



25 January 2005

RE: Senate Bill 256 – Uniform Net Metering Standards

Chairman Toole, members of the committee, for the record my name is Tim Gregori and I am the General Manager of Southern Montana Electric Generation and Transmission Cooperative. Southern Montana Electric G&T provides wholesale electric energy and related supply services to five rural electric distribution cooperatives located in south central Montana, and a select number of electric services for the City of Great Falls - such as the City's water treatment facilities, schools, airport and municipal governmental functions.

Reflective of a sincere dedication to a balanced energy policy, the member systems Southern Montana Electric G&T strongly supports the development of alternative sources of energy production, renewable resources and conservation. As an illustration of its commitment to promoting the growth of renewable resources Southern Montana has already included wind power as an attribute of its existing wholesale power supply portfolio.

Southern Montana Electric G&T understands the contributions distributed generation can make to economic development in the rural communities we serve and support this activity so long as that endorsement does not constitute a subsidy. Small generators interconnecting to a Southern Montana member systems' facilities for the purpose of offsetting a purchase of electric energy should be viewed as a business associate. The members of Southern Montana are not asked to subsidize businesses entering into other markets, and should not be asked to subsidize small generators interested in entering the business of energy production. The coalition of small generators and advocates of wind power seems to reflect the narrow commercial interests of promoters and manufacturers, not the long-term interests of the purchasers and users of small generation technologies.

Southern Montana believes the member systems it serves should pay for electric energy and related services received from customer owned generation on the basis of industry established standards that clearly differentiate between the cost and value of firm and non firm generation, on and off peak power, surplus and base load generation and the myriad of pricing mechanisms that have been established by utility regulators over the course of many years. And with regard to net metering standards, the State of Montana should

adopt impartial rules that do not favor small generators over other consumers or other competitors in the energy market. The rules adopted by the State Legislature should treat all market participants fairly and equally.

Southern Montana supports the development good public policy that would avoid the potential of harming consumers through the hasty implementation of a revised net metering policy - ostensibly aimed at promoting customer owned generation such as wind power. Unfortunately, it appears the risks associated with this effort would far outweigh the potential benefit a consumer-generator could gain from subjecting its local cooperative to the risks identified in the context of these statements. Southern Montana strongly urges this committee to avoid repeating the painful experience of rushing into energy matters best left to a more measured approach. Our goal should be reliable, affordable quality electric energy and related services – even when the wind does not blow.

Therefore, Southern Montana Electric G&T urges the committee to consider a more cautious approach to net metering than the concepts fostered in SB 256.

Thank you, and I will be available to answer questions at the appropriate time.

Sincerely,


Tim R. Gregori
General Manager