

1 SENATE BILL NO. 334

2 INTRODUCED BY B. MOLNAR

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING CONSUMER INDIFFERENCE STANDARDS FOR
5 MONTANA TRANSMISSION SYSTEMS; CREATING TRANSMISSION COST ALLOCATIONS; PROVIDING
6 RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE."

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

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11 NEW SECTION. Section 1. Definition. As used in [section 3], unless the context clearly indicates
12 otherwise, "consumer indifference" means the complete cost of integration of an applicant generating asset is
13 reasonable when compared to existing sources available over a comparable timeframe when reliability and
14 capacity are calculated and quantified to arrive at a cost figure that includes the cost of load balancing,
15 regulation services, required spinning and nonspinning reserves, and the value of unused transmission
16 capacity.

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18 NEW SECTION. Section 2. Total system cost calculations. (1) The commission shall calculate the
19 cost to the total electric grid infrastructure for comparison to existing generation assets when considering all
20 applicant generating assets. The commission's cost calculation shall include but not be limited to the following:

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(a) load balancing costs;

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(b) regulation service costs;

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(c) the cost of required spinning and nonspinning reserves;

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(d) the value of unused transmission and distribution lines; and

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(e) the impact of direct cash subsidies for the duration of the subsidies.

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(2) Previously unused transmission capacity used by intermittent generators must be considered a

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positive outcome.

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(3) If mandated, carbon costs must be considered and monetized with consideration for the longevity

1 and effects of greenhouse gas production created by generation assets and the fuel required to operate those
2 assets. The calculation must include the effects beginning with the extraction of fuels and ending with
3 generation. If carbon cost adders are not mandated, the effects and longevity must be noted in the final order.

4 (4) When base load generation is used for load balancing services due to added variable generation
5 capacity, the cost to ratepayers must be calculated.

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7 **NEW SECTION. Section 3. Transmission system cost allocations -- rulemaking authority.** (1)

8 The commission shall allocate costs to achieve consumer indifference on the state's electric grid.

9 (2) When base load generation is used for load balancing services due to added variable generation
10 capacity, the cost to ratepayers must be made whole by the intermittent generators. The cost must be credited
11 to the generator causing the need for load balancing services.

12 (3) If generation includes energy storage, the costs of grid regulation and load balancing must reflect
13 the reduced impact to ratepayers.

14 (4) If excess energy from intermittent generators is sold into the wholesale market, the commission
15 shall allocate all transmission and wheeling charges to that generator.

16 (5) If intermittent generators build a regulating plant for the purpose of providing grid regulation
17 services to offset impacts, intermittent generators must be compensated for the services provided by the
18 regulating plant based on the market value of the generation at its time of delivery. The intermittent generator
19 plant owners may bid excess capacity into the western market or to public utilities within the state.

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21 **NEW SECTION. Section 4. Commission authority -- rulemaking.** The commission shall adopt
22 rules to implement and enforce the provisions of [sections 1 through 3].

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24 **NEW SECTION. Section 5. Codification instruction.** [Sections 1 through 4] are intended to be
25 codified as an integral part of Title 69, chapter 8, and the provisions of Title 69, chapter 8, apply to [sections 1
26 through 4].

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28 **NEW SECTION. Section 6. Effective date.** [This act] is effective on passage and approval.

