

Electric Delivery

Res. CTC – QF:

(Jan. and Dec.) Res. CTC – QF = 1417 kWh x \$0.0033500 = \$4.75

This fee was first applied in July 2002 under the jurisdiction of the PSC. The fee recovers out-of-market costs associated with Qualifying Facilities (QF) power contracts. This fee is also known as “stranded costs,” or charges that cover some supply-related costs incurred by NorthWestern tied to deregulation.

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Qualifying small power production facility means a facility that: (a) produces electricity by the use, as a primary energy source, of biomass, waste, water, wind, or other renewable resource, or any combination of those sources; or (b) produces electricity and useful forms of thermal energy, such as heat or steam, used for industrial, commercial, heating, or cooling purposes through the sequential use of energy known as cogeneration; and (c) has a power production capacity that together with any other facilities located at the same site is not greater than 80 megawatts; and (d) is owned by a person not primarily engaged in the generation or sale of electricity other than electric power from a small power production facility. 69-3-601, MCA.

QFs are a creature of Congress. The PSC implements federal rules and Montana statutes adopted pursuant to the federal Public Utility Regulatory Policies Act of 1978 (PURPA). PURPA requires electric utilities, like NorthWestern, to buy energy and capacity offered by qualifying cogeneration and small power production facilities. In 1981, the Montana Legislature enacted a PURPA-related law sometimes referred to as “mini-PURPA.” Montana law authorizes QFs to contract for the sale of electricity to regulated public utilities.

Most QF costs are captured in electric supply rates. But after deregulation, MPC in 2002 sold its electric transmission and distribution utility operations to NorthWestern. NorthWestern assumed MPC’s default electricity supplier obligations, including certain QFs. A portion of these “Tier II” rates are captured in electric supply rates, and the remainder of the “Tier II” rates are shown in the additional fee. A “CTC” charge is referred to as a “competition transition charge”