SENATE BILL NO. 334

INTRODUCED BY B. MOLNAR

A BILL FOR AN ACT ENTITLED: “AN ACT CREATING CONSUMER INDIFFERENCE STANDARDS FOR MONTANA TRANSMISSION SYSTEMS; CREATING TRANSMISSION COST ALLOCATIONS; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.”

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

NEW SECTION. Section 1. Definition. As used in [section 3], unless the context clearly indicates otherwise, “consumer indifference” means the complete cost of integration of an applicant generating asset is reasonable when compared to existing sources available over a comparable timeframe when reliability and capacity are calculated and quantified to arrive at a cost figure that includes the cost of load balancing, regulation services, required spinning and nonspinning reserves, and the value of unused transmission capacity.

NEW SECTION. Section 2. Total system cost calculations. (1) The commission shall calculate the cost to the total electric grid infrastructure for comparison to existing generation assets when considering all applicant generating assets. The commission’s cost calculation shall include but not be limited to the following:

(a) load balancing costs;

(b) regulation service costs;

(c) the cost of required spinning and nonspinning reserves;

(d) the value of unused transmission and distribution lines; and

(e) the impact of direct cash subsidies for the duration of the subsidies.

(2) Previously unused transmission capacity used by intermittent generators must be considered a positive outcome.

(3) If mandated, carbon costs must be considered and monetized with consideration for the longevity
and effects of greenhouse gas production created by generation assets and the fuel required to operate those assets. The calculation must include the effects beginning with the extraction of fuels and ending with generation. If carbon cost adders are not mandated, the effects and longevity must be noted in the final order.

(4) When base load generation is used for load balancing services due to added variable generation capacity, the cost to ratepayers must be calculated.

(5) **This section applies to utilities regulated by the Public Service Commission pursuant to Title 69, Chapter 8, and this chapter.**

**NEW SECTION.** Section 3. **Transmission system cost allocations -- rulemaking authority.** (1) The commission shall allocate costs to achieve consumer indifference on the state’s electric grid.

(2) When base load generation is used for load balancing services due to added variable generation capacity, the cost to ratepayers must be made whole by the intermittent generators. The cost must be credited to the generator causing the need for load balancing services.

(3) If generation includes energy storage, the costs of grid regulation and load balancing must reflect the reduced impact to ratepayers.

(4) If excess energy from intermittent generators is sold into the wholesale market, the commission shall allocate all transmission and wheeling charges to that generator.

(5) If intermittent generators build a regulating plant for the purpose of providing grid regulation services to offset impacts, intermittent generators must be compensated for the services provided by the regulating plant based on the market value of the generation at its time of delivery. The intermittent generator plant owners may bid excess capacity into the western market or to public utilities within the state.

**NEW SECTION.** Section 4. **Commission authority -- rulemaking.** The commission shall adopt rules to implement and enforce the provisions of [sections 1 through 3].

**NEW SECTION.** Section 5. **Codification instruction.** [Sections 1 through 4] are intended to be
NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.