



AN ACT REQUIRING ELECTRICAL GENERATION FACILITIES AND UTILITIES IN MONTANA THAT BUY OR SELL RENEWABLE ENERGY CREDITS TO FILE RENEWABLE ENERGY CREDIT REPORTS WITH THE DEPARTMENT OF REVENUE AND THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE; REQUIRING THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE TO REVIEW THE REPORT; PROVIDING EXCEPTIONS TO THE REPORTS' CONTENTS; PROVIDING A PENALTY FOR NOT FILING A RENEWABLE ENERGY CREDIT REPORT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

WHEREAS, a growing number of states have adopted renewable portfolio standards requiring electricity retailers to acquire a minimum percentage of their power from renewable energy resources, and renewable energy credits are used to meet those acquisition targets; and

WHEREAS, the environmental attributes of a renewable power source reside in an unbundled renewable energy credit and associated electrons are considered generic electricity in power markets and priced accordingly; and

WHEREAS, there are no central clearinghouses and no futures market for renewable energy credits, and contracts for large volumes of renewable energy credits often contain confidentiality clauses that prohibit price disclosure for the term of the contract; and

WHEREAS, unbundled renewable energy credits sent to certain markets could depress the value of the associated electrons that remain in the region, and regional utilities could face higher costs for integrating renewable power constructed to meet certain states' increased demand for renewable energy credits; and

WHEREAS, it is in the public interest to disclose the price of renewable energy credits because it provides credibility and transparency to state-legislated policies such as renewable portfolio standards.

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

Section 1. Electrical generation facilities renewable energy credit reporting. (1) (a) Except as

provided in [section 2], a utility as defined in 69-5-102 operating in Montana, a competitive electricity supplier as defined in 69-3-2003, and any owner of an electrical generation facility operating in Montana that buys or sells renewable energy credits shall annually file a renewable energy credit report in accordance with this section.

(b) The report must be filed by March 1 of the year following the purchase or sale of the renewable energy credit.

(2) Except as provided in [section 2], the report must include:

(a) the price of any renewable energy credit bought or sold by the facility or utility; and

(b) whether electrical energy and renewable energy credits were bought or sold together or separately, as a bundled or unbundled product.

(3) Except as provided in subsection (4), the reports are not subject to the regulatory powers of the department of revenue. The department of revenue shall make the report available for public inspection.

(4) A utility or owner of an electrical generation facility that fails to file the report required pursuant to this section shall pay an administrative penalty, assessed by the department of revenue, of \$1,500. A utility may not recover this penalty through an increase in electricity rates. Money generated from these penalties must be deposited in the universal low-income energy assistance fund established in 69-8-412(1)(b).

(5) For the purposes of implementing this section, "electrical generation facility" means any combination of a physically connected generator or generators, associated prime movers, and other associated property, including appurtenant land and improvements and personal property, that are normally operated together to produce electric power.

(6) (a) The report required in subsection (1) must be filed with the department of revenue in a format determined by the department.

(b) A utility, a competitive electricity supplier, or an owner of an electrical generation facility that is required to file a report pursuant to subsection (1) shall provide a copy of the report to the energy and telecommunications interim committee provided for in 5-5-230. Before September 15 of the year preceding a legislative session, the energy and telecommunications interim committee shall review the reports and, if necessary, submit recommendations regarding the use of renewable energy credits in Montana to the legislature.

Section 2. Exceptions to report contents. (1) If a utility, a competitive electricity supplier, or an owner of an electrical generation facility operating in Montana required to file the report pursuant to [section 1] buys or

sells a renewable energy credit in a market where the price of a renewable energy credit is not publicly disclosed, the utility, competitive electricity supplier, or owner of an electrical generation facility operating in Montana is not required to disclose the price.

(2) The utility, competitive electricity supplier, or owner of an electrical generation facility operating in Montana shall report the number of credits bought or sold and whether the energy and renewable energy credits were bought or sold together or separately as a bundled or unbundled product.

Section 3. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

Section 4. Codification instruction. [Sections 1 and 2] are intended to be codified as an integral part of Title 69, chapter 3, part 20, and the provisions of Title 69, chapter 3, part 20, apply to [sections 1 and 2].

Section 5. Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

Section 6. Effective date. [This act] is effective on passage and approval.

Section 7. Applicability. [This act] applies to renewable energy credits bought or sold on or after January 1, 2012.

- END -

I hereby certify that the within bill,
SB 0007, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2011.

Speaker of the House

Signed this _____ day
of _____, 2011.

SENATE BILL NO. 7
INTRODUCED BY J. KEANE

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