

Summary of Energy and Telecommunications Legislation 2017 Legislative Session

The 2017 Legislature acted on a number of bills involving energy policy, utility regulation, and taxation related to energy projects. This summary provides an overview of major legislation, excluding the budget provisions of House Bill 2, in the following areas:

| | |
|------------------------------------|-------------------------------|
| ETIC Bills | Oil, Gas, and Pipelines |
| PSC Bill | Telecommunications |
| Utilities and Cooperatives | Taxation and Funding (Energy) |
| Energy Generation and Transmission | |

The summary focuses only on legislation approved by the Legislature that has become law.

Energy and Telecommunications Interim Committee Bills (ETIC)

During the 2015-2016 interim, the ETIC requested 13 pieces of legislation be drafted for introduction in 2017. Six of the bills were passed and approved, and seven were tabled. House Bill No. 21 to establish a benefits and retirement security task force was tabled by the House Energy and Technology Committee. House Bill No. 34 to increase the net metering cap for certain customer generators was tabled by the House Energy and Technology Committee. House Bill No. 52 to grandfather existing customer-generator net metering rates was tabled by the House Energy and Technology Committee. House Bill No. 60 to provide support for communities affected by the closure of coal-fired generation was not heard at the sponsor's request and was tabled by the House Energy and Technology Committee. Senate Bill No. 12 to update the Public Service Commission's role in reviewing net metering interconnection was tabled by the House Energy and Technology Committee. Senate Bill's No. 37 and No. 38, addressing remediation and decommissioning costs in Colstrip were both tabled in Senate committees. The following committee bills were passed and approved:

✓**HB 20** Repeals renewable energy credit reporting requirements and eliminates renewable energy credit reporting to the ETIC and to the Department of Revenue.

✓**HB 22** Appropriates \$80,000 to the Department of Justice to assist in securing the future of communities affected by the closure of coal-fired generating units in Montana through participation in proceedings before out-of-state utility or regulatory commissions.

✓**HB 61** Revises 9-1-1 laws in Montana by establishing a 9-1-1 advisory council and updating Department of Administration duties for 9-1-1 systems and services in Montana. It also revises the allocation of 9-1-1 fees and requires the DOA to use money this biennium on grants for updating 9-1-1 infrastructure and developing a statewide 9-1-1 plan. Money is also allocated to the State Library for GIS mapping.

✓**SB 11** Requires the PSC to biennially review and update interconnection standards for net metering systems.

✓**SB 36** Eliminates an exemption allowing individuals to perform electrical work on a grid-tied generator on their property or residence without a license.

✓**SJ 2** Requests an interim study of renewable energy credits in Montana.

Public Service Commission Bills (PSC)

During the 2015-2016 interim, the ETIC approved the drafting of two pieces of legislation at the request of the Public Service Commission. Neither bill was passed and approved. House Bill No. 56 to revise motor carrier laws was tabled by the House Energy and Technology Committee. Senate Bill No. 32 to repeal the community renewable energy project requirements was vetoed by the Governor.

Utilities and Cooperatives

✓**HB 193** Revises public utility electricity cost recovery and standardizes the treatment of public utilities for the approval of cost-tracking adjustments.

✓**HB 219** Requires the PSC to review net metering rate classifications. NorthWestern Energy is required to complete a net metering study (within parameters established by the PSC) by April 1, 2018. The study must be submitted with NorthWestern's next general rate case, and during that time the PSC may determine if a new service classification for net metered customers is needed. Existing customers, however, are grandfathered.

✓**HB 365** Updates and revises laws pertaining to excavations near underground facilities, or the "Call Before You Dig" laws in Montana. An underground facility protection advisory council is established, and the enforcement duties of the Department of Labor and Industry are established. Fees, fines, and civil penalties are established. The department also is charged with providing grants to one-call notification centers. Damage liability requirements are also set, and a review and mediation process is established.

✓**SB 164** Revises the appointment, qualifications, and duties of members of the Pacific Northwest Electric Power and Conservation Planning Council.

✓**SB 168** Establishes public meeting requirements and time lines for the PSC when a utility submits an electricity supply resource procurement plan.

✓**SB 363** Provides funding for aquatic invasive species programs via a hydroelectric facility fee, a fee on hydroelectric dependent cooperatives, and the creation of the aquatic invasive species prevention pass, which is a prerequisite to the purchase of a fishing license.

✓**SB 374** Allows certain customers to seek an alternative cost estimate and have a contractor construct an electric utility line extension. Requires inspection of the line by a utility.

Energy Generation and Transmission

✓**HB 216** Requires the owners of wind generation facilities to submit a decommissioning plan and bond to the Department of Environmental Quality. Exceptions to the requirements are also established.

✓**HB 297** Provides an incumbent electric utility with a first right to construct, own, and maintain certain electric transmission lines approved by federally registered planning authorities.

✓**HB 585** Allows the Board of Investments to make loans to an owner of a coal-fired generating unit in Montana from the Montana Permanent Coal Tax Trust Fund for the operation and maintenance of a coal-fired generating unit in Montana.

✓**SB 140** Authorizes the Board of Investments to make loans to certain local governments from the Montana Permanent Coal Tax Trust Fund for the development and maintenance of infrastructure impacted by the closure of a coal-fired generating unit in Montana.

✓**SB 339** Establishes a coal-fired generating unit remediation act, including requirements for submission and review of a remediation plan by the Department of Environmental Quality. Remediation is only required to meet with applicable state or federal environmental laws. Actions must be in line with an existing Administrative Order on Consent.

Oil, Gas, and Pipelines

✓**HB 344** Transfers funds from the orphan share state special revenue account to the coal bed methane protection account and appropriates \$190,000 to the Department of Natural Resources and Conservation to support the CBM program and to address claims approved and pending.

✓**SB 53** Repeals the tax incentive for increased biodiesel production.

✓**SB 101** Repeals state requirements for the mandatory use of gasoline blended with ethanol.

✓**SB 207** Makes confidential the location of any heritage properties or paleontological remains on or beneath land, rights-of-way, or easements obtained for a common carrier pipeline.

✓**SB 299** Requires public disclosure of fracturing fluid information in oil and gas operations. Establishes information to be disclosed and a process for requesting information be withheld.

Telecommunications

✓**HB 172** Clarifies certain rural telephone cooperative vote requirements. There are requirements if a telephone cooperative intends to sell a substantial portion of property, and substantial portion means 20% or more of the net book value of the cooperative.

✓**HB 604** Revises public safety communication laws and establishes a Statewide Public Safety Communications System Act. Statewide public safety communications system is defined and administered by the Department of Justice. A statewide public safety communications system advisory council is established. The department is allowed to establish rates or charges for statewide public safety communications system services and to develop agreements between government agencies for the use of systems.

Taxation and Funding (Energy)

✓**HB 209** Allows the increased coal severance tax allocation to the coal natural resource account through June 30, 2019.

✓**SB 86** Revises the tax for certain oil production and the price of oil for which incremental production tax rates apply.

✓**SB 260** Creates the school facilities fund within the coal severance tax trust fund and allocates coal severance tax funds.

CI0099 7179slxc.

