

1 SENATE BILL NO. 242
2 INTRODUCED BY J. SMALL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AVOIDED COST RATEMAKING; PROVIDING FOR
5 THE SUBTRACTION OF TRANSMISSION INTERCONNECTION COSTS; PROVIDING A DEFINITION;
6 AMENDING SECTION 69-3-604, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
7 APPLICABILITY DATE."

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

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

12 "69-3-604. (Temporary) Standards for determination of rates and conditions. (1) The commission
13 shall determine the rates and conditions of the contract for the sale of electricity by a qualifying small power
14 production facility according to the standards in subsections (2) through ~~(6)~~ (8).

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

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

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

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

25 (6) The commission shall calculate the cost of integrating a qualifying small power production
26 facility into the transmission system. The integration cost must be subtracted from the value of avoided cost
27 rates.

28 (7) The commission may adopt rules further defining the criteria for qualifying small power

1 production facilities, their cost-effectiveness, and other standards.

2 ~~(6)(8) The commission may adopt rules further defining the criteria for qualifying small power~~
3 ~~production facilities, their cost-effectiveness, and other standards.~~ For the purposes of this part, "integration
4 costs" means all incremental costs associated with the addition of a small qualifying facility to the electrical grid,
5 including but not limited to balancing costs, operating reserves, load following costs, and grid costs. (Repealed
6 on occurrence of contingency--secs. 1, 3, Ch. 284, L. 2003--see part compiler's comment.)"

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8 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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10 NEW SECTION. Section 3. Applicability. [This act] does not apply to applications pending before
11 the commission before [the effective date of this act].

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