

1.1 Senator moves to amend S.F. No. 2747 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[216C.377] DISTRIBUTED ENERGY RESOURCES SYSTEM UPGRADE**
1.4 **PROGRAM.**

1.5 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.6 the meanings given.

1.7 (b) "Capacity constrained location" means a location on an electric utility's distribution
1.8 system that the utility has reasonably determined requires significant distribution or network
1.9 upgrades before additional distributed energy resources can interconnect.

1.10 (c) "DER Technical Planning Standard" means an engineering practice authorized by
1.11 the Public Utilities Commission which limits the total aggregate distributed energy resource
1.12 capacity that may interconnect to a particular location on the utility's distribution system.

1.13 (d) "Distributed energy resources" means distributed generation, as defined in section
1.14 216B.164, and energy storage systems, as defined in section 216B.2422.

1.15 (e) "Distribution upgrades" means the additions, modifications, and upgrades made to
1.16 an electric utility's distribution system to facilitate interconnection of distributed energy
1.17 resources.

1.18 (f) "Interconnection" means the process governed by section 216B.1611.

1.19 (g) "Net metered" has the meaning given in section 216B.164.

1.20 (h) "Network upgrades" means additions, modifications, and upgrades to the transmission
1.21 system required at or beyond the point at which the distributed energy resource interconnects
1.22 with an electric utility's distribution system to accommodate the interconnection of the
1.23 distributed energy resource with the electric utility's distribution system. Network upgrades
1.24 do not include distribution upgrades.

1.25 Subd. 2. **Establishment; purpose.** A distributed energy resources system upgrade
1.26 program is established in the Department of Commerce. The purpose of the program is to
1.27 provide funding to the utility subject to section 116C.779 to complete infrastructure upgrades
1.28 necessary to enable electricity customers to interconnect distributed energy resources. The
1.29 program must be designed to achieve the following goals to the maximum extent feasible:

1.30 (1) make upgrades at capacity constrained locations on the utility's distribution system
1.31 that maximize the number and capacity of distributed energy resources projects with a

2.1 capacity of up to 40 kilowatts alternating current that can be interconnected sufficient to
2.2 serve projected demand;

2.3 (2) enable all distributed energy resources projects with a nameplate capacity of up to
2.4 40 kilowatts alternating current to be reviewed and approved by the utility within 43 business
2.5 days;

2.6 (3) minimize interconnection barriers for electricity customers seeking to construct net
2.7 metered facilities for on-site electricity use; and

2.8 (4) advance innovative solutions that can minimize the cost of distribution and network
2.9 upgrades required for interconnection, such as energy storage, control technologies, smart
2.10 inverters, distributed energy resources management systems, and other innovative
2.11 technologies and programs.

2.12 Subd. 3. **Required plan.** (a) By September 1, 2023, the utility subject to section 116C.779
2.13 must file a plan for the distributed energy resources system upgrade program with the
2.14 commissioner. The plan must contain at least:

2.15 (1) a description of how the utility proposes to use money in the distributed energy
2.16 resources system upgrade program account to upgrade its distribution system to maximize
2.17 the number and capacity of distributed energy resources that can be interconnected sufficient
2.18 to serve projected demand;

2.19 (2) the locations where the utility proposes to make investments under the program;

2.20 (3) the number and capacity of distributed energy resources projects the utility anticipates
2.21 will be able to interconnect as a result of the program;

2.22 (4) a plan for reporting on the program's outcomes; and

2.23 (5) any additional information required by the commissioner.

2.24 (b) The utility subject to section 116C.779 is prohibited from implementing the program
2.25 until the commissioner approves the plan submitted under this subdivision. The commissioner
2.26 must approve a plan under this subdivision that the commissioner determines is in the public
2.27 interest no later than December 31, 2023. Any proposed modifications to the plan approved
2.28 under this subdivision must be approved by the commissioner.

2.29 Subd. 4. **Project priorities.** In developing the plan required by subdivision 3, the utility
2.30 must prioritize making investments under this program:

2.31 (1) at capacity constrained locations on the distribution grid;

3.1 (2) in communities with demonstrated customer interest in distributed energy resources
3.2 as measured by completed and pending interconnection applications; and

3.3 (3) in communities with a climate action plan, clean energy goal, or policies that:

3.4 (i) seek to mitigate the impacts of climate change on the city; or

3.5 (ii) reduce the city's contributions to the causes of climate change.

3.6 Subd. 5. **Eligible costs.** The commissioner may pay the following reasonable costs of
3.7 the utility subject to section 116C.779 under a plan approved in accordance with subdivision
3.8 3 from money available in the distributed energy resources system upgrade program account:

3.9 (1) distribution upgrades and network upgrades;

3.10 (2) energy storage, control technologies such as a distributed energy resources
3.11 management system, or other innovative technology used to achieve the purpose of the
3.12 program established by this section;

3.13 (3) pilot programs operated by the utility to implement innovative technology solutions;
3.14 and

3.15 (4) costs incurred by the department to administer this section.

3.16 Subd. 6. **Capacity reserved.** The utility subject to section 116C.779 must reserve any
3.17 increase in the DER Technical Planning Standard made available by upgrades paid for under
3.18 this section for net metered facilities and distributed energy resources with a nameplate
3.19 capacity of up to 40 kilowatts alternating current. The commissioner may modify the
3.20 requirements of this subdivision when the commissioner finds that it is in the public interest.

3.21 Subd. 7. **Establishment of account.** A distributed energy resources system upgrade
3.22 program account is established in the special revenue fund. Earnings, including interest,
3.23 dividends, and any other earnings arising from the assets of the account, must be credited
3.24 to the account. Earnings remaining in the account at the end of a fiscal year do not cancel
3.25 to the general fund or renewable development account but remain in the account until
3.26 expended.

3.27 Subd. 8. **Reporting of certain incidents.** The utility subject to section 116C.779 must
3.28 report to the commissioner within 60 days if any distributed energy resources project with
3.29 a capacity of up to 40 kilowatts alternating current is unable to interconnect due to safety,
3.30 reliability, or the cost of distribution or network upgrades required at a location for which
3.31 upgrade funding was provided under this program. The utility must make available to the

4.1 commissioner all engineering analysis, studies, and information related to any such instances.
4.2 The commissioner may modify or waive this requirement after December 31, 2025.

4.3 Sec. 2. **APPROPRIATIONS.**

4.4 (a) \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the
4.5 general fund to the distributed energy resources system upgrade program account for eligible
4.6 expenditures under the distributed energy resources system upgrade program established
4.7 in Minnesota Statutes, section 216C.377.

4.8 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
4.9 (j), \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the
4.10 renewable development account established in Minnesota Statutes, section 116C.779,
4.11 subdivision 1, to the distributed energy resources system upgrade program account for
4.12 eligible expenditures under the distributed energy resources system upgrade program
4.13 established in Minnesota Statutes, section 216C.377.

4.14 (c) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
4.15 \$250,000 in fiscal year 2024 is appropriated from the renewable development account to
4.16 the utility subject to Minnesota Statutes, section 116C.779, to implement the small
4.17 interconnection cost-sharing program ordered by the Public Utilities Commission on March
4.18 31, 2022, in docket No. E999/CI-16-521 to cover the costs of certain distribution upgrades
4.19 for customers of the utility subject to Minnesota Statutes, section 116C.779, seeking
4.20 interconnection of distributed generation or up to a certain size. These funds may be used
4.21 for the reasonable costs of distribution upgrades as defined in Minnesota Statutes, section
4.22 216C.377, subdivision 1."

4.23 Amend the title accordingly