

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELECTRICITY SUPPLY RESOURCE CONTRACT LAWS;
5 REQUIRING THE PUBLIC SERVICE COMMISSION TO REQUIRE LONG-TERM CONTRACTS FOR THE
6 PURCHASE OF ELECTRICITY BY A UTILITY FROM A QUALIFYING SMALL POWER PRODUCTION FACILITY
7 AND PROVIDING EXCEPTIONS; AMENDING SECTIONS 69-3-601, 69-3-602, AND 69-3-604, MCA; AND
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **Section 1.** Section 69-3-601, MCA, is amended to read:

13 **"69-3-601. (Temporary) Definitions.** As used in this part, the following definitions apply:

14 (1) "Commission" means the Montana public service commission.

15 (2) "Electric cooperative" means a rural electric cooperative organized under the laws of Montana, or
16 a foreign corporation admitted to do business in Montana.

17 (3) "Long-term contracts" means contracts for 10 years or more.

18 ~~(3)~~(4) "Qualifying small power production facility" means a facility that:

19 (a) produces electricity by the use, as a primary energy source, of biomass, waste, water, wind, or other
20 renewable resource, or any combination of those sources; or

21 (b) produces electricity and useful forms of thermal energy, such as heat or steam, used for industrial,
22 commercial, heating, or cooling purposes through the sequential use of energy known as cogeneration; and

23 (c) has a power production capacity that together with any other facilities located at the same site is not
24 greater than 80 megawatts; and

25 (d) is owned by a person not primarily engaged in the generation or sale of electricity other than electric
26 power from a small power production facility.

27 ~~(4)~~(5) "Utility" means any public utility supplying electricity and regulated by the commission. (Repealed
28 on occurrence of contingency--secs. 1, 3, Ch. 284, L. 2003--see part compiler's comment.)"

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30 **Section 2.** Section 69-3-602, MCA, is amended to read:



1 **"69-3-602. (Temporary) Generation and sale of electricity by qualifying small power production**

2 **facility.** (1) A qualifying small power production facility may generate electricity from the sources described in
3 69-3-601~~(3)(a) and (3)(b)~~(4)(a) and (4)(b) and may contract for the sale of that electricity with a utility.

4 (2) A qualifying small power production facility may generate electricity from the sources described in
5 69-3-601~~(3)(a) and (3)(b)~~(4)(a) and (4)(b) and may contract for the sale of that electricity with an electric
6 cooperative under terms and conditions mutually agreed upon between the parties and in compliance with the
7 rates and regulations established by the Public Utility Regulatory Policies Act. (Repealed on occurrence of
8 contingency--secs. 1, 3, Ch. 284, L. 2003--see part compiler's comment.)"

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10 **Section 3.** Section 69-3-604, MCA, is amended to read:

11 **"69-3-604. (Temporary) Standards for determination of rates and conditions.** (1) The commission
12 shall determine the rates and conditions of the contract for the sale of electricity by a qualifying small power
13 production facility according to the standards in subsections (2) through (5).

14 (2) (a) Long-term Except as provided in subsection (2)(b), the commission shall require long-term
15 contracts for the purchase of electricity by the utility from a qualifying small power production facility ~~must be~~
16 ~~encouraged in order~~ to enhance the economic feasibility of qualifying small power production facilities.

17 (b) If a qualifying small power production facility requests that the commission require a contract for a time
18 period shorter than a long-term contract, the commission may require the shortened contract length.

19 (3) The rates to be paid by a utility for electricity purchased from a qualifying small power production
20 facility must be established with consideration of the availability and reliability of the electricity produced.

21 (4) The commission shall set these rates using the avoided cost over the term of the contract.

22 (5) The commission may adopt rules further defining the criteria for qualifying small power production
23 facilities, their cost-effectiveness, and other standards. (Repealed on occurrence of contingency--secs. 1, 3, Ch.
24 284, L. 2003--see part compiler's comment.)"

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26 NEW SECTION. Section 4. Saving clause. [This act] does not affect rights and duties that matured,
27 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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29 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

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