

QUALIFYING SMALL POWER PRODUCTION FACILITIES (QF'S)

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary:

In 1978, Congress enacted a National Energy Act, which included PURPA. PURPA, 16 U.S.C. 824a-3, establishes requirements for the purchase and sale of electric power between qualifying small power production facilities (QFs) and electric utilities under the regulation of the PSC.

In 1981, the Montana Legislature enacted QF laws, referred to as “mini-PURPA” and codified in Title 69, chapter 3, part 6. Montana law authorizes QFs to contract for the sale of electricity to regulated public utilities. Federal law requires all state-regulated utilities to purchase QF power offered by qualifying cogeneration and small power production facilities either at a freely negotiated rate or at a rate set by the Montana PSC. In Montana, there are close to 40 QFs with the collective capacity to produce on average about 160 megawatts of electricity annually.

Legislative Services Division Materials:

[Qualifying Facilities in Montana: A Snapshot of QF Contracts and Policy](#)

[ETIC Letter to PSC Requesting Review of QF Tariffs](#)

Other Materials:

[NorthWestern Energy QF Generation](#)

[PSC Order on Reconsideration Docket No. D2016.12.103](#)

[PSC Order on Reconsideration Docket No. D2016.5.39](#)

Introduced Legislation

*Chapter number assigned means bill was passed and approved.

2017

[Senate Bill No. 102](#) – (H) Died in Standing Committee -- AN ACT LIMITING CONTRACTS BETWEEN A UTILITY AND A QUALIFYING SMALL POWER PRODUCTION FACILITY TO A MAXIMUM 5-YEAR TERM; AMENDING SECTION 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

2015

[Senate Bill No. 327](#) – Chapter Number Assigned -- AN ACT ESTABLISHING A DEADLINE FOR THE PUBLIC SERVICE COMMISSION TO ISSUE AN ORDER FOR RATE SCHEDULES FOR THE PURCHASE OF ELECTRICITY FROM A QUALIFYING SMALL POWER PRODUCTION FACILITY; AMENDING SECTION 69-3-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

2013

[House Bill No. 188](#) – (H) Veto Override Failed in Legislature -- AN ACT REQUIRING THE PUBLIC SERVICE COMMISSION TO APPROVE RATE SCHEDULES FOR CERTAIN SMALL POWER PRODUCERS; PROHIBITING THE COMMISSION FROM APPROVING RATE SCHEDULES FOR CERTAIN SMALL POWER PRODUCERS; ESTABLISHING CERTAIN PARAMETERS FOR LONG-TERM CONTRACTS BETWEEN SMALL POWER PRODUCTION FACILITIES AND UTILITIES; GRANTING THE COMMISSION RULEMAKING AUTHORITY; AMENDING SECTION 69-3-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES.

[House Bill No. 475](#) -- (H) Died in Standing Committee -- AN ACT ESTABLISHING A COMPETITIVE SOLICITATION PROCESS FOR PUBLIC UTILITIES SEEKING PREAPPROVAL; REQUIRING A PUBLIC UTILITY SEEKING PREAPPROVAL TO ACQUIRE, CONSTRUCT, OR PURCHASE AN ELECTRICITY SUPPLY RESOURCE TO CONDUCT A COMPETITIVE SOLICITATION PROCESS APPROVED BY THE PUBLIC SERVICE COMMISSION; ESTABLISHING THE REQUIREMENTS OF A COMPETITIVE SOLICITATION PROCESS; ESTABLISHING COMMISSION REQUIREMENTS FOR REVIEW AND APPROVAL OR REJECTION OF A COMPETITIVE SOLICITATION PROCESS; ALLOWING A PUBLIC UTILITY TO REQUEST A WAIVER FOR THE COMPETITIVE SOLICITATION PROCESS; ESTABLISHING THE PROCESS FOR REQUESTING A WAIVER; ESTABLISHING COMMISSION REQUIREMENTS FOR GRANTING A WAIVER; ALLOWING FOR A TECHNICAL CONFERENCE TO REVIEW WAIVER REQUESTS; AMENDING SECTIONS 69-1-114, 69-8-419, AND 69-8-421, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

2011

[Senate Bill No. 225](#) – (S) Veto Override Failed in Legislature -- AN ACT REVISING QUALIFYING SMALL POWER PRODUCTION FACILITY LAWS; REQUIRING THE PUBLIC SERVICE COMMISSION TO SET RATES USING AVOIDED COST; REQUIRING THE COMMISSION TO CONSIDER ELECTRICITY SUPPLY RESOURCE PROCUREMENT PLANS AND INTEGRATED LEAST-COST RESOURCE PLANS WHEN CONSIDERING QUALIFYING SMALL POWER PRODUCTION FACILITY APPLICATIONS; ESTABLISHING INTERCONNECTION REQUIREMENTS; AMENDING SECTIONS 69-3-601, 69-3-602, AND 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 92](#) – Chapter Number Assigned -- AN ACT REQUIRING THE PUBLIC SERVICE COMMISSION TO SET RATES FOR QUALIFYING SMALL POWER PRODUCTION FACILITIES USING AVOIDED COSTS OVER THE TERM OF THE CONTRACT; AMENDING SECTION 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 233](#) – Chapter Number Assigned -- AN ACT REQUIRING CERTAIN QUALIFYING SMALL POWER PRODUCTION FACILITIES TO ACCEPT A RATE SCHEDULE APPROVED BY THE PUBLIC SERVICE COMMISSION; EXTENDING THE TIME WITHIN WHICH THE PUBLIC SERVICE COMMISSION IS REQUIRED TO RENDER A DECISION; AMENDING SECTION 69-3-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

2009

[House Bill No. 491](#) – (H) Died in Standing Committee -- AN ACT GENERALLY REVISING SMALL POWER PRODUCTION LAWS; REQUIRING A UTILITY TO CONTRACT IN GOOD FAITH AND IN ACCORDANCE WITH FEDERAL REGULATIONS FOR THE PURCHASE OF ELECTRICITY FROM QUALIFYING SMALL POWER PRODUCTION FACILITIES; REQUIRING THE COMMISSION TO DETERMINE AVOIDED COSTS AND STANDARD RATES; PROVIDING PENALTIES FOR A UTILITY'S NONCOMPLIANCE WITH SMALL POWER PRODUCTION LAWS; REPEALING A PENDING REPEAL OF THE SMALL POWER PRODUCTION LAWS; AMENDING SECTIONS 69-3-601, 69-3-602, 69-3-603, AND 69-3-604, MCA; REPEALING CHAPTER 284, LAWS OF 2003; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 178](#) – (S) Died in Standing Committee -- AN ACT REQUIRING THE PUBLIC SERVICE COMMISSION TO CONSIDER DISPATCH ABILITY, GEOGRAPHIC DIVERSITY, AND SEASONALITY IN SETTING RATES FOR QUALIFYING SMALL POWER PRODUCTION FACILITIES; INCREASING THE TIME THE COMMISSION HAS TO ACT ON A PETITION; REQUIRING CONTRACTS WITH QUALIFYING SMALL POWER PRODUCTION FACILITIES TO INCLUDE RENEWABLE ENERGY CREDITS; AMENDING SECTIONS 69-3-601, 69-3-602, 69-3-603, AND 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 403](#) -- (S) Veto Override Failed in Legislature -- AN ACT INCREASING THE TIME THE PUBLIC SERVICE COMMISSION HAS TO ACT ON A PETITION FROM A UTILITY OR QUALIFYING SMALL POWER PRODUCTION FACILITY; ALLOWING ELECTRICITY FROM AN ELIGIBLE RENEWABLE RESOURCE PURCHASED BY A PUBLIC UTILITY FROM A QUALIFYING SMALL POWER PRODUCTION FACILITY TO BE USED TO OFFSET REQUIREMENTS OF THE RENEWABLE RESOURCE STANDARD; AMENDING

SECTIONS 69-3-603 AND 69-3-2004, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A CONTINGENT TERMINATION DATE.