

Unofficial Draft Copy

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LCNET4

**** Bill No. ****

Introduced By *****

By Request of the Energy and Telecommunications Interim Committee

A Bill for an Act entitled: "An Act revising net metering laws; requiring the public service commission to review net metering rate classifications under certain circumstances; requiring a utility to conduct a cost-benefit study; establishing timelines; allowing for a fee; granting rulemaking; grandfathering existing customer-generator rates; amending sections 69-1-114, 69-1-402, 69-3-306, 69-8-602, and 69-8-603, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Cost of service analysis -- trigger -- rulemaking.** (1) In accordance with subsection (3), when the estimated production of net metering systems interconnected with a public utility exceeds 1% of that public utility's retail sales of electricity, the commission shall commence a proceeding to determine:

- (a) the value of generation from net metering systems; and
- (b) if customer-generators should be served under a separate classification of service.

(2) (a) After [the effective date of this act] the commission may adopt rules necessary to:

- (i) establish the information required for inclusion in a

cost-benefit study conducted by a public utility in accordance with subsection (3); and

(ii) establish a methodology to estimate a public utility's net metering production for the purposes of implementing the 1% trigger in accordance with subsection (1).

(b) The commission shall adopt rules in accordance with the Montana Administrative Procedure Act provided for in Title 2, chapter 4, to implement the provisions of this section.

(3) The commission, prior to making a determination in accordance with subsection (1), shall require that a public utility:

(a) conduct a study of the costs and benefits of customer-generators; and

(b) submit the study to the commission for the purpose of making determinations pursuant to subsection (1).

(4) In the proceeding, the commission may engage independent consultants or advisory services to evaluate a utility's cost-benefit study.

(5) The commission shall charge a fee to the public utility to pay for the costs of consultants or advisory services. Costs are recoverable in rates.

Section 2. Section 69-1-114, MCA, is amended to read:

"69-1-114. Fees. (1) Each fee charged by the commission must be reasonable.

(2) Except for a fee assessed pursuant to 69-3-204(2), 69-8-421(10), [section 1(5)], or 69-12-423(2), a fee set by the

commission may not exceed \$500.

(3) All fees collected by the department under 69-8-421(10) must be deposited in an account in the special revenue fund. Funds in this account must be used as provided in 69-8-421(10).

(4) All fees collected by the department under [section 1(5)] must be deposited in an account in the special revenue fund. Funds in this account must be used as provided in [section 1]."

{ Internal References to 69-1-114:
69-1-402a }

Section 3. Section 69-1-402, MCA, is amended to read:

"69-1-402. Funding of department of public service regulation. (1) All fees collected under this section and any other fees, except as provided in 69-1-114(3) or (4), must be deposited in an account in the state special revenue fund to the credit of the department. An appropriation to the department may consist of a base appropriation for regular operating expenses and a contingency appropriation for expenses due to an unanticipated caseload.

(2) In addition to all other licenses, fees, and taxes imposed by law, all regulated companies shall, within 30 days after the close of each calendar quarter, pay to the department of revenue a fee based on a percentage of gross operating revenue reported pursuant to 69-1-223(2)(a), as determined by the department of revenue under 69-1-403.

(3) The amount of money that may be raised by the fee on

the regulated companies during a fiscal year may not be increased, except as provided in 69-1-224(1)(c), from the amount appropriated to the department by the legislature for that fiscal year, including both base and contingency appropriations. Any additional money required for operation of the department must be obtained from other sources in a manner authorized by the legislature."

{ Internal References to 69-1-402:
15-1-208x 69-1-403x 69-1-403x }

Section 4. Section 69-3-306, MCA, is amended to read:

"69-3-306. Classification of service. (1) The Except as provided in [section 1] and 69-8-602, the commission may prescribe classifications of the service of all public utilities. ~~Such~~ The classifications may take into account the quantity used, the time when used, and any other reasonable consideration. Each public utility is required to conform its schedule of rates, tolls, and charges to ~~such~~ the classifications.

(2) The commission shall prescribe a declining block rate structure for electric service, when cost-justified."

{ Internal References to 69-3-306: None. }

Section 5. Section 69-8-602, MCA, is amended to read:

"69-8-602. Utility net metering requirements. (1) A Except as provided in subsection (2), a public utility shall:

(1) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of

electricity in two directions, ~~unless,~~

~~(2) (a) If the commission determines, after appropriate notice and opportunity for comment,~~

~~(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, the commission may establish additional requirements.~~

~~(b) The commission shall after taking into account consider the benefits and costs to a public utility and a customer-generator of purchasing and installing additional metering equipment ; and~~

~~(b) how the costs of additional net metering equipment are to be allocated between the customer-generator and the public utility. ; and~~

~~(2)~~

~~(3) (a) Except as provided in subsections (3) (b) and (3) (c), the commission shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric public utility in the same rate class.~~

~~(b) The In accordance with [section 1], if the commission shall determine determines, after appropriate notice and opportunity for comment, if:~~

~~(a) the that a public utility will incur is incurring direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems, ; and~~

~~(b) public policy is best served by imposing the commission~~

may impose these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base.

(c) If a determination is made in accordance with subsection (3)(b), the commission may determine that customer-generators be served under a separate classification of service."

{ Internal References to 69-8-602:
69-8-603a }

Section 6. Section 69-8-603, MCA, is amended to read:

"69-8-603. Net energy measurement calculation. Consistent with the other provisions of this part, the net energy measurement must be calculated in the following manner:

(1) The public utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the ~~electricity supplier~~ public utility exceeds the electricity generated by the customer-generator and fed back to the ~~electricity supplier~~ public utility during the billing period, the customer-generator must be billed for the net electricity supplied by the ~~electricity supplier~~ public utility and billed for the appropriate customer charges, in accordance with ~~normal metering practices~~ 69-8-602.

(3) If electricity generated by the customer-generator exceeds the electricity supplied by the ~~electricity supplier~~ public utility, the customer-generator must be:

(a) billed for the appropriate customer charges for that billing period, in accordance with 69-8-602; and

(b) credited for the excess kilowatt hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) On January 1, April 1, July 1, or October 1 of each year, as designated by the customer-generator as the beginning date of a 12-month billing period, any remaining unused kilowatt-hour credit accumulated during the previous 12 months must be granted to the ~~electricity supplier~~ public utility, without any compensation to the customer-generator."

{*Internal References to 69-8-603: None.*}

NEW SECTION. Section 7. Grandfather clause. (1) Except as provided in subsection (2), if the commission approves a new classification of service for customer generators in accordance with [section 1] and 69-8-602(3), the new rate is applicable only to customer generators interconnecting net metering systems on or after the date that the commission adopts a final order implementing the new classification.

(2) (a) A customer generator that interconnects a net metering system prior to commission approval of a new classification of service for customer generators in accordance with [section 1] and 69-8-602(3) may accept service under the new classification of service at any time.

(b) After accepting service under a new classification of service, the customer generator may not return to their original

classification of service.

NEW SECTION. **Section 8. {standard} Codification**

instruction. [Sections 1] is intended to be codified as an integral part of Title 69, chapter 8, part 6, and the provisions of Title 69, chapter 8, part 6, apply to [sections 1].

NEW SECTION. **Section 9. {standard} Effective date.** [This act] is effective on passage and approval.

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