Senate Energy & Telecomm.Comm.
Exhibit No. 9
Date 1.25.05
Bill No. SB 256

MONTANA-DAKOTA EXAMPLES

A 50 KW FACILITY, IF IT COULD BE RUN CONSTANTLY, WOULD ANNUALLY PRODUCE 438,000 KWH OF POWER, AS THERE ARE 8760 HOURS IN A YEAR. (50 x 8760 = 438,000)

HOWEVER, NO GENERATOR CAN RUN CONSTANTLY ALL YEAR LONG, AND THE WIND DOESN'T ALWAYS BLOW. ASSUME THAT THE WIND GENERATOR CAN RUN HALF THE TIME DURING THE YEAR.

UNDER NET BILLING OR NET METERING, THE GENERATOR IS PAID THE UTILITY'S FULL RETAIL RATE FOR POWER, WHICH INCLUDES NOT ONLY ITS COST OF POWER AT THE GENERATOR, BUT THE ENTIRE COST OF THE UTILITY SYSTEM INCLUDING TRANSMISSION, DISTRIBUTION, OPERATION AND MAINTENANCE, CUSTOMER SERVICE, BILLING AND COLLECTION. ASSUME THERE IS A 4 CENT DIFFERENTIAL BETWEEN A UTILITY'S AVOIDED POWER COST AND ITS FULL RETAIL RATE.

USING THOSE ASSUMPTIONS, A SINGLE SMALL POWER PRODUCER WITH A 50 KWH FACILITY, IS RECEIVING AN $8,760 SUBSIDY <u>ANNUALLY</u> PAID BY ITS FELLOW UTILITY CUSTOMERS.
50 x 8760 /2 x .04 = $8,760

USING THE SAME ASSUMPTIONS, A SINGLE SMALL POWER PRODUCER WITH A 1 MEGAWATT FACILITY, IS RECEIVING A $175,200 SUBSIDY, ANNUALLY PAID BY ITS FELLOW UTILITY CUSTOMERS.
1000 X 8760 /2 X .04 = $175,200

A 10 MEGAWATT FACILITY WOULD BE TEN TIMES THAT AMOUNT, OR $1,752,000 ANNUALLY.

THE LARGEST SMALL POWER PRODUCER (80 MEGAWATTS) WOULD RECEIVE AN ANNUAL SUBSIDY OF $14,016,000.