

HOUSE BILL NO. 645

INTRODUCED BY J. MANGAN, F. THOMAS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING AN ELECTRICAL ENERGY POOL; AUTHORIZING THE PUBLIC SERVICE COMMISSION TO REQUIRE A DEFAULT SUPPLIER, A DISTRIBUTION SERVICES PROVIDER, AND A PUBLIC UTILITY SERVING MONTANA CUSTOMERS TO PARTICIPATE IN THE ELECTRICAL ENERGY POOL; PROVIDING EXCEPTIONS; REQUIRING THE DEFAULT SUPPLIER, THE DISTRIBUTION SERVICES PROVIDER, AND THE PUBLIC UTILITY TO ALLOW CUSTOMERS TO PARTICIPATE IN THE ELECTRICAL ENERGY POOL; AUTHORIZING THE ELECTRICAL ENERGY POOL TO MARKET THE ELECTRICAL ENERGY MADE AVAILABLE BY THE CUSTOMERS PARTICIPATING IN THE POOL TO OTHER MONTANA CUSTOMERS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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

NEW SECTION. Section 1. Electrical energy pool -- exchange program -- EXCEPTIONS. (1) (A) The EXCEPT AS PROVIDED IN SUBSECTION (1)(B), THE public service commission may require a default supplier, a distribution services provider, and a public utility to participate in an electrical energy pool. The purpose of the electrical energy pool is to make electrical energy available for resale through the conservation efforts of the customers contracting to become members of the electrical energy pool. THE ELECTRICAL ENERGY POOL MUST BE ADMINISTERED BY A PUBLIC UTILITY THAT HAS FILED A TRANSITION PLAN WITH THE COMMISSION.

(B) THIS SECTION DOES NOT APPLY TO A RURAL ELECTRIC COOPERATIVE ORGANIZED UNDER THE PROVISIONS OF TITLE 35, CHAPTER 18, OR TO A MUNICIPAL ELECTRIC UTILITY DESCRIBED IN 69-8-103(5)(B).

(2) DURING THE TRANSITION PERIOD, AN ELECTRICAL ENERGY SUPPLIER THAT IS PROVIDING ELECTRICAL ENERGY TO CUSTOMERS WHO ARE BEING SERVED BY A DEFAULT SUPPLIER AND WHO ARE PARTICIPATING IN THE ELECTRICAL ENERGY POOL SHALL ALLOW THE ELECTRICAL ENERGY THAT IS CURTAILED OR CONSERVED BY THOSE CUSTOMERS TO BE ASSIGNED TO OR SOLD TO THE ELECTRICAL ENERGY POOL.

(2)(3) A default supplier, a distribution services provider, and a public utility shall make participation in the electrical energy pool available to all customers. THE ELECTRICAL ENERGY POOL MUST INCLUDE ELECTRICAL ENERGY MADE AVAILABLE BY REDUCED CONSUMPTION ~~OF~~ BY CUSTOMERS AND MAY INCLUDE

1 ELECTRICAL ENERGY FROM A GENERATOR OR SUPPLIER SELLING OR ASSIGNING ELECTRICAL ENERGY TO THE ELECTRICAL
 2 ENERGY POOL.

3 (4) IF A GENERATOR OR SUPPLIER OFFERS TO SELL OR ASSIGN ELECTRICAL ENERGY TO THE ELECTRICAL ENERGY
 4 POOL FOR DISTRIBUTION TO MONTANA CUSTOMERS WHO ARE PAYING MARKET RATES OR RATES UNDER ANOTHER CLASS,
 5 THE COMMISSION SHALL DETERMINE WHETHER TO ACCEPT THE ELECTRICAL ENERGY INTO THE POOL AND MAY PLACE
 6 CONDITIONS UPON THE SALE OR ASSIGNMENT.

7 (5) If an individual A customer receiving electrical energy at OR BELOW regulated rates reduces the
 8 customer's electrical energy use by the amount of 20% or more from the customer's base period
 9 consumption, the distribution services provider may resell SHALL ASSIGN the electrical energy to other
 10 Montana customers who are paying market rates. The exchange rate must be established by the public
 11 service commission at a rate that is above the regulated rate but is less than the market rate THE ELECTRICAL
 12 ENERGY POOL, AS REQUIRED BY THE COMMISSION.

13 (3)(6) A customer's base period consumption is equal to the customer's actual
 14 WEATHER-NORMALIZED electrical energy consumption during the same month in the prior BASE year. A
 15 customer meeting or exceeding the conservation goal REDUCING ELECTRICAL ENERGY USAGE FROM THE BASE
 16 PERIOD CONSUMPTION must receive a credit on the customer's electrical energy bill for the month equal to
 17 the amount of reduction in electrical energy use multiplied by a rate established by the public service
 18 commission. The rate established by the commission must be established to provide a sufficient incentive
 19 to the customer while maintaining a resale AN ELECTRICAL ENERGY POOL rate beneficial to the Montana
 20 customer purchasing the resold electrical energy.

21 (7) A DEFAULT SUPPLIER, A DISTRIBUTION SERVICES PROVIDER, OR A PUBLIC UTILITY THAT PROVIDES SERVICES
 22 TO ADMINISTER THE ELECTRICAL ENERGY POOL MUST BE ALLOWED TO RECOVER ITS COSTS FOR PROVIDING THE SERVICES
 23 IN THE MANNER DETERMINED BY THE COMMISSION.

24 (8) ALL ELECTRICAL ENERGY PURCHASED FROM THE ELECTRICAL ENERGY POOL MUST BE USED BY THE CUSTOMER
 25 FOR ITS FACILITIES OR OPERATIONS IN MONTANA. ELECTRICAL ENERGY PURCHASED FROM THE ELECTRICAL ENERGY POOL
 26 MAY NOT BE RESOLD BY A CUSTOMER FOR A PROFIT. A CUSTOMER RECEIVING ELECTRICAL ENERGY FROM THE ELECTRICAL
 27 ENERGY POOL AND PROVIDING ONSITE GENERATION MAY NOT USE THE ENERGY RECEIVED FROM THE POOL TO AUGMENT
 28 OR SUPPLEMENT OFF-SYSTEM SALES OF THE ELECTRICAL ENERGY GENERATED AT THE SITE.

29 (9) SUBJECT TO SUBSECTIONS (2) THROUGH (8), THE COMMISSION:

30 (A) SHALL DETERMINE THE RATE FOR ELECTRICAL ENERGY POOL SALES AND PURCHASES OF ELECTRICAL ENERGY

1 FROM CUSTOMER CURTAILMENTS OR CONSERVATION, THE CRITERIA FOR PARTICIPATION BY BUYERS AND SELLERS, AND
 2 THE METHOD FOR ALLOCATION OF AVAILABLE ELECTRICAL ENERGY TO PARTICIPATING BUYING CUSTOMERS. THE METHOD
 3 OF ALLOCATION MUST PROVIDE A PREFERENCE FOR IRRIGATION.

4 (B) SHALL ADOPT GUIDELINES, CRITERIA, METHODS, RATES, AND RULES THAT IT CONSIDERS NECESSARY TO
 5 IMPLEMENT THE ELECTRICAL ENERGY POOL ON AN URGENT BASIS IN A MANNER THAT WILL AFFORD RELIEF TO CUSTOMERS
 6 PAYING MARKET RATES AS SOON AS POSSIBLE; AND

7 (C) MAY NOT DISCRIMINATE AMONG CUSTOMERS BUYING FROM THE ELECTRICAL ENERGY POOL BY PRICE OR
 8 CUSTOMER OPERATING COST, BUT MAY TAKE INTO ACCOUNT EXISTING RATE CLASSES.

9 (10) THE RULES OR TARIFFS TO ADMINISTER THE ELECTRICAL ENERGY POOL MUST BE DEVELOPED BEFORE JULY
 10 1, 2001.

11 (11) THE RESALE RATE FROM THE ELECTRICAL ENERGY POOL TO BE PAID BY PURCHASING CUSTOMERS, AS
 12 DETERMINED BY THE COMMISSION, MUST BE SUFFICIENT TO COVER THE FULL AMOUNT OF THE INCENTIVES PAID TO
 13 CONTRACTING CUSTOMERS AND ANY OTHER COSTS OF THE ELECTRICAL ENERGY POOL.

14 (12) THE DEFAULT SUPPLIER IS THE SUCCESSOR IN INTEREST TO THE ELECTRICAL ENERGY POOL. THE DEFAULT
 15 SUPPLIER MAY ALLOCATE ANY ELECTRICAL ENERGY OR CASH REMAINING IN THE ELECTRICAL ENERGY POOL ON JUNE 30,
 16 2002, AMONG ITS CUSTOMERS.

17 (13) AS USED IN THIS SECTION, "CONSERVATION EFFORTS" MEANS DEMAND REDUCTIONS ON THE UTILITY SYSTEM
 18 ACHIEVED BY THE CONTRACTING CUSTOMER THROUGH IMPROVING EFFICIENCY OR REDUCING ENERGY USE. THE TERM DOES
 19 NOT INCLUDE SHIFTING DEMAND FROM THE UTILITY TO A NONUTILITY SUPPLY SOURCE.

20

21 NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an
 22 integral part of Title 69, chapter 8, and the provisions of Title 69, chapter 8, apply to [section 1].

23

24 NEW SECTION. SECTION 3. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT ARE
 25 SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS
 26 APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID
 27 APPLICATIONS.

28

29 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

30

