

NorthWestern Energy  
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and  
Montana Renewable Energy Association  
PO Box 673  
Missoula, MT 59806

July 29, 2016

Keith Regier  
Chairman  
Energy & Telecommunications Interim Committee  
Legislative Services Division  
PO Box 201706  
Helena, MT 59620-1706

Dear Chairman Regier:

We provide the following as a brief update for the Energy & Telecommunications Interim Committee's ("ETIC") July Meeting on the Net Metering policy discussions between NorthWestern Energy and the Montana Renewable Energy Association ("MREA").

We have continued to work on this on a regular basis since the last ETIC meeting. While we have narrowed the scope of the elements that might be included in a possible overall agreement, there are some areas of agreement on possible policy changes and principles; and there are also areas of ongoing discussion. For example:

**A. General Agreements on Policy Changes:**

1. Utility agreements/requirements and administrative rules pertaining to interconnection standards should be reviewed and updated (if necessary) by the Montana Public Service Commission ("MPSC") on a regular basis (i.e. every two years);
2. The homeowner electrical permit exemption (37-68-103(3) MCA) should not apply to electrical work on grid-tied generators; and,
3. The MPSC should evaluate alternative metering technologies for customers based on grid operability, reliability, and billing considerations.

**B. General Agreements in Principle:**

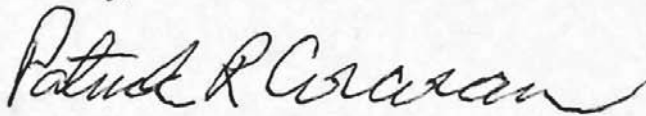
1. Grandfather existing net metering customers under any new policy for an appropriate period of time to protect the customers' original economic bargain; and,
2. A thorough cost/benefit analysis of net metering should be conducted at an appropriate time in the future to inform potential changes to the net metering statute and/or establish customer rates.

**C. Areas of Continued Discussion:**

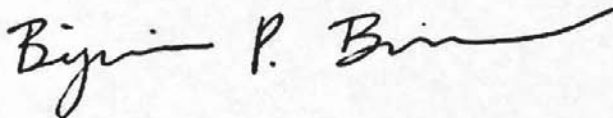
1. Goals and Objectives to guide the establishment of balanced Distributed Energy Resources ("DER") public policies;
2. Allowing net metering customers to remain in existing customer class when participating in customer generation or requiring a separate customer class with separate rates established by the MPSC, for DER service;
3. The use of dual meters and/or alternative metering technologies;
4. A trigger and/or the timing of a cost/benefit analysis;
5. Start date and duration of a grandfather period for existing net metering customers under a changed or new policy setting;
6. Whether to allow aggregate net metering; and,
7. Other aspects of net metering statute (i.e. system cap, expiration of excess credits, etc.).

In any event, we will not reach a formal agreement or proposal before ETIC's July meeting, but we have agreed to continue to pursue one, none the less.

Sincerely,



Patrick R Corcoran  
Vice-President of Government and Regulatory Affairs



Ben Brouwer  
Policy Director, Montana Renewable Energy Association

Cc: Sonja Nowakowski, Todd Everts