Consumers shouldn't have to overpay for an "energy revolution"

By: Commissioner Brad Johnson

It's safe to say that solar energy development has experienced incredible progress over the past decade and has the potential to one day revolutionize how we generate electricity in Montana. But should we be forced to pay more on our monthly electricity bill just to promote solar energy?

Some corporate solar developers operating in Montana are willing to allow exactly that, appearing content with throwing ratepayers under the bus to boost their own profits. This is unacceptable, and must not be tolerated.

My colleagues and I on the Montana Public Service Commission recently approved a request by NorthWestern Energy to *temporarily* suspend the dated, and almost certainly inflated rate NorthWestern Energy's customers are forced to pay for new solar energy generated by independent power producers. The rate will remain suspended until a new, more accurate rate is calculated later this year.

As expected, the decision did not sit well with out-of-state renewable energy developers and environmental activists operating in Montana.

At issue is a federal law known as the Public Utility Regulatory Policies Act (PURPA), which *requires* utilities like Northwestern Energy to purchase power that independent renewable generators produce, whether needed or not, and pass the costs of that power straight through to their customers. The price consumers pay is set by state governments, varying state-by-state.

Corporate solar developers use this law as a guaranteed source of income for obtaining loans to finance projects, cherry picking the states with the highest government-assured rate to do business in. But PURPA also requires that customers shouldn't overpay for electricity produced by solar facilities, which is exactly what was happening in Montana.

The last time the PSC updated the PURPA rate was in 2013, when the Commission established a price of $66 per megawatt-hour. Since then, the factors that go into calculating the rate have changed significantly.

NorthWestern purchased over 400 MW of capacity from 10 hydroelectric dams in 2014 at $56 per megawatt-hour, and current electricity market prices are near historic lows of about $20 per megawatt-hour; both of which affect the calculation for what solar generators should be paid under the obligations of PURPA.

Simply put, it was well past time to put the rate on pause and update it again.

Predictably, renewable energy advocates immediately blasted the PSC's decision to suspend the rate, claiming that the Commission acted unlawfully to stop renewable energy development in Montana. Such a claim is patently false.

The Commission's decision was wholly within its legal authority, having nothing to do with anti-renewable sentiment and everything to do with the potential harm that the current rate could have on consumers.

In comments submitted to the PSC, the state's consumer advocate, the Montana Consumer Counsel, urged the Commission to grant NorthWestern's request. The MCC agreed that the current rate is outdated, and is far higher than what customers should pay for electricity from these solar projects. We took this analysis to heart while making our decision.

I strongly believe that renewable energy development has the potential to provide tremendous benefit to Montana in the form of jobs, taxes, and a draw for companies to relocate their operations to our state with the appeal of a greener energy portfolio. But under the requirements of PURPA, electricity consumers should not pay more on their bills as a result of renewable energy development, which is what would have happened had the Commission not acted.

Out-of-state solar developers and renewable energy advocates can cry foul all they want, but the PSC's recent decision was clearly the right thing to do, and I'm always proud to side with the consumers of Montana.

Brad Johnson, R-East Helena, is the former Montana Secretary of State, and currently serves as Chairman of the Montana Public Service Commission.

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