

For Immediate Release

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PSC approves contract terms for MTSUN Project

HELENA, Mont. – The Montana Public Service Commission voted today to authorize a 10-year power purchase agreement for a proposed 80-megawatt solar farm near Billings at a rate of roughly \$20 per megawatt hour. NorthWestern Energy would buy the power under the terms of the contract.

Federal law requires utilities to purchase generation from independent power producers like MTSUN LLC at what it would otherwise cost the utility to purchase the energy and capacity provided by the facility. If a utility and a developer are unable to agree on a price and contract terms, the law requires the PSC to step in.

“The law does not allow the commission to incentivize one form of energy over another,” said Commissioner Tony O’Donnell, R-Billings. “Our charge is to set the price at a level that is neutral to the ratepayer.”

The Commission’s ruling on Thursday was largely consistent with its [decision](#) last week.

In limiting contracts to 10 years, the Commission agreed with the Montana Consumer Counsel (MCC), which argued that the PSC should protect customers from the “excessive risk” of long-term contracts.

MCC economist Jamie Stamatson argued that the methodology used to calculate a price within a 25-year contract was too speculative. In testimony submitted to the Commission, he said the Commission should instead rely on “established forward strip prices, where market participants have made actual transactions based on their expectations of future prices.”

Like it did last week, the Commission also voted to impose symmetrical treatment on other resources of NorthWestern. In related news, on Wednesday, NorthWestern announced that it is suspending a solicitation targeted primarily at natural gas assets. That process had called for 20-year contracts at a minimum.

“Customers should not be paying for things they do not need,” said Vice Chairman Travis Kavulla, R-Great Falls. “Whether it is solar or gas, the Commission is questioning the wisdom of

locking customers into a decades-long arrangement at a time when the market is already oversupplied.”

The Commission also decided to eliminate a carbon price adder from rates paid to MTSUN, citing a shift in federal policy related to carbon emissions.

“A price on carbon dioxide is more unlikely now, than ever, and customers shouldn’t be on the hook for carbon costs that may never materialize,” said Commissioner Roger Koopman, R-Bozeman.

To view the full docket, visit: <http://bit.ly/2sliBxw>

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Made up of five elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.