

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

April 7, 2017

The Honorable Austin Knudsen
Speaker of the House
State Capitol
Helena, MT 59620

Dear Speaker Knudsen:

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 32 (SB 32), "AN ACT ELIMINATING THE COMMUNITY RENEWABLE ENERGY PROJECT REQUIREMENT FROM MONTANA'S RENEWABLE RESOURCE STANDARD; AMENDING SECTIONS 69-3-2003, 69-3-2004, 69-3-2005, 69-3-2006, 69-3-2009, AND 90-4-1202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 32 would repeal Montana's Community Renewable Energy Projects (CREPs) requirement for the Montana Renewable Portfolio Standard (RPS). Montana law requires utilities to meet a certain target for procuring renewable energy. Within the RPS, covered utilities are also required to acquire "community renewable power" in certain amounts.

Creating CREPs was a choice made by the state when it also adopted the RPS to make sure that renewables were not just clustered in a few big projects by major developers, and to ensure that local communities were not left behind. To that end, the legislature made sure that any CREPs were in fact, "owned" by Montanans, and set a size limit on projects of 25 MW, thereby keeping the scale small. MCA 69-3-2007 also requires CREPs to not exceed the cost of any other alternative energy resource available to the utility by more than 15 percent. According to a 2014 review of the Montana's RPS, the Montana Consumer counsel concluded, "The RPS and accompanying CREPs legislation in Montana has had a relatively minimal rate impact on NorthWestern Energy customers."

CREPs projects benefit local economies where they are built. CREPs projects are typically located in rural communities, bringing with them jobs and new tax revenue that is sustained over the life of the project, which could be for twenty years or longer. Indeed, counties where CREPs are currently located oppose SB 32, arguing that CREPs brings rural economies long-term jobs, construction jobs and a higher tax base for the counties. Currently, only 25 of the required 65 megawatts from CREPs have been built, leaving a potential 40 megawatts of local projects still to be built. SB 32 would

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deprive local communities of further investments and jobs that would come with development of those 40 megawatts.

While proponents of SB 32 argue, and opponents also acknowledge, the current law is not ideal, repealing the law in its entirety is also not ideal. I am committed to working with stakeholders before the next legislative session to amend current law to address concerns and make CREPs better and more workable for both utilities and renewable energy developers. This could include addressing current cost caps, ownership requirements, and penalties. The bill's title restricts me from offering any of those amendment as an amendatory veto, so I am therefore resigned to veto SB 32 outright.

Sincerely,



STEVE BULLOCK

Governor

cc: Legislative Services Division
Corey Stapleton, Secretary of State