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Energy and Telecommunications Interim Committee

65th Montana Legislature

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July 14, 2017

TO: Energy and Telecommunications Interim Committee (ETIC) Members
FR: Sonja Nowakowski, ETIC staff

House Bill No. 219, passed and approved by the 2017 Montana Legislature, requires NorthWestern Energy to conduct a study of the costs and benefits of net metering in Montana. The study will be submitted to the Montana Public Service Commission (PSC) as part of a general rate case. NorthWestern has indicated that it intends to submit an application for a general rate case in 2018. The PSC will review NorthWestern's net metering study and then determine whether customers who use net-metered systems should be charged a different rate than other customers who are not customer-generators and what shape that classification could take. Existing net-metered customers would not be impacted by the change.

The PSC in May hired a consultant to assist the PSC in determining minimum information requirements for NorthWestern's cost-benefit study. The PSC hired Plugged in Strategies, which has experience with determining parameters used for compensating distributed energy resources. In June, the PSC invited the public to comment on potential benefit and cost categories to be included in NorthWestern's study. The PSC provided an overview of that process and information gathered to date. It is attached. The deadline for comment was July 7.

The PSC is expected to act on the information gathered before the July 31 ETIC meeting. The commission will provide an update and additional information to ETIC members at the meeting.

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House Bill 219
Overview of PSC Implementation Activity
As of July 13, 2017

HB 219 amends the net metering provisions in Title 69, Chapter 8, MCA to require NorthWestern Energy (“NWE”) to conduct a study of the costs and benefits of customer-generators before April 1, 2018. NWE must then submit the study to the Public Service Commission (“PSC”) as part of a general rate application. The PSC must evaluate NWE's study and make findings regarding whether customer-generators should be classified separately from other customers for rate design purposes or whether a net billing scheme should be established through which a customer-generator's energy production is metered and priced separately from the customer's energy consumption. The Commission is authorized to establish the minimum information to be included in NWE's study of costs and benefits.

In May, 2017, the PSC decided to establish minimum information requirements for NWE's study and decided to hire a consultant to assist it in that task. The PSC contracted with Plugged In Strategies to survey previous studies of net metering costs and benefits and develop a preliminary list of cost and benefit categories for inclusion in the PSC's minimum information requirements.

On June 16, 2017, the PSC initiated Docket No. D2017.6.49 and issued a Notice of Opportunity to Comment that identified cost and benefit categories for potential inclusion in the PSC's minimum information requirements. The Notice requested input on the identified cost and benefit categories as well as on several questions relevant to cost-benefit studies. Comments were due on July 7, 2017. The Commission received eight sets of comments from the following interested persons: NWE; Montana Consumer Counsel; Department of Environmental Quality; Frontier Group; Northern Plains Resource Council; joint comments of Montana Renewable Energy Association, Renewable Northwest, Montana Environmental Information Center, Northwest Energy Coalition, and Vote Solar; and two members of the general public.

The PSC's Notice of Opportunity to Comment and the comments submitted by interested persons are available on the PSC's website:

<http://psc.mt.gov/Docs/ElectronicDocuments/getDocumentsInfo.asp?docketId=11964&do=false>

The PSC and its consultant are currently reviewing the comments. In order to allow NWE sufficient time to incorporate the PSC's minimum information requirements into the cost-benefit study, the PSC committed to attempt to finalize its minimum information requirements by the end of July 2017.