

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



JOHN WALSH
LT. GOVERNOR

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 31 (SB 31), "AN ACT REVISING THE DEFINITION OF "ELIGIBLE RENEWABLE RESOURCE" UNDER THE MONTANA RENEWABLE POWER PRODUCTION AND RURAL ECONOMIC DEVELOPMENT ACT AND INCLUDING HYDROELECTRIC RESOURCES WITHIN THE DEFINITION; AMENDING SECTIONS 69-3-2003, 90-3-1003, AND 90-4-1005, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 31 amends Montana's Renewable Power Production and Rural Economic Development Act (Act), passed by the 2005 Legislature, by allowing all new hydroelectric power plants, regardless of capacity, that commence commercial operation after January 1, 2013, to be defined as an eligible renewable resource under the Renewable Portfolio Standard (RPS).

The intent of the 2005 Act was to incentivize diverse rural economic development, and it has been tremendously successful. For example, wind development in Montana has led to approximately \$1.5 billion in capital investment, \$23 million in property taxes collected, and approximately \$1.5 million annually in lease payments to landowners.

Hydroelectric facilities have been an enduring and important component in the Montana energy system and hydroelectricity is clean, renewable energy. However, passage of SB 31 at this time is not advised for several reasons.

First, the current RPS allows certain small hydroelectric facilities that create no new impoundment to qualify. This legislation was carefully crafted to balance the benefits of hydroelectric power with its impacts and foster the development of multiple projects across the state. Allowing any and all new hydroelectric facilities to qualify for the RPS would upset this carefully crafted balance.

Second, the current RPS is a tightly woven legislative framework built around a 15 percent standard. SB 31 is a significant expansion of the scope of the RPS which should merit a thoughtful review of the standard.

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Finally, the passage of Senate Joint Resolution 6 (SJ 6) in this session, with broad bipartisan support, calls for an interim study of the 2005 Act to assess its effectiveness. I applaud SJ 6 and look forward to a public accounting of its benefits. A significant change to the RPS in light of the interim study, such as that proposed by SB 31, is ill timed.

For these reasons, I veto SB 31.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Bullock', with a stylized flourish extending to the right.

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House