

SENATE JOINT RESOLUTION NO. 12

INTRODUCED BY P. CONNELL

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A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF NET METERING COSTS AND BENEFITS.

WHEREAS, it is imperative to forecast the costs and benefits of the state's net metering program before making changes to the program; and

WHEREAS, before moving forward with changes in Montana's net metering program, the state must determine whether renewable self-generation is cost-effective for the customers who install systems, what the cost impacts are on nonparticipating utility customers, and whether net metering programs reduce utility bills overall; and

WHEREAS, the state must evaluate the economic impact of net metering on private renewable energy production and the impact on the producer, utilities and cooperatives, and other energy consumers; and

WHEREAS, the state must evaluate the impact of net metering on utility operations, including the ability of the utility control center to monitor power production, the costs and benefits of dispatchable versus nondispatchable resources, and the need for economic dispatch criteria; and

WHEREAS, the state must evaluate the potential risk to utility employees serving the utility's transmission and distribution system and potential safeguards to ensure their safety; and

WHEREAS, the state must evaluate whether state tax incentives and universal system benefits funded construction grants for the installation of net metered systems are necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

(1) That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to conduct a study to assess the benefits and costs of net metering systems to public utilities and rural electric cooperatives and the costs and benefits to customers who do not use net metering systems.

(2) The study must include but is not limited to:

(a) a review of the general impacts of net metering, including a determination of:



- 1 (i) fixed plant costs, including a quantification of cost shifts, if any, between net metering customers and  
2 customers who do not net meter for payment of fixed costs of the utility, including billing, poles, and wires,  
3 exclusive of generation;
- 4 (ii) operating costs, including, exclusive of generation, a quantification of the reduction, if any, in the fixed  
5 costs of a utility delivery system due to net metered interconnections;
- 6 (iii) whether decreases or increases effect the cost of maintaining and operating a utility delivery system;  
7 and
- 8 (iv) costs, if any, per net metered system for generators. The quantifications in this subsection (2)(a) must  
9 account for net metering a single generator of 50 kilowatts or less up to a single generator of 5 megawatts.
- 10 (b) a review of the electric supply resource impacts of net metering, including:
- 11 (i) a quantification of the benefits and costs of net metering systems to the utility's electric supply  
12 resources that are displaced when net metered systems are generating and required when net metered systems  
13 are not generating, quantified per megawatt of connected net metered systems; and
- 14 (ii) a determination of costs of integrating net metering systems per megawatt, compared to the  
15 integration costs of a utility's other electric supply resources, including ancillary services, such as regulation,  
16 generating reserves, frequency response, and load following;
- 17 (c) a review of the safety issues related to net metering, including a determination of:
- 18 (i) tangible impacts to line personnel when operating the system with interconnected net metering  
19 systems; and
- 20 (ii) testing frequency of devices required at net metered systems for line personnel and public safety,  
21 specifically testing requirements to prevent net metered systems from back feeding the grid during grid power  
22 disruptions;
- 23 (d) a review of system stability issues related to net metering, including:
- 24 (i) a report on the capacity of net metered systems that would necessitate real-time communication from  
25 net metering systems to the grid operator to properly operate the grid; and
- 26 (ii) an assessment of the benefits, if any, of requiring smart inverters or reviewing electrical code  
27 standards to mitigate operational problems, if any, resulting from high saturation of the utility's power delivery  
28 system by net metering systems;
- 29 (e) a review of the subsidies, if any, provided in the form of tax credits, abatements, deductions, and  
30 state and federal grant or loan programs. The review must include an analysis of universal system benefits

1 program funds for net metering and the influence of those funds in determining costs pursuant to subsection  
2 (2)(a) and (2)(b). The review also must analyze whether projects that are subsidized require the use of prevailing  
3 wage or should be required to in the future.

4 (f) a review of the benefits of net metering systems to customers who do not net meter, including a  
5 quantification of:

6 (i) avoided utility energy purchases, including at peak demand hours;

7 (ii) avoided transmission and distribution line losses;

8 (iii) avoided generation capacity investments or purchases;

9 (iv) avoided transmission and distribution capacity investments; and

10 (v) avoided pollution control costs;

11 (g) a review of the economic development impacts of net metering systems, including:

12 (i) a review of revenue generated by businesses that sell and install net metered systems in Montana;

13 (ii) analysis of employment statistics for businesses that sell and install net metered systems in Montana;

14 (iii) a review of tax revenue generated by net metering systems, including an analysis of the increased  
15 taxable value of residential and commercial properties with net metered systems; and

16 (iv) an estimation of energy savings attributable to net metering systems;

17 (h) a review of the impact of net metering on utility operations, including a review of:

18 (i) the ability of a utility to monitor, schedule, and dispatch net metered power; and

19 (ii) criteria for the economic dispatch of net metered power; and

20 (i) a review of the methodologies for valuing power including power produced by the net metering facility  
21 and transferred to the utility and power produced by the utility and sold to the person net metering.

22 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be  
23 presented to and reviewed by an appropriate committee designated by the Legislative Council.

24 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review  
25 requirements, be concluded prior to September 15, 2016.

26 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,  
27 comments, or recommendations of the appropriate committee, be reported to the 65th Legislature.

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