

NEWS RELEASE
MONTANA PUBLIC SERVICE COMMISSION

FOR IMMEDIATE RELEASE
May 2, 2013

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PSC Considers Amending Rules for QF Wind and Other Small Generators

HELENA - The Montana Public Service Commission (PSC) is poised to consider amending rules governing qualifying small power production facilities, or QFs.

Chairman Bill Gallagher, R-Helena, scheduled a Tuesday work session to consider initiating a proposed rule change in the event that Gov. Steve Bullock vetoes a bill addressing long-term QF contracts.

The Montana Legislature approved HB 188 during the 2013 session. The bill went to the governor's desk on April 26, but he's taken no action on the matter.

A prior Commission in 2007 made standard-offer contracts available to QFs up to 10 megawatts, a decision that Gallagher argues is burdensome on Montana utilities and ratepayers. Gallagher said he's especially concerned that significant construction of new QFs will drive up customer bills with the construction of new facilities to balance the system.

"It's been my contention that the former commission's rule is causing higher electricity costs by trying to push too much intermittent wind generation onto the system too quickly," Gallagher said. "The Legislature has seen fit to remedy the problem but if the governor is disinclined to support their effort, well, that puts the ball back into the PSC's court."

The governor has until Monday to act on HB 188, either by signing the bill into law or issuing a veto. If the governor takes no action, the bill automatically becomes law.

If the governor issues a veto, Gallagher has asked the Commission to discuss the possibility of reducing standard offer contract eligibility from the current 10 megawatts, down to the federal standard of 100 kilowatts. Federal law under the Public Utility Regulatory Policies Act of 1978 requires utilities to offer standard offer contracts to small, independent generators of 100 kilowatts or less.

HB 188 would lower the availability of standard-offer contracts to projects up to 3 megawatts. Under the bill, that threshold drops to 100 kilowatts once a utility has contracts with QFs totaling 15 percent of its average daily load.

The Commission's latest QF order is being litigated in court. Even without a change to the PSC's administrative rules, wind QFs are currently ineligible to receive contracts because the PSC has issued a stay of its previous order pending the outcome of the court proceedings.

Absent the governor's passing HB 188 by signing it or allowing it to become law without his signature, the PSC is scheduled to consider Gallagher's work session request at 9:30 a.m. Tuesday in the agency's

Bollinger Room at 1701 Prospect Avenue in Helena. If approved by the Commission, the PSC would conduct a public hearing on the proposed rule change as early as June 12.

For more information, visit psc.mt.gov or contact PSC Communications/Research Director Justin Post at (406) 444-6171. Follow the PSC at [Twitter.com/@MT_PSC](https://twitter.com/MT_PSC) or visit Facebook.com/MontanaPSC.