



AN ACT REVISING NET METERING LAWS; REQUIRING THE PUBLIC SERVICE COMMISSION TO REVIEW NET METERING RATE CLASSIFICATIONS; ALLOWING THE COMMISSION TO REQUIRE SEPARATE METERING; REQUIRING A UTILITY TO CONDUCT A COST-BENEFIT STUDY; ALLOWING A UTILITY TO RECOVER COSTS; ALLOWING FOR A NEW SERVICE CLASSIFICATION; GRANTING RULEMAKING; GRANDFATHERING EXISTING CUSTOMER-GENERATOR RATES; AMENDING SECTIONS 69-3-306, 69-8-602, AND 69-8-603, MCA; AND PROVIDING EFFECTIVE DATES.

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

Section 1. Cost-benefit analysis. (1) Before April 1, 2018, a public utility shall:

(a) conduct a study of the costs and benefits of customer-generators as defined in 69-8-103; and
(b) submit the study to the commission for the purpose of making determinations in accordance with a public utility's general rate case pursuant to [section 2].

(2) The utility may engage independent consultants or advisory services to complete a cost-benefit study. Costs are recoverable in rates.

(3) After [the effective date of this section] the commission may establish minimum information required for inclusion in a study conducted by a public utility in accordance with subsection (1)(a).

Section 2. Classification of service -- net metering customers. (1) After a study is completed in accordance with [section 1] and subject to subsections (2) and (4) of this section, if the commission finds that customer-generators should be served under a separate classification of service as part of a public utility's general rate case, it shall establish appropriate classifications and rates based on the commission's findings relative to:

(a) the utility system benefits of the net metering resource; and
(b) the cost to provide service to customer-generators.

(2) The commission may, based on differences between net metering systems, establish

subclassifications and rates as part of a public utility's general rate case.

(3) The commission may approve separate rates for customer-generators' production and consumption and require separate metering subject to 69-8-602 if it finds it is in the public interest and as part of a public utility's general rate case.

(4) If a public utility files a general rate case in accordance with Title 69, chapter 3, the general rate case must include the study required in accordance with [section 1] and be used by the commission to meet the requirements of the review of classifications of service required in this section.

Section 3. New classifications of service -- grandfather clause. (1) Except as provided in subsection (2), if the commission approves new classifications of service for customer-generators in accordance with [section 2], the new classifications apply only to customer-generators interconnecting net metering systems on or after the date on which the commission adopts a final order implementing the new classifications.

(2) (a) A customer-generator that interconnects a net metering system prior to commission approval of new classifications of service for customer-generators may accept service under the new classifications of service at any time.

(b) After accepting service under a new classification of service, the customer-generator may not return to its original classification of service.

Section 4. Section 69-3-306, MCA, is amended to read:

"69-3-306. Classification of service. (1) ~~The~~ Except as provided in subsection (3), the commission may prescribe classifications of the service of all public utilities. ~~Such classifications~~ Classifications may take into account the quantity used, the time when used, and any other reasonable consideration. ~~Each~~ A public utility is required to conform its schedule of rates, tolls, and charges to ~~such~~ the classifications.

(2) The commission shall prescribe a declining block rate structure or a structure appropriate to customer-generators for electric service, when cost-justified.

(3) Classifications of service for customer-generators must be determined in accordance with Title 69, chapter 8, part 6."

Section 5. Section 69-8-602, MCA, is amended to read:

"69-8-602. Utility net metering requirements. (1) A utility shall:

~~(1)~~ allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of

registering the flow of electricity in two directions; ~~unless,~~

~~(2) (a) If the commission determines, after appropriate notice and opportunity for comment,~~

~~(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, the commission may establish additional metering equipment requirements.~~

~~(b) The commission shall after taking into account consider the benefits and costs to a public utility and a customer-generator of purchasing and installing additional metering equipment; and~~

~~(b) how the costs of additional net metering equipment are to be allocated between the customer-generator and the public utility; and~~

~~(2)(3) (a) The commission shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class an appropriate rate pursuant to 69-3-306.~~

~~(b) The Notwithstanding [sections 1 through 3], if the commission shall determine determines, after appropriate notice and opportunity for comment, if:~~

~~(a) the that a public utility will incur is incurring direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems, and~~

~~(b) public policy is best served by imposing the commission may impose these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base."~~

Section 6. Section 69-8-603, MCA, is amended to read:

"69-8-603. Net energy measurement calculation. Consistent with the other provisions of this part, and except as provided in [section 2(3)], the net energy measurement must be calculated in the following manner:

(1) The public utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the ~~electricity supplier~~ public utility exceeds the electricity generated by the customer-generator and fed back to the ~~electricity supplier~~ public utility during the billing period, the customer-generator must be billed for the net electricity supplied by the ~~electricity supplier~~ public utility and billed at the appropriate rate pursuant to 69-3-306, in accordance with ~~normal metering practices~~ 69-8-602 and [sections 1 through 3].

(3) ~~If~~ Subject to 69-8-602 and [sections 1 through 3], if electricity generated by the customer-generator exceeds the electricity supplied by the ~~electricity supplier~~ public utility, the customer-generator must be:

(a) billed for ~~at~~ the appropriate customer charges rate pursuant to 69-3-306 for that billing period; ~~in accordance with 69-8-602~~; and

(b) credited for the excess kilowatt hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) On January 1, April 1, July 1, or October 1 of each year, as designated by the customer-generator as the beginning date of a 12-month billing period, any remaining unused kilowatt-hour credit accumulated during the previous 12 months must be granted to the ~~electricity supplier~~ public utility, without any compensation to the customer-generator."

Section 7. Codification instruction. [Sections 1 through 3] are intended to be codified as an integral part of Title 69, chapter 8, part 6, and the provisions of Title 69, chapter 8, part 6, apply to [sections 1 through 3].

Section 8. Coordination instruction. If both Senate Bill No. 78 and [this act] are passed and approved, then Senate Bill No. 78 is void.

Section 9. Coordination instruction. If Senate Bill No. 12 is not passed and approved and if both Senate Bill No. 7 and [this act] are passed and approved and if both contain a section that amends 69-8-602, then:

(1) the amendments to 69-8-602 in Senate Bill No. 7 are effective on passage and approval of Senate Bill No. 7 and are void on occurrence of the contingency in [section 13 of this act]; and

(2) effective on occurrence of the contingency in [section 13], 69-8-602 must be amended as follows:

"69-8-602. ~~Utility~~ Public utility net metering requirements. (1) A public utility shall:

~~—(1)~~ allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions; ~~unless,~~

(2) (a) If the commission determines, after appropriate notice and opportunity for comment:

~~—(a)~~ that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, the commission may establish additional metering equipment requirements.

(b) The commission shall after taking into account consider the benefits and costs to a public utility and a customer-generator of purchasing and installing additional metering equipment; and

(b) how the costs of additional net metering equipment are to be allocated between the

customer-generator and the public utility; and.

~~(2)(3)~~ (a) The commission, in accordance with 69-8-601(2), shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class an appropriate rate pursuant to 69-3-306.

~~(b) The Notwithstanding [sections 1 through 3 of HB 219], if the commission shall determine~~ determines, after appropriate notice and opportunity for comment, if:

~~(a) the that a public utility will incur~~ is incurring direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems, ~~and~~

~~(b) public policy is best served by imposing~~ the commission may impose these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base."

Section 10. Coordination instruction. If Senate Bill No. 7 is not passed and approved and if both Senate Bill No. 12 and [this act] are passed and approved and if both contain a section that amends 69-8-602, then:

(1) the amendments to 69-8-602 in Senate Bill No. 12 are effective on passage and approval of Senate Bill No. 12 and are void on occurrence of the contingency in [section 13 of this act]; and

(2) effective on occurrence of the contingency in [section 13], 69-8-602 must be amended as follows:

"69-8-602. Utility Public utility net metering requirements. (1) A public utility shall:

~~(1)~~ allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission ~~determines, after appropriate notice and opportunity for comment:~~

~~(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and~~

~~(b) how the costs of net metering are to be allocated between the customer-generator and the utility; and makes a determination in accordance with 69-8-604 that alternative net metering equipment should be used.~~

(2) (a) The commission shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class an appropriate rate pursuant to 69-3-306.

~~(b) The Notwithstanding [sections 1 through 3 of HB 219], if the commission shall determine~~ determines, after appropriate notice and opportunity for comment, if:

~~_____ (a) the that a public utility will incur is incurring~~ direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems, ~~and~~

~~_____ (b) public policy is best served by imposing~~ the commission may impose these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base."

Section 11. Coordination instruction. (1) If Senate Bill No. 7, Senate Bill No. 12, and [this act] are all passed and approved and contain sections that amend 69-8-602, then effective on passage and approval of [this act], 69-8-602 must be amended as follows:

"69-8-602. ~~Utility~~ Public utility net metering requirements. A public utility shall:

(1) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission makes a determination in accordance with 69-8-604(3) that alternative net metering equipment should be used ~~determines, after appropriate notice and opportunity for comment:~~

~~_____ (a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and~~

~~_____ (b) how the costs of net metering are to be allocated between the customer-generator and the utility; and~~

(2) charge the customer-generator a minimum monthly fee that is the same as other customers of the electric public utility in the same rate class. The commission shall ~~determine, in accordance with 69-8-601(2) and~~ after appropriate notice and opportunity for comment, determine if:

(a) the public utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems; and

(b) public policy is best served by imposing these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base."

(2) The amendments to 69-8-602 in subsection (1) of this section are void on occurrence of the contingency in [section 13 of this act].

Section 12. Coordination instruction. If Senate Bill No. 7, Senate Bill No. 12, and [this act] are all passed and approved and contain sections that amend 69-8-602, then effective on the occurrence of the contingency in [section 13 of this act], 69-8-602 must be amended as follows:

"69-8-602. Utility Public utility net metering requirements. (1) A public utility shall:

~~——(4) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission determines, after appropriate notice and opportunity for comment:~~

~~——(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and~~

~~(b) how the costs of net metering are to be allocated between the customer-generator and the utility; and makes a determination in accordance with 69-8-604 that alternative net metering equipment should be used.~~

(2) (a) ~~The commission, in accordance with 69-8-601(2), shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class~~ an appropriate rate pursuant to 69-3-306.

(b) ~~The Notwithstanding [sections 1 through 3 of HB 219], if the commission shall determine~~ determines, after appropriate notice and opportunity for comment, ~~if:~~

~~——(a) the that a public utility will incur is incurring~~ direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems, ~~and~~

~~——(b) public policy is best served by imposing~~ the commission may impose these costs on the customer-generator, rather than allocating these costs among the public utility's entire customer base."

Section 13. Effective date -- contingency -- contingent voidness. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) (a) [Sections 5, 6, 9(2), 10(2), and 12] are effective on the date that the public service commission issues an order making a determination that customer-generators are being served under a separate classification of service in accordance with [section 2].

(b) [Sections 9(1), 10(1), and 11] are void on occurrence of the contingency in subsection (2)(a).

(c) The public service commission shall provide a copy of the order to the code commissioner within 10 days of issuing the order.

- END -

I hereby certify that the within bill,
HB 0219, originated in the House.

Speaker of the House

Signed this _____ day
of _____, 2017.

Chief Clerk of the House

President of the Senate

Signed this _____ day
of _____, 2017.

HOUSE BILL NO. 219

INTRODUCED BY Z. BROWN, D. ZOLNIKOV

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