.5 subscription to a community solar garden, that currently provides electricity to the school
3.6 building;
- 3.7 (3) a description of any solar thermal devices proposed as part of the solar energy system;
- 3.8 (4) the total cost to purchase and install the solar energy system and the solar energy
3.9 system's life-cycle cost, including removal and disposal at the end of the system's life;
- 3.10 (5) a copy of the proposed contract agreement between the school and the public utility
3.11 or developer that includes provisions addressing responsibility for maintenance of the solar
3.12 energy system;
- 3.13 (6) the school's plan to make the solar energy system serve as a visible learning tool for
3.14 students, teachers, and visitors to the school, including how the solar energy system may
3.15 be integrated into the school's curriculum;
- 3.16 (7) information that demonstrates the school district's level of need for financial assistance
3.17 available under this section;
- 3.18 (8) information that demonstrates the school's readiness to implement the project,
3.19 including but not limited to the availability of the site on which the solar energy system is
3.20 to be installed, and the level of the school's engagement with the utility providing electric
3.21 service to the school building on which the solar energy system is to be installed on issues
3.22 relevant to the implementation of the project, including metering and other issues;
- 3.23 (9) with respect to the installation and operation of the solar energy system, the
3.24 willingness and ability of the developer or the public utility to:
- 3.25 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
3.26 subdivision 6; and
- 3.27 (ii) adhere to the provisions of section 177.43;
- 3.28 (10) how the developer or public utility plans to reduce the school's initial capital expense
3.29 to purchase and install the solar energy system, and to provide financial benefits to the
3.30 school from the utilization of federal and state tax credits, utility incentives, and other
3.31 financial incentives; and
- 3.32 (11) any other information deemed relevant by the commissioner.

4.1 (c) The commissioner must administer an open application process under this section
4.2 at least twice annually.

4.3 (d) The commissioner must develop administrative procedures governing the application
4.4 and grant award process.

4.5 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
4.6 a grant under this section shall provide the commissioner information regarding energy
4.7 conservation measures implemented at the school building at which the solar energy system
4.8 is installed. The commissioner may make recommendations to the school regarding
4.9 cost-effective conservation measures it can implement and may provide technical assistance
4.10 and direct the school to available financial assistance programs.

4.11 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
4.12 schools to develop and execute projects under this section.

4.13 Subd. 9. **Grant payments.** The commissioner must award a grant from the account
4.14 established under subdivision 3 to a school for the necessary costs associated with the
4.15 purchase and installation of a solar energy system. The amount of the grant must be based
4.16 on the commissioner's assessment of the school's need for financial assistance.

4.17 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to
4.18 schools under this section may be awarded to schools where the proportion of students
4.19 eligible for free and reduced-price lunch under the National School Lunch Program is less
4.20 than 50 percent.

4.21 (b) No more than ten percent of the total amount of grants awarded under this section
4.22 may be awarded to schools that are part of the same school district.

4.23 Subd. 11. **Application deadline.** No application may be submitted under this section
4.24 after December 31, 2025.

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

4.26 Sec. 2. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**
4.27 **SERVICE TERRITORY.**

4.28 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must
4.29 operate a program to develop, and to supplement with additional funding, financial
4.30 arrangements that allow schools to benefit from state and federal tax and other financial
4.31 incentives that schools are ineligible to receive directly in order to enable schools to install

5.1 and operate solar energy systems that can be used as teaching tools and integrated into the
5.2 school curriculum.

5.3 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for
5.4 the solar for schools program with the commissioner. The plan must contain but is not
5.5 limited to the following elements:

5.6 (1) a description of how entities that are eligible to take advantage of state and federal
5.7 tax and other financial incentives that reduce the cost of purchasing, installing, and operating
5.8 a solar energy system that schools are ineligible to take advantage of directly, can share a
5.9 portion of those financial benefits with schools at which a solar energy system is installed;

5.10 (2) a description of how the public utility uses funds appropriated to the program under
5.11 this section to provide additional financial assistance to schools at which a solar energy
5.12 system is installed;

5.13 (3) certification that the financial assistance provided under this section to a school by
5.14 the public utility must include the full value of the renewable energy certificates associated
5.15 with the generation of electricity by the solar energy system receiving financial assistance
5.16 under this section over the lifetime of the solar energy system;

5.17 (4) an estimate of the amount of financial assistance that the public utility provides to a
5.18 school under clauses (1) to (3) on a per kilowatt-hour produced basis, and the length of time
5.19 financial assistance is provided;

5.20 (5) certification that the transaction between the public utility and the school for electricity
5.21 is the buy-all/sell-all method by which the public utility charges the school for all electricity
5.22 the school consumes at the applicable retail rate schedule for sales to the school based on
5.23 the school's customer class, and must credit or pay the school at the rate established in
5.24 subdivision 5;

5.25 (6) administrative procedures governing the application and financial benefit award
5.26 process, and the costs the public utility and the department are projected to incur to administer
5.27 the program;

5.28 (7) the public utility's proposed process for periodic reevaluation and modification of
5.29 the program; and

5.30 (8) any additional information required by the commissioner.

5.31 (b) The public utility may not implement the program until the commissioner approves
5.32 the public utility's plan submitted under this subdivision. The commissioner must approve
5.33 a plan under this subdivision that the commissioner determines to be in the public interest

6.1 no later than December 31, 2021. Any proposed modifications to the plan approved under
6.2 this subdivision must be approved by the commissioner.

6.3 Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits
6.4 under this section if it meets all of the following conditions:

6.5 (1) the solar energy system must be located on or adjacent to a school building receiving
6.6 retail electric service from the public utility and completely located within the public utility's
6.7 electric service territory, provided that any land situated between the school building and
6.8 the site where the solar energy system is installed is owned by the school district in which
6.9 the school building operates; and

6.10 (2) the total aggregate nameplate capacity of all distributed generation serving the school
6.11 building, including any subscriptions to a community solar garden under section 216B.1641,
6.12 may not exceed the lesser of one megawatt alternating current or 120 percent of the average
6.13 annual electric energy consumption of the school building.

6.14 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section
6.15 must submit an application to the public utility, including a plan for how the school uses
6.16 the solar energy system as a visible learning tool for students, teachers, and visitors to the
6.17 school, and how the solar energy system may be integrated into the school's curriculum.

6.18 (b) The public utility must award financial assistance under this section on a first-come,
6.19 first-served basis.

6.20 (c) The public utility must discontinue accepting applications under this section after
6.21 all funds appropriated under subdivision 5 are allocated to program participants, including
6.22 funds from canceled projects.

6.23 Subd. 5. **Benefits information.** Before signing an agreement with the public utility to
6.24 receive financial assistance under this section, a school must obtain from the developer and
6.25 provide to the public utility information the developer shared with potential investors in the
6.26 project regarding future financial benefits to be realized from installation of a solar energy
6.27 system at the school and potential financial risks.

6.28 Subd. 6. **Purchase rate; cost recovery; renewable energy credits.** (a) The public utility
6.29 must purchase all of the electricity generated by a solar energy system receiving financial
6.30 assistance under this section at a rate of \$.105 per kilowatt-hour generated.

6.31 (b) Payments by the public utility of the rate established under this subdivision to a
6.32 school receiving financial assistance under this section are fully recoverable by the public
6.33 utility through the public utility's fuel clause adjustment.

7.1 (c) The renewable energy credits associated with the electricity generated by a solar
7.2 energy system installed under this section are the property of the public utility that is subject
7.3 to this section.

7.4 Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided
7.5 by the public utility to schools under this section may be provided to schools where the
7.6 proportion of students eligible for free and reduced-price lunch under the National School
7.7 Lunch Program is less than 50 percent.

7.8 (b) No more than ten percent of the total amount of financial assistance provided by the
7.9 public utility to schools under this section may be provided to schools that are part of the
7.10 same school district.

7.11 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
7.12 schools to develop and execute projects under this section.

7.13 Subd. 9. **Application deadline.** No application may be submitted under this section
7.14 after December 31, 2025.

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