

Testimony of the Montana Public Service Commission
in OPPOSITION to
Senate Bill 256

- In addition to electricity supply rates, other rates are avoided by customers that participate in net metering. As an example, for NorthWestern Energy these rates are:
 - **Transmission rates** for non-demand metered customers (ranges from 7.2 to 8.1 mills per kwh depending on customer class)
 - **Distribution rates** (ranges from 6.5 mills to 34 mills per kwh depending on customer class)
 - **Competitive Transition Charges** (roughly 2.3 mills per kwh)
 - **Universal System Benefits Charges** (0.9 to 1.3 mills per kwh depending on customer class)
- These rates are avoided by a net metered customer because they are assessed on the basis of kwh consumption. Net metering, by definition, is intended to reduce the amount of kwh consumed from the utility's system.
- A utility does *not* necessarily avoid transmission and distribution costs when a customer participates in net metering; CTC and USBC costs are *not* avoided.
- In order to ensure the utility recovers its costs, the PSC may have to authorize the utility to increase rates to make up the revenue that is lost when customers participate in net metering. The rate increase could result in discriminatory shifting of cost responsibility from net metered customers to other customers.
- The amount of the costs shifted could be in the hundreds of thousands of dollars per year, depending on the make up of participating customers and the scale and type generators installed.
- The PSC already has the necessary tools available address and accommodate larger scale self-generation. The PSC is currently investigating economic and policy issues related to the long-term production and sale of power between small, independent power producers and NorthWestern Energy.