

INFORMATIONAL TESTIMONY
ON SB 415

By Gary Wiens, Montana Electric Cooperatives' Association
Before the Senate Energy and Telecommunications Committee

February 15, 2005

Mr. Chairman, Members of the Committee, thank you for the opportunity today to provide informational testimony regarding Senate Bill 415. My name is Gary Wiens and I am speaking on behalf of Montana Electric Cooperatives' Association, which represents all 26 retail electric distribution cooperatives in Montana.

Section 7 of the bill provides an exemption from the renewable energy standard for electric cooperatives with less than 5,000 customers. Those cooperatives with 5,000 or more customers are required to adopt renewable energy standards. Because of the differences in cooperatives' size, we generally don't like mandates.

We appreciate, however, that Section 7 leaves discretion on the adoption of the language of these standards to local electric cooperative boards of trustees elected by their customers. This discretion is critical to preserving the fundamental principal of local control that has served Montana's electric cooperatives so well, resulting in a reliable electricity supply with stable and affordable rates for the nearly 400,000 Montanans they serve.

The necessity of being able to exercise local control is underscored in the bill with the balancing language of Section 7 that specifies the adoption of cooperative renewable energy standards be done with "consideration [of] the effect of the standard on rates, reliability and financial resources."

Obviously, our ability to incorporate renewable energy standards into our power supply mix varies significantly from co-op to co-op. Each co-op has different power supply rates and different power supply contracts, with each contract having different terms and lengths. In addition, co-ops vary considerably in size, customer density levels and financial capability. These variables affect the ability of a co-op to incorporate renewable energy standards.

For example, it is much more difficult for a co-op with low rates to incorporate a renewable energy standard that seeks to blend higher priced renewable energy with lower priced conventional energy sources. Most co-ops' power supply rates are in the two to three cent range with a few as high as four cents. For those co-ops in the 2-3 cent range, the difficulties of blending renewable energy will pose greater difficulties.

Electric cooperatives are not opposed to renewables. We want to make renewable energy work. In fact, most of our cooperatives today offer some type of green power product to their customers. However, as I've indicated, it must be done in a way that provides our co-ops with maximum flexibility that recognizes the distinct and wide ranging differences from co-op to co-op. Leaving these decisions to local co-op boards of trustees is the only way to ensure it's done in an affordable, cost-effective manner.