

**** Bill No. ****

Introduced By *****

By Request of the Energy and Telecommunications Interim Committee

A Bill for an Act entitled: "An Act requiring public utilities and competitive electricity suppliers subject to the renewable energy standard to prepare a cost-benefit report; establishing report requirements; amending section 69-3-2005, MCA; and providing an immediate effective date and a retroactive applicability date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 69-3-2005, MCA, is amended to read:

"69-3-2005. Procurement -- cost recovery -- reporting. (1)

In meeting the requirements of this part, a public utility shall:

(a) conduct renewable energy solicitations under which the public utility offers to purchase renewable energy credits, either with or without the associated electricity, under contracts of at least 10 years in duration;

(b) consider the importance of geographically diverse rural economic development when procuring renewable energy credits; and

(c) consider the importance of dispatch ability, seasonality, and other attributes of the eligible renewable resource contained in the commission's supply procurement rules when considering the procurement of renewable energy or renewable energy credits.

(2) A public utility that intends to enter into contracts of less than 10 years in duration shall demonstrate to the commission that these contracts will provide a lower long-term cost of meeting the standard established in 69-3-2004.

(3) (a) Contracts signed for projects located in Montana must require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401, in the performance of the work on the projects if the Montana residents have substantially equal qualifications to those of nonresidents.

(b) Contracts signed for projects located in Montana must require all contractors to pay the standard prevailing rate of wages for heavy construction, as provided in 18-2-414, during the construction phase of the project.

(4) All contracts signed by a public utility to meet the requirements of this part are eligible for advanced approval under procedures established by the commission. Upon advanced approval by the commission, these contracts are eligible for cost recovery from ratepayers, except that nothing in this part limits the commission's ability to subsequently, in any future cost-recovery proceeding, inquire into the manner in which the public utility has managed the contract and to disallow cost recovery if the contract was not reasonably administered.

(5) (a) Before September 1 of the year preceding a legislative session, a public utility or competitive electricity supplier subject to 69-3-2004 shall submit a cost-benefit report to the energy and telecommunications interim committee provided for in 5-5-230.

(b) The cost-benefit report shall include, but is not limited to, an estimation of the:

(i) rate impact of the activities of the public utility or competitive electricity supplier necessary to comply with this part. The rate impact estimate must be for wholesale rates and, if the utility or supplier makes retail sales, the estimate must include the impact on those sales; and

(ii) avoided air pollutant emissions, in-state economic impacts, or other benefits attributable to compliance with this part.

(c) The public utility or competitive electricity supplier shall provide the methodologies and assumptions used in the estimations required pursuant to subsection (5)(b).

(d) The energy and telecommunications interim committee shall review the reports required pursuant to this subsection (5) and, if necessary, submit recommendations regarding the requirements of this part to the legislature.

~~(5)(6) A public utility or competitive electricity supplier shall submit renewable energy procurement plans to the commission in accordance with rules adopted by the commission. The plans must be submitted to the commission on or before:~~

~~(a) June 1, 2013, for the standard required in 69-3-2004(4); and~~

~~(b) any additional future dates as required by the commission.~~

~~(6)(7) A public utility or competitive electricity supplier shall submit annual reports, in a format to be determined by the~~

commission, demonstrating compliance with this part for each compliance year. The reports must be filed by March 1 of the year following the compliance year.

~~(7)~~(8) For the purpose of implementing this part, the commission has regulatory authority over competitive electricity suppliers."

{*Internal References to 69-3-2005: None.*}

NEW SECTION. **Section 2. {standard} Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 3. {standard} Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to public utilities and competitive electricity suppliers subject to the standard established in 69-3-2004 on or after the compliance year beginning January 1, 2015.

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{Name : Sonja E. Nowakowski
Title : Research Analyst
Agency : LSD LEPO
Phone : 406-444-3078
E-Mail : snowakowski@mt.gov}