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HB HB121

TESTIMONY

ON HB 121

BEFORE THE HOUSE FEDERAL RELATIONS, ENERGY AND TELECOMMUNICATIONS COMMITTEE

BY JASEN BRONEC, MANAGER, GLACIER ELECTRIC COOPERATIVE, ON BEHALF OF MONTANA ELECTRIC COOPERATIVES' ASSOCIATION

JANUARY 19, 2005

Good afternoon, Mr. Chairman, Members of the Committee. My name is Jasen Bronec. I am manager of Glacier Electric Cooperative headquartered in Cut Bank, Montana. I also serve as chairman of Montana Electric Cooperatives' Association's Net Metering Subcommittee, and I am appearing today on behalf of the Association.

This afternoon I will discuss four reasons why Montana's electric cooperatives oppose removal of our exemption from the state mandate on net metering. These include cost shifting, reliability problems, concerns about safety of our line personnel, and loss of local control.

In regards to cost shifting, the primary problem with a one-size-fits-all mandate on net metering is that it shifts the costs of who pays for the use of poles and wires systems used to deliver electricity.

Under the state mandate, the co-ops are required to pay the net meterer the retail rate for the excess power produced by the customer's generator. This results in a significant cost shift to non net meterers because the co-op is paying for the net meterer's generated power at a retail, delivered rate and then requiring other customers to pay the costs of delivering that power to the rest of the co-op membership. How many wholesale power producers wouldn't want that kind of a deal – to be paid the retail rate for the power they produce? Moreover, the net meterer also can and will continue to draw on the utility's own power whenever its own generator isn't running. This is particularly true of a wind generator, which obviously generates electricity only when the wind blows, typically producing power only one-third of the time in any given year.

This cost shifting under the state mandate for net metering is analogous to several agriculture producers being paid a retail price for the producers' food commodities sold at a retail grocery store and then also allowing these same producers to drop in at the grocery store at any time to pick up a few food commodities whenever they need them for their own use. In that scenario, of course, if you had enough ag producers being paid the retail rate for their produce, the grocery store would quickly go broke. At the very least, the other grocery store customers would soon find themselves paying higher food costs to subsidize the ag producers' being paid retail price for their commodities. And remember, in the case of net metering, it is the net meterer's neighbors – the other utility customers – who will have to pay the costs the net meterer is avoiding under the state mandate on net metering. This is especially true for Montana's not-for-profit, consumer-owned cooperatives, which have no other source than other consumers to pick up these fixed costs the net meterer is no longer paying. Bear in mind also that rural electric cooperatives, by sheer virtue of where they are located, are much more likely to see net metering take place than utilities serving more populated areas.

Reliability of renewable energy, particularly wind energy, is another major reason why the co-ops oppose the state mandate on net metering.

Wind energy, for example, is virtually impossible to schedule. In other words, because you never know for sure when the wind is going to blow, you never know precisely when the wind generator is going to generate excess electricity for use by the other utility customers. Obviously, power that is unreliable is of little value to the utility, which must be able to meet customer demand for electricity 24 hours a day, seven days a week. Unreliable power can also affect power quality. In the case of customer generators interconnected to the grid, our utility systems were not designed to maintain power quality with multiple inputs of power at multiple points throughout the system.

A third concern we have with regards to the state mandate is the greater safety risks it creates for our line personnel. That is because the large subsidy allowed under the state mandate likely will lead to substantial growth in the numbers of customers interconnecting their generators to the utility grid under net metering. For line personnel, the more customer generators you have interconnected to the utility lines, the more difficult it becomes to keep track of these interconnections when it comes time to repair a power line. Under federal safety rules, line personnel must visually observe that all customer generators have been disconnected before they can begin working on a power line. Emergency line repairs made during a bad storm can further add to the danger created by multiple customer interconnections of their generators.

Having numerous points of generation output connected to a lightly loaded distribution line can create situations whereby a downed power line may remain energized, rather than tripping off. This situation creates a potentially serious public safety concern. The outage time in this scenario would be longer as line personnel work to isolate the generators from the downed line for their safety prior to making repairs on that line. Although additional power-line protective equipment can be purchased and installed to avoid this safety risk, the costs involved are significant.

Finally, the electric cooperatives are greatly concerned about the significant loss of local control that will occur if they are subjected to the state mandate. Local control has been fundamentally critical to the historical success of Montana's electric cooperatives – their ability to continue to provide reliable electricity at affordable, stable rates – and the state mandate seriously jeopardizes this local co-op control. Co-op directors, democratically elected by the co-op customers, respond more carefully to the customers because they are one in the same. The removal of the co-op exemption from mandated metering ties the hands of these local co-op boards, making it impossible to establish net metering policies that are workable yet still protect other consumers from significant cost shifts.

Mr. Chairman, members of the committee, thanks again for the opportunity to testify. In closing, we oppose HB 121 as introduced and request that, unless this bill is amended to preserve the co-op exemption, this legislation be given a do not pass.