

HOUSE BILL NO. 219

INTRODUCED BY Z. BROWN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING NET METERING LAWS; REQUIRING THE PUBLIC  
5 SERVICE COMMISSION TO REVIEW NET METERING RATE CLASSIFICATIONS UNDER CERTAIN  
6 CIRCUMSTANCES; ALLOWING THE COMMISSION TO REQUIRE SEPARATE METERING; REQUIRING A  
7 UTILITY TO CONDUCT A COST-BENEFIT STUDY; ALLOWING THE COMMISSION TO CHARGE A FEE;  
8 ESTABLISHING TIMELINES; ALLOWING FOR A NEW SERVICE CLASSIFICATION; GRANTING  
9 RULEMAKING; GRANDFATHERING EXISTING CUSTOMER-GENERATOR RATES; AMENDING SECTIONS  
10 69-1-114, 69-1-402, 69-3-306, 69-8-602, AND 69-8-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
11 DATE."

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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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15 NEW SECTION. **Section 1. Cost-benefit analysis trigger -- rulemaking.** (1) In accordance with  
16 subsection (3), when the estimated production of net metering systems interconnected with a public utility  
17 exceeds 1% of that public utility's retail sales of electricity or if production has not exceeded 1% but the  
18 commission determines it is in the public interest, the commission shall commence a proceeding to determine  
19 if customer-generators should be served under a separate classification of service.

20 (2) (a) After [the effective date of this act] the commission may adopt rules necessary to:

21 (i) establish the information required for inclusion in a cost-benefit study conducted by a public utility in  
22 accordance with subsection (3); and

23 (ii) establish a methodology to estimate a public utility's net metering production for the purposes of  
24 implementing the 1% trigger in accordance with subsection (1).

25 (b) The commission shall adopt rules in accordance with the Montana Administrative Procedure Act  
26 provided for in Title 2, chapter 4, to implement the provisions of this section.

27 (3) The commission, prior to making a determination in accordance with subsection (1), shall require that  
28 a public utility:

29 (a) conduct a study of the costs and benefits of customer-generators; and

30 (b) submit the study to the commission for the purpose of making determinations pursuant to subsection

1 (1).

2 (4) In the proceeding, the commission may engage independent consultants or advisory services to  
3 evaluate a utility's cost-benefit study.

4 (5) The commission shall charge a fee to the public utility to pay for the costs of consultants or advisory  
5 services. Costs are recoverable in rates.

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7 **NEW SECTION. Section 2. Classification of service -- net metering customers.** (1) After a  
8 proceeding is completed in accordance with [section 1] and subject to subsection (2) of this section, if the  
9 commission finds that customer-generators should be served under a separate classification of service, it shall  
10 establish appropriate classifications and rates based on the commission's findings relative to:

11 (a) the value of the net metering system; and

12 (b) the cost to provide service to customer-generators.

13 (2) The commission may, based on differences between net metering systems, establish  
14 subclassifications and rates.

15 (3) The commission may approve separate rates for customer-generators' production and consumption  
16 and require separate metering subject to 69-8-602 if it finds it is in the public interest.

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

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

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

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29 **Section 4.** Section 69-1-114, MCA, is amended to read:

30 **"69-1-114. Fees.** (1) Each fee charged by the commission must be reasonable.

1 (2) Except for a fee assessed pursuant to 69-3-204(2), 69-8-421(10), [section 1(5)], or 69-12-423(2), a  
 2 fee set by the commission may not exceed \$500.

3 (3) All fees collected by the department under 69-8-421(10) must be deposited in an account in the  
 4 special revenue fund. Funds in this account must be used as provided in 69-8-421(10).

5 (4) All fees collected by the department under [section 1(5)] must be deposited in an account in the  
 6 special revenue fund. Funds in this account must be used as provided in [section 1]."

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 8 **Section 5.** Section 69-1-402, MCA, is amended to read:

9 **"69-1-402. Funding of department of public service regulation.** (1) All fees collected under this  
 10 section and any other fees, except as provided in 69-1-114(3) or (4), must be deposited in an account in the state  
 11 special revenue fund to the credit of the department. An appropriation to the department may consist of a base  
 12 appropriation for regular operating expenses and a contingency appropriation for expenses due to an  
 13 unanticipated caseload.

14 (2) In addition to all other licenses, fees, and taxes imposed by law, all regulated companies shall, within  
 15 30 days after the close of each calendar quarter, pay to the department of revenue a fee based on a percentage  
 16 of gross operating revenue reported pursuant to 69-1-223(2)(a), as determined by the department of revenue  
 17 under 69-1-403.

18 (3) The amount of money that may be raised by the fee on the regulated companies during a fiscal year  
 19 may not be increased, except as provided in 69-1-224(1)(c), from the amount appropriated to the department by  
 20 the legislature for that fiscal year, including both base and contingency appropriations. Any additional money  
 21 required for operation of the department must be obtained from other sources in a manner authorized by the  
 22 legislature."

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 24 **Section 6.** Section 69-3-306, MCA, is amended to read:

25 **"69-3-306. Classification of service.** (1) ~~The~~ Except as provided in subsection (3), the commission may  
 26 prescribe classifications of the service of all public utilities. ~~Such classifications~~ Classifications may take into  
 27 account the quantity used, the time when used, and any other reasonable consideration. ~~Each~~ A public utility is  
 28 required to conform its schedule of rates, tolls, and charges to ~~such~~ the classifications.

29 (2) The commission shall prescribe a declining block rate structure for electric service, when  
 30 cost-justified.

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

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 4           **Section 7.** Section 69-8-602, MCA, is amended to read:  
 5           **"69-8-602. Utility net metering requirements.** (1) A utility shall:

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

8           (2) (a) If the commission determines, after appropriate notice and opportunity for comment,:  
 9           ~~——(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is~~  
 10 ~~necessary and appropriate for the interconnection of net metering systems, the commission may establish~~  
 11 ~~additional metering equipment requirements.~~

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

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

16           ~~(2)(3) (a) The commission shall charge the customer-generator a minimum monthly fee that is the same~~  
 17 ~~as other customers of the electric utility in the same rate class.~~

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

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

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

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 26           **Section 8.** Section 69-8-603, MCA, is amended to read:  
 27           **"69-8-603. Net energy measurement calculation.** Consistent with the other provisions of this part, and

28 except as provided in [section 2(3)], the net energy measurement must be calculated in the following manner:

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

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

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

8 (a) billed for the appropriate customer charges for that billing period, ~~in accordance with 69-8-602;~~ and

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

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

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16 NEW SECTION. Section 9. Codification instruction. [Sections 1 through 3] are intended to be codified  
17 as an integral part of Title 69, chapter 8, part 6, and the provisions of Title 69, chapter 8, part 6, apply to [sections  
18 1 through 3].

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20 NEW SECTION. Section 10. Effective date. [This act] is effective on passage and approval.

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