

February 25, 2011-*For immediate release*

***For more information:***

PSC Chairman Bill Gallagher: 406.444.6169

PSC Public Information Specialist: 406.444.6171

**MT PSC advises FERC, “Cost causers should pay.”**

The Montana Public Service Commission (PSC) is advising federal rule makers that cost causers should pay when it comes to the extra capacity needed in an electricity system when variable energy resources are used. Additional regulating reserves must be available to “the grid” to balance load and energy when variable energy resources, such as wind energy, fluctuate in their moment to moment generation. Not supplying these additional regulating reserves is not an option. For example, Northwestern Energy, as a balancing area operator, must maintain an energy and load balance within North American Reliability Corporation Standards at all times or face substantial federal fines. The PSC voted February 24 to submit comments to the Federal Energy Regulatory Commission (FERC) stressing that energy generation sources with variable output should bear the cost of keeping additional capacity resources available for the periods when a variable energy producer, such as a wind plant, does not produce a consistent energy product. The comments are in response to FERC’s Notice of Proposed Rulemaking on the Integration of Variable Energy Resources, Docket RM10-11-000.

In addition to the Commission’s comments, the PSC has joined as a signatory to the Organization of MISO States (OMS) comments to FERC that also stress the principle of cost causation. MISO is the Midwest Independent Transmission System Operator, which monitors and coordinates the operation of the electric transmission system in 15 Midwestern states, including eastern Montana, and parts of Canada.

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