

For Immediate Release

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PSC Members Disappointed By Governor's Veto of SB 32

HELENA, Mont. – A bill to repeal the requirement that utilities purchase a certain amount of energy from Community Renewable Energy Projects (CREP) was vetoed by the Governor Friday.

[Senate Bill 32](#), sponsored by Senator Keith Regier, R-Kalispell, would have repealed the CREP statute. The law, which was initially passed by the legislature to promote the development of small renewable energy projects by local owners, has failed to fulfill its intended purpose due to the strict definition for a CREP.

"It's disappointing to see the Governor cling to empty promises behind a failed policy, rather than have the courage to admit when a program has outlived its usefulness. CREPS do virtually nothing to promote renewable energy development in Montana, while creating an enormous amount of busy work for the PSC," said Montana Public Service Commission Chairman Brad Johnson (R-East Helena).

"One of the hardest things for government to do is admit when it's made a mistake. CREP was a mistake from the start, driven more by ideology than by sound economics," said Montana Public Service Commissioner Roger Koopman (R-Bozeman). "As the history of this program has proven, you can't create qualified investors out of thin air simply by passing a law mandating it. The governor needs to learn how to let go of failed programs, instead of trying to give them eternal life."

Montana law requires utilities to acquire 75 MW worth of capacity from CREP projects that are limited to 25 MW in size, provided that the cost of energy from these projects does not exceed the cost of any other alternative energy resource available to the utility by more than 15 percent.

CREPs are also subject to strict local ownership standards, which immediately disqualifies most investors with a capital structure and tax appetite large enough to finance renewable projects. Since 2004 only 6 projects have been certified as CREPs, making it difficult for the state's largest electric utilities to comply with the law.

One option is for utilities to build or purchase their own CREPS. The law was amended in 2009 to expand the definition of local owners to include utilities, even though they are owned primarily by out of state shareholders.

“Leaving this law on the books in all likelihood will result in NorthWestern Energy, not actual local owners, buying wind farms that are not scaled to economic size purely to escape the possibility of being fined by the PSC,” said Travis Kavulla (R-Great Falls), vice-chairman of the Public Service Commission.

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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.