

WHAT'S RIGHT WITH SB 337!!

Green Electricity Buying Cooperative's Response to NorthWestern Energy's Critique

1. NorthWestern's lobbyists claim to be acting in its consumers' interests by wanting to repeal deregulation. The best it can do is give us the monopoly we knew back without the benefit of the dams and coal plants we paid for. So why would you believe them when they say that the only way they can plan for cheaper power is to prevent customer choice, the very popular concept they used to sell deregulation? Reregulate? Yes! Recreate a vertically integrated utility that can own generation? Yes! Abandon customer choice? No! **Customer choice was the ONLY good thing about deregulation. You can have choice, vertical integration and reregulation. It is done daily in the telecommunications industry. Please support reregulation and customer choice.** Stability in energy prices will come from promoting electric generation from solar and wind resources that do not carry with them the risk of fuel, pollution control, or carbon tax cost rises. Stability will come from distributed generation that better utilizes partly-full substations in remote areas that can use an economic boost.

2. Northwestern claims the Green Electricity Buying Cooperative (GEBCO) has no backup energy supply contacts and therefore could only serve its customers part of the time.
Response: Before it can proceed to the step of procuring backup energy supply, GEBCO must first obtain the authority to own the windmills that it has authority to finance. GEBCO has addressed the backup and firming power issues and believes those are challenges that can be met.

There are a number of orderly steps GEBCO will have to take to complete its ability to bring \$31.7 million in non-monopoly development to Eastern Montana. Contrary to NorthWestern's claim before the committee, GEBCO has a project plan that includes completing these steps. If you think GEBCO cannot complete those steps, ask yourselves, when is the last time you heard of a Montana Corporation that produced a credible enough application to bring home 4% of the available federal funding for anything?

3. NorthWestern is concerned that GEBCO has made no provision for the disposal of excess wind energy at times when energy production exceeds demand.

Response: How does that criticism address the purpose of the bill which is to allow Green Electricity Buying Cooperatives to own windmills? **As stated in the committee, GEBCO has already been assured by the Western Area Power Administration that it will buy excess wind energy from us at short term market rates.** If NorthWestern's concern goes to what happens if excess unpredicted energy is fed into the system, as it knows, the Federal Energy Regulation Commission (FERC) rules deal with that. Those rules were modified last week to make interconnection of wind easier. Eventually GEBCO will produce hydrogen with excess energy--to fuel the hydrogen economy and reduce our dependence on foreign oil.

4. Northwestern says there is no way to meter energy use by a customer who gets part of her or his energy from GEBCO and the rest from the local utility. Meters can't distinguish what type of generation facility was used to produce the electrons.

Response: Northwestern now provides transmission services to rural electric cooperatives. The use of the line is metered and tariffs cover the cost of the use of the line. There is no need to distinguish the type of generation used. All that is needed is to know how much energy the customer is using and when. That is compared to how much is produced by a windmill and when. Then a settle-up takes place and money changes hands. "Smart metering" that can do this will be part of GEBCO's operation.

Phone companies have figured out how to charge each other for the use of interconnection. This is a challenge that can be met easily.

5. Northwestern laments that "GEBCO has not filed a transmission interconnect agreement with the local utility. Going through that process can take months. GEBCO has no way to get the power to market."

Response: Interconnection will be taken care of in due course as part of the orderly progression of events once GEBCO has the authority to own green energy generating equipment. Federal law requires utilities to have standard interconnection agreements with small energy generation facilities 10 MW or under. It also requires a utility to complete the interconnection study within a reasonable amount of time. The utilities have no way to prevent GEBCO from getting the power to market. To do so would violate anti-trust laws and FERC's Open Access Transmission Tariff, FERC Order 888, and the US Supreme Court's Ottetail Power case and its progeny.

6. NorthWestern says competition should not be allowed because it already has about eight percent of its energy requirements coming from wind and it claims MDU is actively seeking renewable energy contracts.

Response: The wind energy that NorthWestern provides to its customers gives NO economic incentive to Montanans to subscribe to buy more of it. NorthWestern customers pay 2 cents per kilowatt hour extra to support wind energy, not provide it as a product to individual customers.

MDU and NorthWestern have not agreed to provide the same renewable power product that the Green Electricity Buying Cooperative is offering. Green Electricity Buying Cooperative customers are willing to pay a premium price for clean electricity if they are not required to pay for fuel, pollution control and carbon tax increases that they do not contribute to. The PSC has not established a tariff that requires that. Simple fairness dictates that if you pay extra for a clean product, you should not also have to pay when fuel costs, etc. go up because there is no fuel cost in the wind. Green Buying Cooperative customers know that their costs should stay roughly the same while those who want to buy electrons generated by polluting plants will continue to rise.

Despite requests made two years ago asking that they do so, MDU has not even offered renewable energy--unlike 600 US utilities that have a green power product.

7. Northwestern asks, If SB 337 is such a good idea, why doesn't it apply to more than MDU and Northwestern?

Response: GEBCO does not have or need the authority to serve rural electric co-op customers. If rural electric cooperatives buy wholesale green power from GEBCO as part of their green power programs, we will eventually deed a windmill over to the cooperative or affiliated energy supplier when what is paid for energy usage equals the cost of a windmill. This takes the greed out of the public utility business. Northwestern would not deed the dams over to us after we had paid for them several times over. Instead they sold them and we are paying for the power from them at much higher prices than we would have paid if utility regulation had worked. NorthWestern will not deed us title to windmills once we have paid for them either. SB 337 eliminates the risk of having to pay twice for our utility generation. Nobody we know of pays twice for combines and stays in business long.

8. Northwestern indicated who opposed SB 337.

Response: Letters of support have been received from 25 x 25, the Yellowstone and McCone County Commissioners, and the Beartooth Resource Conservation & Development Area. The Alternative Energy Resources Organization testified in favor of the bill. Its 500+ members include more than 300 Montana farmers. Public Service Commissioner Ken Toole favors SB 337.

PLEASE SUPPORT SB 337. It makes sense for Montana's small farmers who deserve a piece of the clean energy boom. And it makes sense for Montanans who want to support our hard-working farmers by buying clean, affordable, reliable energy from them.