

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

**S.F. No. 2876**

(SENATE AUTHORS: MITCHELL, Xiong, McEwen and Port)

DATE  
03/13/2023

D-PG

Introduction and first reading  
Referred to Energy, Utilities, Environment, and Climate

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to energy; extending the solar energy production incentive program;  
1.3 establishing an energy storage incentive program; appropriating money; amending  
1.4 Minnesota Statutes 2022, section 116C.7792; proposing coding for new law in  
1.5 Minnesota Statutes, chapter 216C.

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

1.7 Section 1. Minnesota Statutes 2022, section 116C.7792, is amended to read:

1.8 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

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

1.16 (b) The program is funded by money withheld from transfer to the renewable development  
1.17 account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must  
1.18 be placed in a separate account for the purpose of the solar energy production incentive  
1.19 program operated by the utility and not for any other program or purpose.

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

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

2.1 (1) \$10,000,000 in 2021;

2.2 (2) \$10,000,000 in 2022;

2.3 (3) ~~\$5,000,000~~ \$15,000,000 in 2023; and

2.4 (4) ~~\$5,000,000~~ \$15,000,000 in 2024;

2.5 (5) \$15,000,000 in 2025;

2.6 (6) \$15,000,000 in 2026; and

2.7 (7) \$15,000,000 in 2027.

2.8 (e) Of the amounts allocated under paragraph (d), clauses (3), (4), and (5), \$5,000,000  
 2.9 in each year must be reserved for solar energy systems owned and constructed by persons  
 2.10 with limited financial resources.

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

2.14 ~~(f)~~ (g) Any unspent amount remaining on January 1, ~~2025~~ 2028, must be transferred to  
 2.15 the renewable development account.

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

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

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

2.29 **Sec. 2. [216C.377] ENERGY STORAGE INCENTIVE PROGRAM.**

2.30 (a) The electric utility subject to section 116C.779 must develop and operate a program  
 2.31 to provide a lump-sum grant to customers to reduce the cost of purchasing and installing

3.1 an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph  
3.2 (f). No later than October 1, 2023, the utility subject to this section must file a plan with the  
3.3 commissioner to operate the program. The utility must not operate the program until the  
3.4 program is approved by the commissioner. Any change to an operating program must be  
3.5 approved by the commissioner.

3.6 (b) In order to be eligible to receive a grant under this section, an energy storage system  
3.7 must:

3.8 (1) have a capacity no greater than 50 kilowatt hours; and

3.9 (2) be located within the electric service area of the utility subject to this section.

3.10 (c) An owner of an energy storage system is eligible to receive a grant under this section  
3.11 if:

3.12 (1) a solar energy generating system is operating at the same site as the proposed energy  
3.13 storage system; or

3.14 (2) the owner has filed an application with the utility subject to this section to interconnect  
3.15 a solar energy generating system at the same site as the proposed energy storage system.

3.16 (d) The commissioner must annually review and may adjust the amount of grants awarded  
3.17 under this section, but must not increase the amount over that awarded in previous years  
3.18 unless the commissioner demonstrates in writing that an upward adjustment is warranted  
3.19 by market conditions.

3.20 (e) A customer who receives a grant under this section is eligible to receive financial  
3.21 assistance under programs operated by the state or the utility for the solar energy generating  
3.22 system operating in conjunction with the energy storage system.

3.23 (f) For the purposes of this section, "solar energy generating system" has the meaning  
3.24 given in section 216E.01, subdivision 9a.

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

3.26 **Sec. 3. APPROPRIATIONS.**

3.27 Subdivision 1. **Renewable development account.** Notwithstanding Minnesota Statutes,  
3.28 section 116C.779, subdivision 1, paragraph (j), \$10,000,000 in fiscal year 2024 is  
3.29 appropriated from the renewable development account established in Minnesota Statutes,  
3.30 section 116C.779, to the commissioner of commerce to award grants to install energy storage  
3.31 systems under Minnesota Statutes, section 216C.377, and to pay the reasonable costs incurred

4.1 by the department to administer Minnesota Statutes, section 216C.377. This is a onetime  
4.2 appropriation and is available until June 30, 2027.

4.3 Subd. 2. **General fund.** \$10,000,000 in fiscal year 2024 is appropriated from the general  
4.4 fund to the commissioner of commerce for grants to install on-site energy storage systems,  
4.5 as defined in Minnesota Statutes, section 216B.2422, subdivision 1, paragraph (f), with a  
4.6 capacity of 50 kilowatt hours or less and that are located outside the electric service area of  
4.7 the electric utility subject to Minnesota Statutes, section 116C.779. To receive a grant under  
4.8 this subdivision, an owner of the energy storage system must be operating a solar energy  
4.9 generating system at the same site as the energy storage system or have filed an application  
4.10 with a utility to interconnect a solar energy generating system at the same site as the energy  
4.11 storage system. This is a onetime appropriation and is available until June 30, 2027.