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TESTIMONY

ON SB 256

BEFORE THE
SENATE ENERGY AND TELECOMMUNICATIONS COMMITTEE

BY GARY WIENS
ON BEHALF OF MONTANA ELECTRIC COOPERATIVES' ASSOCIATION

JANUARY 25, 2005

Mr. Chairman, members of the committee, my name is Gary Wiens representing the Montana Electric Cooperatives' Association. Thank you for the opportunity to testify this afternoon in opposition to Senate Bill 256, legislation eliminating the electric cooperatives' exemption from mandated net metering.

By way of background, Montana Electric Cooperatives' Association represents all 26 of Montana's retail electric distribution cooperatives providing electricity to more than 400,000 Montanans in all 56 Montana counties. As you know, all of our cooperatives are owned by their consumers and are governed by boards of trustees democratically elected by their consumers. These locally elected officials are accountable to their customers and are responsible for the adopted policies of the cooperative that guide its day-to-day operations, including policies on net metering.

My testimony today will provide a basic definition of net metering and then cover the history of the state's net metering law. Following my testimony you will hear from two Montana electric cooperative managers who will provide more detailed testimony on why we oppose state-mandated net metering for our electric cooperatives.

What is net metering? In broad terms, net metering has to do with giving a customer credit for the net output of their own electric generator that is interconnected to the utility's poles and wires system. More specifically, it is a billing transaction in which the electricity output by a customer generator – such as a wind or solar unit – is compared to or netted against the electric energy delivered by the utility to that same customer during a specific time period.

Montana's net metering law was adopted by the Montana Legislature in 1999. The cooperatives were exempted from that mandate because legislators agreed that a one-size-fits-all approach to net metering for 26 different electric cooperatives would simply be unworkable for a complex power interconnection program such as net metering. In addition, legislators shared our concern about the significant loss of local control that would occur if these local, consumer-owned co-ops were subjected to a state mandate on net metering.

However, despite being exempted from the state's net metering law, all 26 of our electric cooperatives have adopted policies that allow net metering and today offer it to their members. These net metering policies allow net metering only for customer-owned alternative renewable energy generators and are designed to fit the individual electric cooperative system.

Are co-op customers dissatisfied with their co-ops' net metering policies? Our statewide association representatives have attended all 26 electric co-op annual membership meetings throughout the state and there were no members asking that the cooperative be placed under the state net metering law.

How do co-op net metering policies differ from the state law?

Generally speaking, the co-ops' net metering policies differ by limiting the amount of cost shifting from net metering customers to non-net metering customers that occurs when a utility allows net metering. Under the state mandate, these cost shifts could be significant and some of the specifics on how those cost shifts occur as well as other concerns will be covered by the two co-op managers.

With that, Mr. Chairman, members of the committee, I will end my testimony. Thank you for the opportunity to testify.