

SENATE BILL NO. 154

INTRODUCED BY M. LANG

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING CERTAIN INCENTIVES FOR NET-METERED
5 SYSTEMS; ELIMINATING CERTAIN SMALL GENERATION EQUIPMENT TAX EXEMPTIONS FOR
6 NET-METERED SYSTEMS; ELIMINATING CERTAIN TAX CREDITS FOR NET-METERED SYSTEMS;
7 PROHIBITING USE OF THE STATE BUILDING ENERGY CONSERVATION ACT FOR NET-METERED
8 SYSTEMS; ELIMINATING USE OF THE ENERGY DEVELOPMENT AND DEMONSTRATION GRANT
9 PROGRAM FOR NET-METERED SYSTEMS; AMENDING SECTIONS 15-32-102 AND 75-25-101, MCA;
10 REPEALING SECTIONS 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, AND 15-32-407, MCA; AND
11 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
15 **Section 1.** Section 15-32-102, MCA, is amended to read:

16 **"15-32-102. Definitions.** As used in this part, the following definitions apply:

17 (1) (a) "Alternative energy system" means the generation system or equipment used to convert energy
18 sources into usable sources using fuel cells that do not require hydrocarbon fuel, geothermal systems,
19 low-emission wood or biomass, wind, photovoltaics, geothermal, small hydropower plants under 1 megawatt, and
20 other recognized nonfossil forms of energy generation.

21 (b) The term does not include a net metering system, as defined in 69-8-103, that interconnects with a
22 utility.

23 (2) "Building" means:
24 (a) a single or multiple dwelling, including a mobile home or manufactured home; or
25 (b) a building used for commercial, industrial, or agricultural purposes that is enclosed with walls and
26 a roof.

27 (3) "Capital investment" means any material or equipment purchased and installed in a building or land
28 with or without improvements.

29 (4) "Energy conservation purpose" means one or both of the following results of an investment:
30 (a) reducing the waste or dissipation of energy; or

1 (b) reducing the amount of energy required to accomplish a given quantity of work.

2 (5) "Geothermal system" means a system that transfers energy either from the ground, by way of a
3 closed loop, or from ground water, by way of an open loop, for the purpose of heating or cooling a residential
4 building.

5 (6) "Low-emission wood or biomass combustion device" means:

6 (a) a wood-burning appliance that is:

7 (i) certified by the U.S. environmental protection agency pursuant to 40 CFR 60.533; or

8 (ii) qualified for the phase 2 white tag under the U.S. environmental protection agency method 28 OWHH
9 for outdoor hydronic heaters;

10 (b) an appliance that uses wood pellets as its primary source of fuel; or

11 (c) a masonry heater constructed or installed in compliance with the requirements for masonry heaters
12 in the International Residential Code for One- and Two-Family Dwellings.

13 (7) "Passive solar system" means a direct thermal energy system that uses the structure of a building
14 and its operable components to provide heating or cooling during the appropriate times of the year by using the
15 climate resources available at the site. The term includes only those portions and components of a building that
16 are expressly designed and required for the collection, storage, and distribution of solar energy and that are not
17 standard components of a conventional building.

18 (8) (a) "Recognized nonfossil forms of energy generation" means:

19 ~~(a)~~(i) a system that captures energy or converts energy sources into usable sources, including electricity,
20 by using:

21 ~~(i)~~(A) solar energy, including passive solar systems;

22 ~~(ii)~~(B) wind;

23 ~~(iii)~~(C) solid waste;

24 ~~(iv)~~(D) the decomposition of organic wastes;

25 ~~(v)~~(E) geothermal;

26 ~~(vi)~~(F) fuel cells that do not require hydrocarbon fuel; or

27 ~~(vii)~~(G) an alternative energy system;

28 ~~(b)~~(ii) a system that produces electric power from biomass or solid wood wastes; or

29 ~~(c)~~(iii) a small system that uses water power by means of an impoundment that is not over 20 acres in
30 surface area.

1 **(b) The term does not include a net metering system, as defined in 69-8-103, that interconnects with a**
2 **utility.**"

3

4 **Section 2.** Section 75-25-101, MCA, is amended to read:

5 **"75-25-101. Alternative energy revolving loan account.** (1) There is a special revenue account called
6 the alternative energy revolving loan account to the credit of the department of environmental quality.

7 (2) The alternative energy revolving loan account consists of money deposited into the account from air
8 quality penalties from 75-2-401 and 75-2-413 and money from any other source. Any interest earned by the
9 account and any interest that is generated from a loan repayment must be deposited into the account and used
10 to sustain the program.

11 (3) Funds from the alternative energy revolving loan account may be used to provide loans to individuals,
12 small businesses, units of local government, units of the university system, and nonprofit organizations for the
13 purpose of building alternative energy systems,~~as defined in 15-32-102:~~

14 (a) to generate energy for their own use;

15 (b) for net metering as defined in 69-8-103; and

16 (c) for capital investments by those entities for energy conservation purposes,~~as defined in 15-32-102,~~
17 when done in conjunction with an alternative energy system.

18 (4) The amount of a loan may not exceed \$40,000, and the loan must be repaid within 10 years."

19

20 **NEW SECTION. Section 3. Definitions.** As used in this part, the following definitions apply:

21 (1) "Alternative energy system" means:

22 (a) a generation system or equipment that captures or converts energy sources into usable sources,
23 including electricity, heat, or fuel, by using:

24 (i) solar energy, including passive solar systems and solar thermal systems;

25 (ii) wind;

26 (iii) solid waste;

27 (iv) the decomposition of organic wastes;

28 (v) geothermal systems; or

29 (vi) fuel cells that do not require hydrocarbon fuel;

30 (b) a low-emission wood or biomass combustion device; or

1 (c) a system that uses water power by means of an impoundment that is not over 20 acres in surface
2 area or an existing, permitted diversion. The system capacity must be less than 1 megawatt.

3 (2) "Energy conservation purposes" means one or both of the following results of an investment:

4 (a) reducing the waste or dissipation of energy; or

5 (b) reducing the amount of energy required to accomplish a given quantity of work.

6 (3) "Geothermal system" means a system that transfers energy either from the ground, by way of a
7 closed loop, or from water, by way of an open or a closed loop, for the purpose of heating or cooling a building
8 or for an industrial process.

9 (4) "Low-emission wood or biomass combustion device" means:

10 (a) a wood-burning appliance that is certified pursuant to 40 CFR, part 60, subpart AAA;

11 (b) an appliance that uses wood pellets as its primary source of fuel; or

12 (c) a masonry heater constructed or installed in compliance with the requirements for masonry heaters
13 in the International Residential Code for One- and Two-Family Dwellings.

14 (5) "Passive solar system" means a direct thermal energy system that uses the structure of a dwelling
15 and its operable components to provide heating or cooling during the appropriate times of the year by using the
16 climate resources available at the site. The term includes only those portions and components of a dwelling that
17 are expressly designed and required for the collection, storage, and distribution of solar energy and that are not
18 standard components of a conventional dwelling.

19
20 **NEW SECTION. Section 4. Repealer.** The following sections of the Montana Code Annotated are
21 repealed:

22 15-32-401. Purpose and statement of policy.

23 15-32-402. Commercial or net metering system investment credit -- alternative energy systems.

24 15-32-404. Carryover of credit.

25 15-32-405. Exclusion from other tax incentives.

26 15-32-406. Separation of credit portion.

27 15-32-407. Rules authorized.

28
29 **NEW SECTION. Section 5. Codification instruction.** [Section 3] is intended to be codified as an
30 integral part of Title 75, chapter 25, part 1, and the provisions of Title 75, chapter 25, part 1, apply to [section 3].

