

1 SENATE BILL NO. 264

2 INTRODUCED BY M. MCNALLY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING INTEGRATED LEAST-COST
5 RESOURCE PLANNING LAWS; PROVIDING FOR COMPETITIVE SOLICITATION PROCESSES;
6 REQUIRING OPEN COMPETITION IN COMPETITIVE SOLICITATIONS; PROVIDING RULEMAKING
7 AUTHORITY; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 NEW SECTION. Section 1. Purpose. The purpose of [sections 2 through 4] is to ensure that least-
12 cost resource planning in electric service is implemented so that all resources may participate in a competitive
13 bidding process in order to:

- 14 (1) meet the energy demands of the state;
15 (2) ensure affordability of this essential service for citizens of the state;
16 (3) help the business community thrive and be competitive with other states;
17 (4) foster economic development; and
18 (5) help safeguard the health and welfare of Montana citizens.

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20 NEW SECTION. Section 2. Definitions. As used in [sections 3 and 4], the following definitions apply:

- 21 (1) "Affiliate" means an entity of the electric distribution that is either corporately separated or
22 contained in a separate division of the electric distribution utility that engages in competitive businesses.
- 23 (2) "Distributed energy resources" means any resource or activity at or near customer loads that
24 generates energy or reduces energy consumption. Distributed energy resources include customer-site
25 generation, such as solar photovoltaic systems and emergency backup generators, as well as energy efficiency
26 and controllable loads, such as demand response.
- 27 (3) "Distributed generation" means power generation produced at the point of consumption, close to
28 the end users of the power, rather than centrally located and dispatched.

1 (4) "Electric distribution utility" or "utility" means an electric utility that supplies at a minimum retail
2 electric distribution service and is regulated by the commission.

3 (5) "Energy resources" means all resources available to provide adequate service to end users and
4 includes both supply-side resources and demand-side resources furnished by a utility or third party.

5 (6) "Infrastructure costs" means all costs to connect an energy resource to the utility or to enable the
6 fuel supply for an energy resource to be delivered to that resource.

7 (7) "Integrated resource plan" means a plan that considers all reasonable resources to satisfy the
8 demand for electric power services during a specific period of time, including those relating to the offering of
9 electric power through all resources either on the supply side or demand side.

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11 **NEW SECTION. Section 3. Authority of the commission -- rulemaking.** (1) The commission shall
12 adopt rules regarding the implementation of competitive bidding processes established in [section 4].

13 (2) The commission may initiate investigations or proceedings or issue orders to carry out the
14 necessary steps to implement the following:

15 (a) establish any regulations that the commission considers necessary as to the conduct of third-party
16 providers;

17 (b) establish and oversee the process to obtain competitive bids, including approval of the competitive
18 bid that is selected;

19 (c) ensure that the quantities of capacity and energy sought in the competitive bidding process are
20 consistent with the findings of the integrated resource plan;

21 (d) ensure the fairness of the entire competitive bidding process, including but not limited to the
22 development of the request for proposal and the decision on the winning bidder; or

23 (e) prohibit an electric distribution company, its parent company, or its affiliates from participating in
24 the competitive bidding process if the commission determines that their participation cannot be done in a
25 manner that does not give them a competitive advantage or if their participation would discourage other
26 potential bidders from participating in the competitive bidding process.

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28 **NEW SECTION. Section 4. Competitive bidding process.** (1) In addition to the requirements of 69-

1 3-1207, all competitive bid solicitations must enable all energy resources to compete in order to ensure that the
2 least-cost resource is selected and that all resources have a fair opportunity to compete.

3 (2) In evaluating the competitive bid responses, all costs must be considered, including infrastructure
4 costs.

5 (3) If an electric distribution company, its parent company, or an affiliate participates in the
6 competitive bidding process as a competitive bidder, the commission shall take appropriate steps to ensure that
7 the parent company or the affiliate participating in a competitive bid process receives no unfair advantage.

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9 **NEW SECTION. Section 5. Codification instruction.** (1) [Sections 1 through 4] are intended to be
10 codified as an integral part of Title 69, chapter 3, part 12, and the provisions of Title 69, chapter 3, part 12,
11 apply to [sections 2 through 4].

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13 **NEW SECTION. Section 6. Effective date.** [This act] is effective on passage and approval.

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