AN ACT PROHIBITING ADDERS IN AVOIDED COST RATE MAKING; AMENDING SECTIONS 69-3-604 AND 69-3-1206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

Section 1. Section 69-3-604, MCA, is amended to read:

"**69-3-604. (Temporary) Standards for determination of rates and conditions.** (1) The commission shall determine the rates and conditions of the contract for the sale of electricity by a qualifying small power production facility according to the standards in subsections (2) through ~~(5)~~(6).

(2) Long-term contracts for the purchase of electricity by the utility from a qualifying small power production facility must be encouraged in order to enhance the economic feasibility of qualifying small power production facilities.

(3) The rates to be paid by a utility for electricity purchased from a qualifying small power production facility must be established with consideration of the availability and reliability of the electricity produced.

(4) The commission shall set these rates using the avoided cost over the term of the contract.

(5) Avoided cost rates may not include a bonus or adder to provide additional compensation for environmental externalities or other costs above avoided costs, except when a bonus or adder is necessary to compensate for a real and actual cost required by existing regulation or existing law.

~~(5)~~(6) The commission may adopt rules further defining the criteria for qualifying small power production facilities, their cost-effectiveness, and other standards. (Repealed on occurrence of contingency--secs. 1, 3, Ch. 284, L. 2003--see part compiler's comment.)"

Section 2. Section 69-3-1206, MCA, is amended to read:

"**69-3-1206. Rate treatment.** (1) The commission may include in a public utility's rates:

(a) the cost of resources acquired in accordance with a plan;

(b) demand-side management programs established and implemented in accordance with 69-3-1209;

(c) the cost-effective expenditures for improving the efficiency with which the public utility provides and its customers use utility services;

(d) the costs of complying with the planning requirements of this part; and

(e) the costs of complying with a competitive solicitation process conducted in accordance with 69-3-1207.

(2) The commission may adopt rules establishing criteria governing the extent of recovery of abandonment costs.

(3) The commission may not approve a bonus or adder in the cost of a new resource acquired after [the effective date of this act] to provide additional compensation for costs such as environmental externalities unless the bonus or adder is necessary to compensate for a real and actual cost required by existing regulation or existing law."

Section 3. Effective date. [This act] is effective on passage and approval.

Section 4. Applicability. [This act] does not apply to applications pending before the commission on or before [the effective date of this act].

- END -

I hereby certify that the within bill,

SB 201, originated in the Senate.

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Secretary of the Senate

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President of the Senate

Signed this ________________________________day

of_____________________________________, 2021.

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Speaker of the House

Signed this ________________________________day
of_____________________________________, 2021.

SENATE BILL NO. 201

INTRODUCED BY S. FITZPATRICK

AN ACT PROHIBITING ADDERS IN AVOIDED COST RATE MAKING; AMENDING SECTIONS 69-3-604 AND 69-3-1206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE AN APPLICABILITY DATE.