

HOUSE BILL NO. 394

INTRODUCED BY T. JACOBSON

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC UTILITY TO ALLOW AGGREGATE NET
5 METERING FACILITIES; ESTABLISHING AGGREGATE NET METERING FACILITY AND UTILITY
6 REQUIREMENTS, INCLUDING FEES; GRANTING THE PUBLIC SERVICE COMMISSION RULEMAKING
7 AUTHORITY; EXEMPTING A RURAL ELECTRIC COOPERATIVE FROM AGGREGATE NET METERING
8 REQUIREMENTS; ALLOWING AN AGGREGATE NET METERING FACILITY OWNER TO APPLY FOR
9 ALTERNATIVE ENERGY REVOLVING LOANS; AMENDING SECTIONS 15-72-104, 69-8-103, 69-8-201,
10 75-25-101, AND 75-25-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

13
14 NEW SECTION. **Section 1. Legislative findings.** The legislature finds that it is in the public interest
15 to allow aggregate net metering facilities because their development:

- 16 (1) encourages private investment in renewable energy resources;
- 17 (2) stimulates Montana's economic growth; and
- 18 (3) enhances the continued diversification of the energy resources used in Montana.

19
20 NEW SECTION. **Section 2. Aggregate net metering requirements.** (1) (a) Except as provided in
21 subsection (7), a public utility shall grant an on-bill credit in accordance with this section, [section 3], and rules
22 adopted by the commission pursuant to [section 5] to a subscribing customer.

23 (b) An aggregate net metering facility owner generating electricity for subscribing customers shall provide
24 a public utility with:

- 25 (i) a single point of contact;
- 26 (ii) a list, to be updated no more than once a month, of all subscribing customers that are to receive an
27 on-bill credit for electricity generated by the aggregate net metering facility; and
- 28 (iii) the proportion or block of generated electricity assignable to each subscribing customer.

29 (2) The proportion of generation capacity of an aggregate net metering facility assignable to a
30 subscribing customer may not be less than 200 watts and may not be greater than the maximum generating

1 capacity of a net metering system.

2 (3) Participation in an aggregate net metering facility in accordance with [sections 1 through 6] is not a
3 purchase of or an offer to purchase a security.

4 (4) A public utility shall make information on the extent of the public utility's designated distribution
5 systems available to its customers.

6 (5) A subscribing customer shall pay a public utility a minimum monthly fee that is the same as other
7 customers of that public utility in the same rate class.

8 (6) A public utility may charge an aggregate net metering facility owner a fee to cover reasonable
9 administrative expenses for providing an on-bill credit. The fee must be determined in accordance with rules
10 adopted by the commission pursuant to [section 5(2)(a)].

11 (7) A public utility is not required to grant an on-bill credit to subscribing customers who are not served
12 by that public utility.

13

14 **NEW SECTION. Section 3. Net energy calculations for aggregate net metering facilities.** (1) (a)
15 A public utility granting an on-bill credit shall grant an on-bill credit to each subscribing customer for the
16 subscribing customer's assigned proportion of generation from an aggregate net metering facility for each billing
17 period.

18 (b) The on-bill credit provided by a public utility must be equal to the full retail value of that proportion of
19 generation in accordance with rules adopted by the commission pursuant to [section 5(2)(b)].

20 (2) (a) If the electricity supplied by a public utility exceeds the subscribing customer's on-bill credit as
21 assigned in accordance with [section 2(1)(b)] during the billing period, the subscribing customer must be billed
22 for the electricity supplied by that public utility, excluding the subscribing customer's on-bill credit.

23 (b) If the subscribing customer's on-bill credit as assigned in accordance with [section 2(1)(b)] during
24 the billing period exceeds the electricity supplied by a public utility, the subscribing customer must be:

25 (i) billed for the appropriate minimum monthly fees for that billing period in accordance with [section 2(5)];

26 and

27 (ii) credited for the excess kilowatt hours subscribed to during the billing period, with the kilowatt-hour
28 credit appearing on the bill or bills for the following billing period and credited to the subscribing customer in
29 accordance with subsection (3).

30 (3) A public utility shall carry over any excess on-bill credit and apply that credit to subsequent billing

1 periods to offset the subscribing customer's consumption in those billing periods until the on-bill credit is equal
2 to zero.

3
4 **NEW SECTION. Section 4. Aggregate net metering facility -- reliability and safety.** An aggregate
5 net metering facility must include, at the aggregate net metering facility owner's own expense, all equipment
6 necessary to meet applicable safety, power quality, and interconnection requirements established by the national
7 electrical code, national electrical safety code, institute of electrical and electronics engineers, and underwriters
8 laboratories.

9
10 **NEW SECTION. Section 5. Commission authority -- rulemaking.** (1) The commission has the
11 authority to generally implement and enforce the provisions of [sections 1 through 6].

12 (2) The commission shall adopt rules establishing:

13 (a) the maximum fee a public utility may charge an aggregate net metering facility owner to cover
14 reasonable administrative expenses for providing on-bill credits;

15 (b) requirements that on-bill credits represent the full retail value of a subscribing customer's proportion
16 of generation in accordance with [section 3(1)(b)];

17 (c) additional safety and power quality requirements for an aggregate net metering facility owner that the
18 commission determines are necessary in accordance with [section 4];

19 (d) accounting practices for an aggregate net metering facility owner and subscribing customers for the
20 purposes of administering an on-bill credit; and

21 (e) implementation and enforcement of the provisions of [sections 1 through 6].

22
23 **NEW SECTION. Section 6. Cooperative exemption.** A cooperative utility is exempt from the provisions
24 and requirements of [sections 1 through 6].

25
26 **Section 7.** Section 15-72-104, MCA, is amended to read:

27 **"15-72-104. Wholesale energy transaction tax -- rate of tax -- exemptions -- cost recovery.** (1) (a)
28 Except as provided in subsection (3), a wholesale energy transaction tax is imposed upon electricity transmitted
29 within the state as provided in this section. The tax is imposed at a rate of 0.015 cent per kilowatt hour of
30 electricity transmitted by a transmission services provider in the state.

1 (b) For electricity produced in the state for delivery outside the state, the taxpayer is the person owning
2 or operating the electrical generation facility producing the electricity. The transmission services provider shall
3 collect the tax from the person based upon the kilowatt hours introduced onto transmission lines from the
4 electrical generation facility. The amount of kilowatt hours subject to tax must be reduced by 5% to compensate
5 for transmission line losses.

6 (c) For electricity produced in the state for delivery within the state, the taxpayer is the distribution
7 services provider. The transmission services provider shall collect the tax based upon the amount of kilowatt
8 hours of electricity delivered to the distribution services provider. The taxpayer may apply for a refund for
9 overpayment of taxes pursuant to 15-72-116.

10 (d) For electricity produced outside the state for delivery inside the state, the taxpayer is the distribution
11 services provider. The transmission services provider shall collect the tax based upon the amount of kilowatt
12 hours of electricity delivered to the distribution services provider.

13 (e) For electricity delivered to a distribution services provider that is a rural electric cooperative for
14 delivery to purchasers that have opted for customer choice under the provisions of Title 69, chapter 8, part 3, the
15 taxpayer is the distribution services provider. The transmission services provider shall collect the tax based on
16 the amount of kilowatt hours of electricity delivered to the distribution services provider that is attributable to
17 customers that have opted for customer choice.

18 (f) For electricity delivered to a distribution services provider that prior to May 2, 1999, was owned by
19 a public utility as defined in 69-3-101, the tax is imposed on the successor distribution services provider. The
20 transmission services provider shall collect the tax based upon the amount of kilowatt hours of electricity delivered
21 to the distribution services provider.

22 (2) (a) If more than one transmission services provider transmits electricity, the last transmission services
23 provider transmitting or delivering the electricity shall collect the tax.

24 (b) If the transmission services provider is an agency of the United States government, the distribution
25 services provider receiving the electricity shall self-assess the tax subject to the provisions of this part.

26 (c) If an electrical generation facility located within the state produces electricity for sale inside and
27 outside the state, sales within the state are considered to have come from electricity produced within the state
28 for purposes of the tax imposed by this section.

29 (3) (a) Electricity transmitted through the state that is not produced or delivered in the state is exempt
30 from the tax imposed by this section.

1 (b) Electricity produced in the state by an agency of the United States government or electricity produced
 2 from an electric energy generation facility, as defined in 90-5-101(3), constructed after May 1, 2001, that is within
 3 the exterior boundaries of a Montana Indian reservation for delivery outside the state is exempt from the tax
 4 imposed by this section.

5 (c) Electricity produced by wind turbines erected on state land for which annual lease payments are
 6 made to the permanent school trust fund is exempt from the tax imposed by this section.

7 (d) Electricity delivered to a distribution services provider that is a municipal utility described in
 8 ~~69-8-103(4)(b)~~ 69-8-103(6)(b) or a rural electric cooperative organized under the provisions of Title 35, chapter
 9 18, is exempt from the tax imposed by this section.

10 (e) Electricity delivered to a purchaser that receives its power directly from a transmission or distribution
 11 facility owned by an entity of the United States government on or before May 2, 1997, or electricity that is
 12 transmitted exclusively on transmission or distribution facilities owned by an entity of the United States
 13 government on or before May 2, 1997, is exempt from the tax imposed by this section.

14 (4) A distribution services provider is allowed to recover the tax imposed by this section and the
 15 administrative costs to comply with this part in its rates."
 16

17 **Section 8.** Section 69-8-103, MCA, is amended to read:

18 **"69-8-103. Definitions.** As used in this chapter, unless the context requires otherwise, the following
 19 definitions apply:

20 (1) "Aggregate net metering facility" means a facility located in Montana for the production of electrical
 21 energy that:

22 (a) uses as its fuel:

23 (i) solar;

24 (ii) wind; or

25 (iii) hydropower;

26 (b) is connected to a public utility's distribution system behind a production meter that is capable of
 27 recording the cumulative kilowatt hours produced by an aggregate net metering facility;

28 (c) has a generating capacity of less than 250 kilowatts; and

29 (d) produces electricity that a subscribing customer within the same distribution system receives an
 30 on-bill credit for using.

1 ~~(2)~~ "Aggregate net metering facility owner" means an individual, a corporation, a nonprofit organization
2 under 26 U.S.C. 501(c)(3), a partnership, or a small business corporation as defined in 15-30-3301 who operates
3 an aggregate net metering facility.

4 ~~(4)~~(3) "Assignee" means any entity, including a corporation, partnership, board, trust, or financing
5 vehicle, to which a utility assigns, sells, or transfers, other than as security, all or a portion of the utility's interest
6 in or right to transition property. The term also includes an entity, corporation, public authority, partnership, trust,
7 or financing vehicle to which an assignee assigns, sells, or transfers, other than as security, the assignee's
8 interest in or right to transition property.

9 ~~(2)~~(4) "Board" means the board of investments created by 2-15-1808.

10 ~~(3)~~(5) "Carbon offset provider" means a qualified third-party entity that arranges for projects or actions
11 that either reduce carbon dioxide emissions or increase the absorption of carbon dioxide.

12 ~~(4)~~(6) "Cooperative utility" means:

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

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

15 ~~(5)~~(7) "Cost-effective carbon offsets" means any combination of certified actions that are taken to reduce
16 carbon dioxide emissions or that increase the absorption of carbon dioxide, which collectively do not increase
17 the cost of electricity produced annually on a per-megawatt-hour basis by more than 2.5%, including:

18 (a) actions undertaken by the applicant that reduce carbon dioxide emissions or that increase the
19 absorption of carbon dioxide from a facility or equipment used to generate electricity; or

20 (b) actions by a carbon offset provider on behalf of the applicant.

21 ~~(6)~~(8) "Customer-generator" means a user of a net metering system.

22 ~~(7)~~(9) "Distribution facilities" means those facilities by and through which electricity is received from
23 transmission facilities and distributed to a retail customer and that are controlled or operated by a utility.

24 ~~(10)~~ "Distribution system" means a system:

25 ~~(a)~~ designated by a public utility;

26 ~~(b)~~ containing distribution facilities owned by a public utility, including distribution lines, substations,
27 switches, transformers, and other distribution hardware, continuously connected at less than 40 kilovolts; and

28 ~~(c)~~ containing additional infrastructure designated by a public utility.

29 ~~(8)~~(11) "Electricity supply costs" means the actual costs incurred in providing electricity supply service
30 through power purchase agreements, demand-side management, and energy efficiency programs, including but

1 not limited to:

2 (a) capacity costs;

3 (b) energy costs;

4 (c) fuel costs;

5 (d) ancillary service costs;

6 (e) transmission costs, including congestion and losses;

7 (f) planning and administrative costs; and

8 (g) any other costs directly related to the purchase of electricity and the management and provision of
9 power purchase agreements.

10 ~~(9)~~(12) "Electricity supply resource" means:

11 (a) contracts for electric capacity and generation;

12 (b) plants owned or leased by a utility or equipment used to generate electricity;

13 (c) customer load management and energy conservation programs; or

14 (d) other means of providing adequate, reliable service to customers, as determined by the commission.

15 ~~(10)~~(13) "Electricity supply service" means the provision of electricity supply and related services through
16 power purchase agreements, the acquisition and operation of electrical generation facilities, demand-side
17 management, and energy efficiency programs.

18 ~~(11)~~(14) "Financing order" means an order of the commission adopted in accordance with 69-8-503 that
19 authorizes the imposition and collection of fixed transition amounts and the issuance of transition bonds.

20 ~~(12)~~(15) (a) "Fixed transition amounts" means those nonbypassable rates or charges, including but not
21 limited to:

22 (i) distribution;

23 (ii) connection;

24 (iii) disconnection; and

25 (iv) termination rates and charges that are authorized by the commission in a financing order to permit
26 recovery of transition costs and the costs of recovering, reimbursing, financing, or refinancing the transition costs
27 and of acquiring transition property through a plan approved by the commission in the financing order, including
28 the costs of issuing, servicing, and retiring transition bonds.

29 (b) If requested by the utility in the utility's application for a financing order, fixed transition amounts must
30 include nonbypassable rates or charges to recover federal and state taxes in which the transition cost recovery

1 period is modified by the transactions approved in the financing order.

2 ~~(13)~~(16) "Generation assets cost of service" means a return on invested capital and all costs associated
3 with the acquisition, construction, administration, operation, and maintenance of a plant or equipment owned or
4 leased by a public utility and used for the production of electricity.

5 ~~(14)~~(17) "Interested person" means a retail electricity customer, the consumer counsel established in
6 5-15-201, the commission, or a utility.

7 ~~(15)~~(18) "Large customer" means, for universal system benefits programs purposes, a customer with an
8 individual load greater than a monthly average of 1,000 kilowatt demand in the previous calendar year for that
9 individual load.

10 ~~(16)~~(19) "Local governing body" means a local board of trustees of a rural electric cooperative.

11 ~~(17)~~(20) "Low-income customer" means those energy consumer households and families with incomes
12 at or below industry-recognized levels that qualify those consumers for low-income energy-related assistance.

13 ~~(18)~~(21) "Net metering" means measuring the difference between the electricity distributed to and the
14 electricity generated by a customer-generator that is fed back to the distribution system during the applicable
15 billing period.

16 ~~(19)~~(22) "Net metering system" means a facility for the production of electrical energy that:

17 (a) uses as its fuel solar, wind, or hydropower;

18 (b) has a generating capacity of not more than 50 kilowatts;

19 (c) is located on the customer-generator's premises;

20 (d) operates in parallel with the utility's distribution facilities; and

21 (e) is intended primarily to offset part or all of the customer-generator's requirements for electricity.

22 ~~(20)~~(23) "Nonbypassable rates or charges" means rates or charges that are approved by the commission
23 and imposed on a customer to pay the customer's share of transition costs or universal system benefits programs
24 costs even if the customer has physically bypassed either the utility's transmission or distribution facilities.

25 (24) "On-bill credit" means a credit of kilowatt hours applied to a subscribing customer's bill to offset the
26 consumption of electrical energy.

27 ~~(24)~~(25) "Public utility" has the meaning of a public utility regulated by the commission pursuant to Title
28 69, chapter 3, on May 2, 1997, including the public utility's successors or assignees.

29 ~~(22)~~(26) "Qualifying load" means, for payments and credits associated with universal system benefits
30 programs, all nonresidential demand-metered accounts of a large customer within the utility's service territory in

1 which the customer qualifies as a large customer.

2 ~~(23)~~(27) "Retail customer" means a customer that purchases electricity for residential, commercial, or
3 industrial end-use purposes and does not resell electricity to others.

4 (28) "Subscribing customer" means a retail electricity consumer receiving an on-bill credit for electricity
5 generated by an aggregate net metering facility.

6 ~~(24)~~(29) "Transition bondholder" means a holder of transition bonds, including trustees, collateral agents,
7 and other entities acting for the benefit of that bondholder.

8 ~~(25)~~(30) "Transition bonds" means any bond, debenture, note, interim certificate, collateral, trust
9 certificate, or other evidence of indebtedness or ownership issued by the board or other transition bonds issuer
10 that is secured by or payable from fixed transition amounts or transition property. Proceeds from transition bonds
11 must be used to recover, reimburse, finance, or refinance transition costs and to acquire transition property.

12 ~~(26)~~(31) "Transition charge" means a nonbypassable rate or charge to be imposed on a customer to pay
13 the customer's share of transition costs.

14 ~~(27)~~(32) "Transition cost recovery period" means the period beginning on July 1, 1998, and ending when
15 a utility customer does not have any liability for payment of transition costs.

16 ~~(28)~~(33) "Transition costs" means:

17 (a) a public utility's net verifiable generation-related and electricity supply costs, including costs of capital,
18 that become unrecoverable as a result of the implementation of federal law requiring retail open access or
19 customer choice or of this chapter;

20 (b) those costs that include but are not limited to:

21 (i) regulatory assets and deferred charges that exist because of current regulatory practices and can be
22 accounted for up to the effective date of the commission's final order regarding a public utility's transition plan and
23 conservation investments made prior to universal system benefits charge implementation;

24 (ii) nonutility and utility power purchase contracts executed before May 2, 1997, including qualifying
25 facility contracts;

26 (iii) existing generation investments and supply commitments or other obligations incurred before May
27 2, 1997, and costs arising from these investments and commitments;

28 (iv) the costs associated with renegotiation or buyout of the existing nonutility and utility power purchase
29 contracts, including qualifying facilities and all costs, expenses, and reasonable fees related to issuing transition
30 bonds; and

1 (v) the costs of refinancing and retiring of debt or equity capital of the public utility and associated federal
2 and state tax liabilities or other utility costs for which the use of transition bonds would benefit customers.

3 ~~(29)~~(34) "Transition property" means the property right created by a financing order, including without
4 limitation the right, title, and interest of a utility, assignee, or other issuer of transition bonds to all revenue,
5 collections, claims, payments, money, or proceeds of or arising from or constituting fixed transition amounts that
6 are the subject of a financing order, including those nonbypassable rates and other charges and fixed transition
7 amounts that are authorized by the commission in the financing order to recover transition costs and the costs
8 of recovering, reimbursing, financing, or refinancing the transition costs and acquiring transition property,
9 including the costs of issuing, servicing, and retiring transition bonds. Any right that a utility has in the transition
10 property before the utility's sale or transfer or any other right created under this section or created in the financing
11 order and assignable under this chapter or assignable pursuant to a financing order is only a contract right.

12 ~~(30)~~(35) "Transmission facilities" means those facilities that are used to provide transmission services
13 as determined by the federal energy regulatory commission and the commission and that are controlled or
14 operated by a utility.

15 ~~(34)~~(36) "Universal system benefits charge" means a nonbypassable rate or charge to be imposed on
16 a customer to pay the customer's share of universal system benefits programs costs.

17 ~~(32)~~(37) "Universal system benefits programs" means public purpose programs for:

- 18 (a) cost-effective local energy conservation;
- 19 (b) low-income customer weatherization;
- 20 (c) renewable resource projects and applications, including those that capture unique social and energy
21 system benefits or that provide transmission and distribution system benefits;
- 22 (d) research and development programs related to energy conservation and renewables;
- 23 (e) market transformation designed to encourage competitive markets for public purpose programs; and
24 (f) low-income energy assistance.

25 ~~(33)~~(38) (a) "Utility" means any public utility or cooperative utility.

26 (b) The term does not include an aggregate net metering facility, an aggregate net metering facility
27 owner, or a subscribing customer."

28

29 **Section 9.** Section 69-8-201, MCA, is amended to read:

30 **"69-8-201. Public utility -- customer electricity supply service options and requirements --**

1 **exemption.** (1) (a) Except as provided in subsections (1)(b) and (1)(c), a retail customer that has an individual
2 load with an average monthly demand of greater than or equal to 5,000 kilowatts and that is not purchasing
3 electricity supply service from a public utility on October 1, 2007, may not purchase electricity supply service from
4 a public utility.

5 (b) A retail customer referred to in subsection (1)(a) may request electricity supply service from the public
6 utility, and the public utility shall provide electricity supply service if the retail customer demonstrates that the
7 provision of electricity supply service to the retail customer will not adversely impact the public utility's other
8 customers over the long term as determined by the commission.

9 (c) If a public utility provides electricity supply service to a retail customer as provided in subsection
10 (1)(b), that service is regulated by the commission and the customer may not, at a later date, purchase electricity
11 supply service from another provider of electricity supply service.

12 (2) (a) A retail customer that has an individual load with an average monthly demand of less than 5,000
13 kilowatts that is not purchasing electricity from a public utility on October 1, 2007, may continue to purchase
14 electricity from an electricity supplier. The retail customer may subsequently purchase electricity from a public
15 utility subject to commission rule or order, but the customer may not, at a later date, choose to purchase electricity
16 from another source.

17 (b) A retail customer that has an individual load with an average monthly demand of less than 5,000
18 kilowatts and that is currently purchasing electricity from a public utility may not choose to purchase electricity
19 from another source after October 1, 2007.

20 (3) Nothing in this section affects a retail customer's rights and obligations with respect to net metering,
21 aggregate net metering, cogeneration, self-generation, or ancillary sales of electricity related to deviations from
22 scheduled energy deliveries from nonutility suppliers, as may be provided for in law, commission rule or order,
23 or a tariff approved by the public service commission or the federal energy regulatory commission.

24 (4) (a) Except as provided in 69-5-101, 69-5-102, 69-5-104(2), 69-5-105 through 69-5-112, 69-8-402,
25 and subsection (4)(b) of this section, a public utility currently doing business in Montana as part of a single
26 integrated multistate operation, no portion of which lies within the basin of the Columbia River, is exempt from
27 the requirements of this chapter.

28 (b) To the extent that a public utility described in subsection (4)(a) becomes the successor in interest
29 of another public utility that has restructured in accordance with this chapter before October 1, 2007, it is subject
30 to the requirements of this chapter with respect to the service area of the acquired public utility."

1

2 **Section 10.** Section 75-25-101, MCA, is amended to read:

3 **"75-25-101. Alternative energy revolving loan account.** (1) There is a special revenue account called
4 the alternative energy revolving loan account to the credit of the department of environmental quality.

5 (2) The alternative energy revolving loan account consists of money deposited into the account from air
6 quality penalties from 75-2-401 and 75-2-413 and money from any other source. Any interest earned by the
7 account and any interest that is generated from a loan repayment must be deposited into the account and used
8 to sustain the program.

9 (3) Funds from the alternative energy revolving loan account may be used to provide loans to individuals,
10 small businesses, units of local government, units of the university system, and nonprofit organizations for the
11 purpose of building alternative energy systems, as defined in 15-32-102:

12 (a) to generate energy for their own use;

13 (b) for net metering as defined in 69-8-103; ~~and~~

14 (c) for aggregate net metering facilities as defined in 69-8-103; and

15 ~~(e)(d)~~ for capital investments by those entities for energy conservation purposes, as defined in
16 15-32-102, when done in conjunction with an alternative energy system.

17 (4) The amount of a loan may not exceed \$40,000, and the loan must be repaid within 10 years."
18

19 **Section 11.** Section 75-25-102, MCA, is amended to read:

20 **"75-25-102. Administration of revolving loan account -- rulemaking authority.** (1) The department
21 of environmental quality shall adopt rules establishing:

22 (a) eligibility criteria, including criteria for defining residences, small businesses, and nonprofit
23 organizations, criteria for defining capital investments for energy conservation purposes, ownership of the
24 alternative energy facility, financial capacity to repay the loans, estimated return on investment in the alternative
25 energy and energy conservation, and other matters that the department considers necessary to ensure
26 repayment of loans and to encourage maximum use of the fund for alternative energy, aggregate net metering
27 facilities, and net metering uses;

28 (b) processes and procedures for disbursing loans, including the agencies or organizations that are
29 allowed to process the loan application for the department; and

30 (c) terms and conditions for the loans, including repayment schedules and interest.

1 (2) The department shall solicit assistance in the development and operation of the program from
2 individuals familiar with financial services and persons knowledgeable in alternative energy systems.

3 (3) Administrative costs charged to the account may not exceed 10% of the total loans or \$23,000 a year,
4 whichever is greater. Legal fees and costs associated with collection of debt on principal are not considered
5 administrative costs.

6 (4) The loan repayment period may not exceed 10 years. The loans must be made at a low interest rate.
7 The department may set the interest rate at an amount that will cover its administrative costs, but the rate may
8 not be less than 1% a year. The department may seek recovery of the amount of principal loaned in the event
9 of default."

10
11 **NEW SECTION. Section 12. Codification instruction.** [Sections 1 through 6] are intended to be
12 codified as an integral part of Title 69, chapter 8, and the provisions of Title 69, chapter 8, apply to [sections 1
13 through 6].

14
15 **NEW SECTION. Section 13. Saving clause.** [This act] does not affect rights and duties that matured,
16 penalties that were incurred, or proceedings that were begun before [the effective date of this act].
17

18 **NEW SECTION. Section 14. Severability.** If a part of [this act] is invalid, all valid parts that are
19 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
20 the part remains in effect in all valid applications that are severable from the invalid applications.

21
22 **NEW SECTION. Section 15. Effective date.** [This act] is effective on passage and approval.
23

- END -