



Solar on Public Buildings Report

January 15, 2025

Minn. Stat. § 216C.377, subd. 13

REPORT PREPARED BY

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Contents

- Program Basics1
- Eligible Applicants.....1
- Award Allocation1
- Program Progress2
- Application Round 12
- Application Round 23
- Program Limitations3
- Xcel Electric Service Territory Only.....3
- Electric Grid Capacity Constraints3
- Program Future4

Program Basics

In 2023, the Minnesota Legislature established the Solar on Public Buildings (SPB) Grant Program (Minn. Stat. § 216C.377 and 2023 Laws of Minnesota Ch. 60, art. 11, sec. 2, subd. 7). The purpose of this program is to provide grants to stimulate the installation of solar energy systems on public buildings. The Department of Commerce will administer \$5 million in grants to local governments in Xcel Energy electric service territory through at least two funding rounds.

Eligible Applicants

Eligible applicants for this grant program are local units of government including a county, statutory or home rule charter city, town, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375. Eligible applicants also include federally recognized Indian Tribes in Minnesota. (Minn. Stat. § 216C.377, subd. 1).

Award Allocation

Grants are awarded for up to 70% of the project costs (dependent on the government’s financial capacity) for a solar array that is built on or adjacent to a public building and is the lesser of 40kW system capacity or 120% of the building’s annual energy consumption.

The Department of Commerce (Commerce) has been instructed to consider the financial capacity of the local unit of government when determining the amount of the grant award. For counties, cities, and townships, Commerce is using a tiered system of financial capacity, assessed by the Adjusted Net Tax Capacity / capita, determined with data from the Minnesota Department of Revenue. Other local government jurisdictions such as Watershed Districts and Housing Authorities are assessed based on the counties or cities’ ANTC/Capita within the respective jurisdiction. Tribal Nations, designated as “disadvantaged communities” by the federal government, are eligible for a Tier 1 grant award of up to 70% system cost. Table 1 shows the award tiers based on financial capacity.

Table 1: Award tiers based on financial capacity of the local unit of government.

Tier	Adjusted Net Tax Capacity/Capita	Up to % System Cost	Not to Exceed
Tier 1	Under \$1,000	70%	\$84,000
Tier 2	>\$1,000	60%	\$72,000
Tier 3	>\$2,000	50%	\$60,000
Tier 4	>\$3,500	40%	\$48,000
Tier 5	>\$4,500	30%	\$36,000
	Tribal Nations	70%	\$84,000

Program Progress

The Solar on Public Buildings grant program has garnered significant interest from local governments across Minnesota. Before applying, local governments request a Project ID number from Commerce for each building they anticipate applying for. To date, Commerce has assigned 80 buildings with a Project ID Number (the first step in the application) from 51 entities including:

- 69 city buildings
- 4 county buildings
- 2 Tribal Nation buildings
- 3 township buildings
- 1 watershed district building
- 1 soil and water conservation district building

Commerce has completed one round of applications and, as of the published date of this report, is currently in the second round. The application is a two-step process. Applicants submit a Readiness Assessment, after which Commerce selects applicants to fill out a full application, with funds reserved at that time.

Application Round 1

In the first round of applications, Commerce made approximately half of the funding available, which resulted in the following:

- In the readiness assessment stage, 21 applicants submitted 39 applications eligible for \$2,196,000 total.
- 20 applicants were selected by Commerce as ready to move forward and complete full applications.
- 18 applicants submitted a total of 24 full applications, for \$1,302,631.

Grants have been awarded to the following 24 buildings in each financial capacity tier (see Table 1 above):

- Tier 1: 3 buildings
- Tier 2: 13 buildings
- Tier 3: 8 buildings

Table 2: Final Grant Awards for Round 1.

Local Government	Public Building	Award
City of Bayport	Bayport Public Works Building	\$72,000.00
City of Centerville	Centerville City Hall	\$70,500.00
City of Chanhassen	Chanhassen City Hall	\$54,145.00
City of Coon Rapids	Coon Rapids Fire Station #3	\$72,000.00
City of Coon Rapids	Coon Rapids West Water Treatment Plant	\$35,100.00
City of Eden Prairie	Eden Prairie Fire Station #1	\$51,739.24
City of Fridley	Moore Lake Community Building	\$72,000.00
City of La Crescent	La Crescent Aquatic Center	\$51,000.00

Local Government	Public Building	Award
City of Little Canada	Little Canada City Hall	\$32,634.00
City of Minnetonka	Minnetonka Fire Station 1	\$50,707.88
City of Minnetonka	Minnetonka Well 3 Water Treatment Station	\$55,566.00
City of New London	New London Fire Hall	\$44,310.00
City of New London	New London City Hall	\$41,749.40
City of New London	New London Senior Center	\$20,066.91
City of Northfield	Northfield Community Resource Center	\$72,000.00
City of Plymouth	Plymouth Fire Station 2	\$51,965.00
City of Plymouth	Plymouth Fire Station 3	\$53,818.00
City of Robbinsdale	Robbinsdale City Hall	\$64,338.60
City of Saint Anthony Village	Saint Anthony Village Water Treatment Facility	\$64,146.00
City of Saint Anthony Village	Saint Anthony Village Public Works Building	\$65,441.40
City of Saint Paul	Saint Paul North End Community Center	\$72,000.00
City of Shoreview	Shoreview Water Treatment Plant	\$72,000.00
City of Vadnais Heights	Vadnais Heights City Hall	\$45,912.00
Nine Mile Creek Watershed District	Nine Mile Creek Discovery Point Office	\$17,491.50

Application Round 2

The Readiness Assessment for the second round of applications closed on December 2, 2024. Commerce made the rest of the funding available (approximately \$3 million), which resulted in the following:

- 21 applicants submitted 21 applications eligible for up to \$1,788,000 total.
- As of December 15, 2024, these applications are currently under review.

Program Limitations

Despite significant interest and an oversubscription of applications, two primary constraints, described below, have limited applicants' engagement with the program.

Xcel Electric Service Territory Only

The first limitation is that the funding for these grants is only available for Xcel Energy electric service territory (2023 Laws of Minn. Ch. 60, art. 11, sec. 2, subd.7). The most common question Commerce receives about this program is: "Why is the program limited to Xcel electric service territory?" There is significant interest from local governments across Minnesota outside Xcel Energy electric service territory to pursue these funds.

Electric Grid Capacity Constraints

A few local governments within Xcel Energy electric service territory have expressed interest in this program, only to be informed by Xcel that there are capacity constraints on the feeder that could require significant costs

to the applicant to upgrade the utility's grid and interconnect their solar array. These include governments outside the metro and include the cities of Faribault, Long Beach and Wabasha. Additionally, the City of Northfield has been selected for an award, but their interconnection application to Xcel Energy is currently in Supplemental Review to determine whether they will have to pay to upgrade the grid at their feeder.

Program Future and Remaining Balance

Commerce anticipates a third and final funding round in 2025 to distribute the remaining funding from the \$5 million appropriated in the 2023 legislative session. The exact amount available for the third round will be dependent on Round 2 awards. Currently, before Round 2 awards have been issued, the remaining balance available in the account is approximately \$3.6 million.