

Montana 2011 Renewable Energy Debate—(feel free to interrupt!)

Invenergy—who we are:

- U.S. Energy Company: Develop, Own, and Operate Wind Farms and Natural Gas Plants
- ~~2,300~~ 2,300MW of Wind in operation (+1,300MW expected to come online by the end of 2012)
- 2,700MW of Natural Gas in operation (+1,000MW expected to come online by the end of 2012)
- Totally more than 5,000 MWs in operation plus an additional 2,300MW by 2012
- To give you a feel for what this means, the state of Montana on its highest energy use day uses about 2,900 MW

Our Montana Experience

- Built and continue to own and operate Judith Gap since 2005 (20 yr power contract with NWE)
- \$28,000,000 in economic benefit has been generated to date to Montanan's (and counting)
- We are developing several projects in 7 other Montana counties that can bring additional rural economic development to Montana
- Wind Impact on Rates:
 - Judith Gap Wind Cost lowest priced power in NWE's Portfolio (handout)
 - **\$29-\$32/MWh** (When firming ~\$40/MWh = 4.0¢/KWh)-Judith Gap Wind Cost lowest priced power in NWE's Portfolio (handout)
 - **\$62.72/MWh** (6.27¢/KWh) is the current Montana Retail Electric Supply Rate (Ratepayer Price)
 - **\$48.75/MWh** (4.87¢/KWh) was the 2006 PPL Contract (i.e. Coalstrip)
 - **\$66/MWh** (6.6¢/KWh) was the latest new Coal plant (failed) proposal near Great Falls

Our Market Perspective

- We are actively in the national market bidding projects: winning some and losing some. But winning enough to build 3-5 projects per year.
- 20years ago it was not as efficient to build windfarms and even as close as 7 years ago it was not efficient to build smaller wind farms of the 25MW or less size (handout)
- Current pricing in across the Country in wind regimes similar to Montana are:
 - **\$30/MWh (3¢ per KWh) to \$60/MWh (6¢/KWh)**
 - These prices are for projects ranging in size from 20MW to 400MW
- Technology has improved, installed Turbine costs have softened
- Montana benchmark prices (for comparison purposes):
 - \$62.72mwh = NW retail electric supply rate
 - \$69.21mwh = Montana PSC approved rate which approximates avoided cost
- **Summary:** Electricity generated from wind is below the current costs of Montana Ratepayers and provides rural economic development benefits to numerous communities...

HB 237 & SB 330 (energy bill's of concern):

Onto the Two Bills that concern us and will affect our continued business in Montana
HB237—Revise Renewable Resource standard laws to eliminate certain requirements

- ❖ This Bill will remove the Community Renewable Project requirement from the RPS
 - The argument used by the Sponsor and Proponents is that wind is expensive and small renewable projects are even more expensive.
 - Not True: we have 25 MW projects priced below both the Retail Electric Supply Rate of \$62.72mwh and the PSC Avoided cost rate of \$69.21mwh
 - The mid-c price forecast of \$59.40mwh is often used as a benchmark as well-discuss
 - Certain Small renewable projects can be built cost effectively today
 - If this bill does not pass, then the regulated utility will have to buy the cheapest renewable project and pass that low cost power onto the ratepayers.
 - **VOTE NO** for HB237: We would ask that you not support this bill as it goes to the Senate Energy committee this Thursday March10th

SB330 Revise Renewable Portfolio Standards

- ❖ This bill allows a regulated Utility to waive the Renewable Portfolio Standard for 3 years.
 - MDU has some very specific concerns that will force them to charge the Montana ratepayers \$6million a year.
 - We are not opposed to MDU getting a waiver for this, as it was a result of the North Dakota Public Service Commission trying to shift costs to another state
 - Support a MDU specific amendment makes sense.
 - We are opposed to allowing any utility in the state to waive the RPS
 - The RPS has created economic development in the state of over \$28 million, with up to an additional \$30 million over the next 20 years.
 - These are real numbers from Wheatland county and other proposed projects.
 - As we have shown earlier in this discussion wind is one of the cheapest generation sources available and is a benefit to the Montana ratepayers
 - We would ask that you not support this bill it's current form, and we understand that an amendment will be introduced for MDU to help them alleviate the burden that North Dakota has placed on them
 - It will be heard in House FRET committee, the hearing has not been scheduled
 - **VOTE NO** for SB330

I know we gave you a lot of information and we would be happy to answer any questions. We will be in Helena **until Friday**, and are reachable anytime via a phone call (406-781-8151). Appreciate your consideration.