

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1 HOUSE BILL NO. 643

2 INTRODUCED BY J. KASSMIER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING NET METERING LAWS; INCREASING THE CAP ON
5 NET METERING SYSTEMS; REQUIRING THE PUBLIC SERVICE COMMISSION TO ESTABLISH
6 SEPARATE RATE CLASSIFICATIONS FOR CUSTOMER GENERATORS; REQUIRING A UTILITY TO
7 CONDUCT A COST-BENEFIT STUDY; PROVIDING RULEMAKING AUTHORITY; REVISING THE
8 DEFINITION OF "NET METERING SYSTEM"; AMENDING SECTIONS 69-8-103, ~~69-8-601~~, 69-8-602, 69-8-
9 610, 69-8-611, AND 69-8-612, MCA; AMENDING SECTION 13, CHAPTER 248, LAWS OF 2017; AND
10 PROVIDING EFFECTIVE DATES."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 **Section 1.** Section 69-8-103, MCA, is amended to read:

15 **"69-8-103. Definitions.** As used in this chapter, unless the context requires otherwise, the following
16 definitions apply:

17 (1) "Assignee" means any entity, including a corporation, partnership, board, trust, or financing
18 vehicle, to which a utility assigns, sells, or transfers, other than as security, all or a portion of the utility's interest
19 in or right to transition property. The term also includes an entity, corporation, public authority, partnership,
20 trust, or financing vehicle to which an assignee assigns, sells, or transfers, other than as security, the
21 assignee's interest in or right to transition property.

22 (2) "Board" means the board of investments created by 2-15-1808.

23 (3) "Carbon offset provider" means a qualified third-party entity that arranges for projects or actions
24 that either reduce carbon dioxide emissions or increase the absorption of carbon dioxide.

25 (4) "Cooperative utility" means:

26 (a) a utility qualifying as an electric cooperative pursuant to Title 35, chapter 18; or

27 (b) an existing municipal electric utility as of May 2, 1997.

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1 the costs of recovering, reimbursing, financing, or refinancing the transition costs and acquiring transition
2 property, including the costs of issuing, servicing, and retiring transition bonds. Any right that a utility has in the
3 transition property before the utility's sale or transfer or any other right created under this section or created in
4 the financing order and assignable under this chapter or assignable pursuant to a financing order is only a
5 contract right.

6 (30) "Transmission facilities" means those facilities that are used to provide transmission services
7 as determined by the federal energy regulatory commission and the commission and that are controlled or
8 operated by a utility.

9 (31) "Universal system benefits charge" means a nonbypassable rate or charge to be imposed on a
10 customer to pay the customer's share of universal system benefits programs costs.

11 (32) "Universal system benefits programs" means public purpose programs for:

12 (a) cost-effective local energy conservation;

13 (b) low-income customer weatherization;

14 (c) renewable resource projects and applications, including those that capture unique social and
15 energy system benefits or that provide transmission and distribution system benefits;

16 (d) research and development programs related to energy conservation and renewables;

17 (e) market transformation designed to encourage competitive markets for public purpose
18 programs; and

19 (f) low-income energy assistance.

20 (33) "Utility" means any public utility or cooperative utility."
21

22 **Section 2. Section 69-8-601, MCA, is amended to read:**

23 ~~"69-8-601. — Legislative findings. The legislature finds that it is in the public interest to promote net~~
24 ~~metering because it:~~

25 ~~(1) — encourages private investment in renewable energy resources;~~

26 ~~(2) — stimulates Montana's economic growth; and~~

27 ~~(3) — enhances the continued diversification of the energy resources used in Montana."~~

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1

2 **Section 2.** Section 69-8-602, MCA, is amended to read:

3 " ~~69-8-602. (Temporary) Utility net metering requirements.~~ A utility shall:

4 ~~(1) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of~~
5 ~~registering the flow of electricity in two directions, unless the commission determines, after appropriate notice~~
6 ~~and opportunity for comment:~~

7 ~~(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is~~
8 ~~necessary and appropriate for the interconnection of net metering systems, after taking into account the~~
9 ~~benefits and costs of purchasing and installing additional metering equipment; and~~

10 ~~(b) how the costs of net metering are to be allocated between the customer-generator and the utility;~~
11 ~~and~~

12 ~~(2) charge the customer-generator a minimum monthly fee that is the same as other customers of the~~
13 ~~electric utility in the same rate class. The commission shall determine, after appropriate notice and opportunity~~
14 ~~for comment if:~~

15 ~~(a) the utility will incur direct costs associated with interconnecting or administering net metering~~
16 ~~systems that exceed any offsetting benefits associated with these net metering systems; and~~

17 ~~(b) public policy is best served by imposing these costs on the customer-generator, rather than~~
18 ~~allocating these costs among the utility's entire customer base.~~

19 **69-8-602. (Effective on occurrence of contingency) Utility net metering requirements.** (1) A
20 utility shall allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of
21 registering the flow of electricity in two directions.

22 (2) (a) If the The commission shall determines determine, after appropriate notice and opportunity
23 for comment, that whether or not the use of additional metering equipment to monitor the flow of electricity in
24 each direction is necessary and appropriate for the interconnection of net metering systems, the commission
25 may establish additional metering equipment requirements.

26 (b) The commission shall consider the benefits and costs to a public utility and a customer-
27 generator of purchasing and installing additional metering equipment and how the costs of additional net

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1 metering equipment are to be allocated between the customer-generator and the public utility.

2 (3) (a) The commission shall charge the customer-generator an appropriate rate pursuant to 69-3-
3 306.

4 (b) ~~Notwithstanding 69-8-610 through 69-8-612, if the commission determines, after appropriate~~
5 ~~notice and opportunity for comment, that a public utility is incurring direct costs associated with interconnecting~~
6 ~~or administering net metering systems that exceed any offsetting benefits associated with these net metering~~
7 ~~systems, the commission may impose these costs on the customer-generator, rather than allocating these~~
8 ~~costs among the public utility's entire customer base.~~

9 (4) The aggregate generating capacity of net metering ~~may not exceed~~ must reach 5% of a utility's
10 forecasted summer peak load as defined in the most recent integrated resource plan filed with the commission
11 until separate rate classifications for customer generators are established in accordance with 69-8-611."

12

13 **Section 3.** Section 69-8-610, MCA, is amended to read:

14 "**69-8-610. Value of distributed energy resources analysis ~~Cost-benefit~~ Cost of service analysis**
15 **for customer generators.** (1) Before April 1, 2018 ~~September 30, 2025~~ 2026, a public utility shall:

16 (a) ~~conduct a study of the costs and benefits of~~ file a cost of service study with the commission that
17 reflects customer generators as defined in 69-8-103; and, conduct a value of distributed energy resources
18 study.

19 (b) ~~submit the study to the commission for the purpose of making determinations in accordance with a~~
20 ~~public utility's general rate case pursuant to 69-8-611.~~

21 (2) The utility may engage independent consultants or advisory services to complete ~~a cost-benefit~~
22 ~~study~~ the cost of service study a value of distributed energy resources study. Costs are recoverable in rates.

23 (3) ~~After May 3, 2017, the commission may establish minimum information required for inclusion in a~~
24 ~~study conducted by a public utility in accordance with subsection (1)(a)."~~

25

26 **Section 4.** Section 69-8-611, MCA, is amended to read:

27 "**69-8-611. Classification of service -- net metering customers.** (1) After a study is completed in

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1 accordance with 69-8-610 and subject to subsections (2) and through (4) of this section, if the commission finds
2 that ~~customer generators should be served under a separate classification of service as part of a public utility's~~
3 ~~general rate case, it shall may~~ establish appropriate appropriate separate classifications and rates based on the
4 commission's findings relative to:

5 (a) ~~the utility system benefits of the net metering resource; and~~

6 (b) ~~(a)~~ the utility system benefits of the net metering resource; and

7 (b) the cost to provide service to customer-generators.

8 (2) ~~The commission may, based on differences between net metering systems, establish~~
9 ~~subclassifications and rates as part of a public utility's general rate case. The commission may, based on~~
10 ~~differences between net metering systems, establish subclassifications and rates~~ Rates established in this
11 ~~section shall not include subsidies from public utility customers who do not use net metering systems to~~
12 ~~customer generators.~~

13 (3) The commission may approve separate rates for customer-generators' production and
14 consumption and require separate metering subject to 69-8-602 if it finds it is in the public interest and as part
15 of a public utility's ~~general rate case~~ filing.

16 (4) If a public utility files a general rate case in accordance with Title 69, chapter 3, the general rate
17 case must include the study required in accordance with 69-8-610 and be used by the commission to meet the
18 requirements of the review of classifications of service required in this section."

19

20 **Section 5.** Section 69-8-612, MCA, is amended to read:

21 **"69-8-612. New classifications of service -- grandfather clause.** (1) Except as provided in
22 subsection (2), if the commission approves new classifications of service for customer-generators in
23 accordance with 69-8-611, the new classifications apply only to customer-generators interconnecting net
24 metering systems ~~on or after the date on which the commission adopts a final order that are implemented and~~
25 ~~connected~~ 6 months after the date on which the commission adopts a final order implementing the new
26 classifications.

27 (2) (a) A customer-generator that interconnects a net metering system prior to commission

Amendment - 1st Reading-white - Requested by: Greg Kmetz - (H) Energy, Technology and Federal Relations

- 2023

68th Legislature 2023

Drafter: Trevor Graff, 406-444-4975

HB0643.001.001

1 approval of new classifications of service for customer-generators may accept service under the new
2 classifications of service at any time.

3 (b) After accepting service under a new classification of service, the customer-generator may not
4 return to its original classification of service."

5

6 **Section 6.** Section 13, Chapter 248, Laws of 2017, is amended to read:

7 **"Section 13. Effective date -- contingency -- contingent voidness.** (1) Except as provided in
8 subsection (2), [this act] is effective on passage and approval.

9 (2) (a) [Sections 5, 6, 9(2), 10(2), and 12] are effective on the date that the public service
10 commission issues an order making a determination that customer-generators are being served under a
11 separate an appropriate classification of service in accordance with [section 2].

12 (b) [Sections 9(1), 10(1), and 11] are void on occurrence of the contingency in subsection (2)(a).

13 (c) The public service commission shall provide a copy of the order to the code commissioner
14 within 10 days of issuing the order.

15 (d) [Section 5] is effective on passage and approval of [LC 0183 of the 2023 session]."

16

17 **NEW SECTION. Section 7. Effective dates -- contingent voidness.** (1) Except as provided in
18 subsection (2), [this act] is effective on passage and approval.

19 (2) [Section 1] is effective on the date that the public service commission issues an order making a
20 determination that customer-generators are being served under a separate classification of service in
21 accordance with [section ~~32~~].

22 (3) [Section ~~3(4)2(4)~~] is void on the date that the public service commission issues an order
23 making a determination that customer-generators are being served under a separate classification of service in
24 accordance with [section ~~32~~].

25 (4) The public service commission shall provide a copy of the order to the code commissioner
26 within 10 days of issuing the order.

27

- END -