



Solar For Schools Annual Legislative Report

January 15, 2022

Prepared by
Minnesota Department of Commerce, Division of Energy Resources

Pursuant to Minnesota Statute 216C.375, subd. 11

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Executive Summary

Pursuant to Minnesota Statutes § 216C.375 subd. 11, beginning January 15, 2022, and each year thereafter until January 15, 2028, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during the previous year; (2) financial assistance, including amounts per award, provided to schools under section 216C.376 during the previous year; and (3) any remaining balances available under this section and section 216C.376.

The Minnesota Department of Commerce (Commerce) operates Solar for Schools (SFS) under Minn. Stat. § 216C.375. SFS provides eligible schools with grant dollars and technical assistance services to install solar energy systems on public K-12 schools and colleges and universities outside of Xcel Energy territories. Commerce administers SFS as a standard grant program to assist in project financing to stimulate the installation of solar energy systems on or adjacent to school building by reducing the cost and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

The commissioner approves the SFS program operated by Xcel Energy under Minn. Stat. § 216C.376. Xcel Energy operates the Minn. Stat. § 216C.376 Solar for Schools under their current *Solar*Rewards* program. The Commissioner is required to approve this program on an annual basis.

Pursuant to Minnesota Statute § 3.197: This report cost approximately \$200.00 to prepare, including staff time.

History

The Solar for Schools (SFS) program was established in two parts in 2021 as grant programs funded through the special revenue fund and through the Renewable Development Account (RDA). Money from the general fund was transferred to Commerce pursuant to Laws of Minnesota 2021, 1st Spec. Sess. chapter 4, article 1, section 2, subdivision 8(c), which transferred \$8,000,000 in the first year. This \$8,000,000 is to provide financial assistance to schools to purchase and install solar energy generating systems under Minn. Stat. § 216C.375. The appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minn. Stat. § 116C.779 (Xcel Energy). Any remaining funds on June 30, 2027 are to be returned to the general fund.

Laws of Minnesota 2021, 1st Spec. Sess. chapter 4, article 1, section 2, subdivision 8(d) also transfers \$1,242,000 in the first year to provide financial assistance to schools that are defined as state colleges and universities for the purchase and installation of solar energy generating systems under Minnesota Statutes, § 216C.375. These dollars must be spent on colleges and universities located outside the electric service territory of the public utility that is subject to Minn. Stat. § 116C.779 (Xcel Energy). A second base amount for fiscal year 2024 is allocated at \$1,138,000. Any money remaining on June 30, 2027, also cancels to the general fund.

A separate incentive program for schools located within the electric service territory of the public utility that is subject to Minn. Stat. § 116C.779 (Xcel Energy) was established in Minn. Stat. § 216C.376. This establishment directs Xcel Energy to operate a program to provide financial assistance to enable schools to install and operate solar energy systems that can be used as teaching tools and be integrated into the school curriculum. Xcel Energy, in Minn. Stat. § 216C.376, is directed to withhold \$8,000,000 from the transfer made under Minn. Stat. § 116C.779, subdivision 1, paragraph (e), to the Renewable Development Account (RDA), to pay for assistance provided by the program under Minn. Stat. § 216C.376.

Laws of Minnesota 2021, 1st Spec. Sess. chapter 4, article 2, section 3 subdivision 6 also transfers \$1,242,000 in the first year to provide financial assistance to schools that are state colleges and universities to purchase and install solar energy generating system under Minn. Stat. § 216C.376, with an additional transfer of \$1,138,000 in fiscal year 2024.

Xcel Energy is directed in Minn. Stat. § 216.376 to submit a plan to Commerce for approval. The Commissioner must approve the plan no later than December 31, 2021. Any proposed modifications to that plan need to be approved by the commissioner. Xcel Energy's initial plan was submitted in October 2020 to the commissioner via Docket 21-718.

2021 Annual Summary and Metrics

Overview

This report includes high-level metrics of the Solar for Schools (SFS) program including the total number of grants awarded, amounts awarded to specific schools and the total amount of remaining funds. Subsequent reports will include project information as well as a cumulative summary of previous years' projects.

Solar for Schools 216C.375 (Outside Xcel Territory)

Several stakeholder engagement events were held to solicit feedback from stakeholders prior to developing the final program design.

- October 18 Presented at the Gateway to Solar Conference
- October 21 Program info posted to Commerce website
- November 18 Launch webinar with Stakeholders (134 participants)
- November 30 Stakeholder session for solar installers, developers, and utilities (59 participants)
- December 1 Stakeholder session for schools (55 participants)
- December 14 Presentation of final program design and application process (60 participants)

Minnesota Statutes § 216C.375 directs the Commissioner to award grants based on the Department's assessment of the school's need for financial assistance. The statute is mute on the criteria for determining a school's need for financial assistance. Staff reached out broadly to stakeholders to provide written input. In addition, Commerce solicited feedback from the Chairs of the Energy Committee of both the House of Representatives and Senate, the Minnesota Department of Education, and the Minnesota School Board Association for input on the program and how to determine a school's financial need in an equitable way without creating barriers to participation in the program.

Based on this feedback, staff concluded that taking a school's Adjusted Net Tax Capacity (ANTC) divided by their Adjusted Pupil Units (APU) was a simple and transparent metric to use. This metric is known by the schools, is publicly available data, and is used by the Minnesota Department of Education for determination of financial need for multiple programs. Table 1 lays out the maximum level of grant funding for which an individual school is eligible.

Table 1

Table 1. 2022 Maximum Allowable Grant		
Public School ANTC/APU	% System Cost	Not to Exceed
<i>under \$5,000</i>	95%	\$114,000
<i>> \$5,000</i>	85%	\$102,000
<i>> \$9,250</i>	70%	\$84,000
<i>> \$13,500</i>	55%	\$66,000
<i>> \$17,750</i>	40%	\$48,000
<i>over \$22,000</i>	25%	\$30,000
Colleges & Universities	40%	\$48,000

Solar for Schools 216C.376 (Inside Xcel Territory)

Xcel Energy filed Docket 21-718 on October 1, 2021 and Commerce filed the Notice of Comment Period on October 4, 2021. An extension was requested and granted through October 22, 2021. Commerce filed its proposed decision on November 16, 2021 with an initial comment period through November 29, 2021. After all comments were reviewed and staff analysis was completed, the final decision was posted on December 20, 2021.

Commerce approved the company’s proposed program with a modified incentive structure of \$0.04/kWh for 10-years and upfront incentives as shown in Table 2.

Table 2

	10-year PBI (\$/kWh)	Up-front Incentive (\$/W)
Non-Income-Qualified Schools	\$0.04	\$0.10
State College and University Campuses	\$0.04	\$0.10
Income-Qualified Schools:		
≤40 kW AC	\$0.04	\$1.10
>40 and ≤100 kW AC	\$0.04	\$0.90
>100 and ≤500 kW AC	\$0.04	\$0.70
>500 and <1000 kW AC	\$0.04	\$0.60

To review all comments and the final decision, refer to Docket 21-718 at www.edockets.state.mn.us/EFiling

Conclusions & Next Steps

- The Commerce-administered Solar for Schools program, outside of Xcel territory, was launched with the posting of the first Request for Proposals on January 5, 2022.
- The Xcel Energy Solar for Schools program is expected to launch second quarter of 2022, after PUC approval of their tariff.
- Xcel Energy will file an annual report on Minn. Stat. § 216C.376 as part of their *Solar*Rewards* filing in Docket Nos. E002/M-13-1015 and E002/M-13-718.
- In accordance with Minn. Stat. § 216C.375 and Minn. Stat. § 216C.376, Commerce will submit a report by January 15, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during 2022; (2) financial assistance, including amounts per award, provided to schools under Minn. Stat. § 216C.376 during 2022; and (3) any remaining balances available. The report will include preliminary data from both the Commerce Department and Xcel Energy.