

SENATE BILL NO. 430

INTRODUCED BY HALLIGAN, B. BROWN,
BERG, HOLLIDAY, LEE, IVERSON

BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

IN THE SENATE

February 15, 1983	Introduced and referred to Committee on Natural Resources.
February 18, 1983	Committee recommend bill do pass as amended. Report adopted.
February 19, 1983	Bill printed and placed on members' desks.
February 21, 1983	Second reading, do pass as amended.
February 22, 1983	Correctly engrossed.
February 23, 1983	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 28, 1983	Introduced and referred to Committee on Business and Industry.
March 7, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 9, 1983	Second reading, pass consideration.
March 10, 1983	Second reading, concurred in. Statement of Intent attached.
March 11, 1983	Third reading, concurred in.

IN THE SENATE

March 12, 1983

Returned to Senate with amendments.

March 14, 1983

Second reading, amendments concurred in.

March 15, 1983

Third reading, amendments concurred in. Ayes 48; Noes, 0. Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. 430
 2 INTRODUCED BY *Halligan* *Bob Brown Berg* *Hociney*
 3 *Carl Smith*
 4 BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE COGENERATION
 6 AND CONSERVATION IN THE DEFINITION OF A QUALIFYING SMALL
 7 POWER PRODUCTION FACILITY; AMENDING SECTIONS 69-3-601,
 8 69-3-602, AND 69-3-604, MCA."
 9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 69-3-601, MCA, is amended to read:
 12 "69-3-601. Definitions. As used in this part, the
 13 following definitions apply:

14 (1) "Commission" means the Montana public service
 15 commission.

16 (2) "Electric cooperative" means a rural electric
 17 cooperative organized under the laws of Montana, or a
 18 foreign corporation admitted to do business in Montana.

19 (3) "Utility" means any public utility supplying
 20 electricity and regulated by the commission.

21 (4) "Qualifying small power production facility" means
 22 a facility that:

23 (a) produces electricity by the use, as a primary
 24 energy source, of biomass, waste, water, wind, or other
 25 renewable resource, or any combination of those sources; OR

1 ~~(b) produces electricity and useful forms of thermal~~
 2 ~~energy, such as heat or steam, used for industrial,~~
 3 ~~commercial, heating, or cooling purposes through the~~
 4 ~~sequential use of energy known as cogeneration; or~~

5 ~~(c) produces electricity by increasing the energy~~
 6 ~~efficiency of building shells, equipment, or processes~~
 7 ~~through cost-effective conservation measures; and~~

8 ~~(b)(d)~~ has a power production capacity that together
 9 with any other facilities located at the same site is not
 10 greater than 80 megawatts; and

11 ~~(c)(e)~~ is owned by a person not primarily engaged in
 12 the generation or sale of electricity other than electric
 13 power from a small power production facility."

14 Section 2. Section 69-3-602, MCA, is amended to read:

15 "69-3-602. Generation and sale of electricity by
 16 qualifying small power production facility. (1) A qualifying
 17 small power production facility may generate electricity
 18 from the sources described in ~~subsections (4)(a) through~~
 19 ~~(4)(c) of 69-3-601~~ ~~(b)(e) or any combination of those sources~~
 20 and may contract for the sale of that electricity with a
 21 utility.

22 (2) A qualifying small power production facility may
 23 generate electricity from the sources described in
 24 ~~subsections (4)(a) through (4)(c) of 69-3-601~~ ~~(b)(e) or any~~
 25 ~~combination of those sources~~ and may contract for the sale

1 of that electricity with an electric cooperative under terms
2 and conditions mutually agreed upon between the parties and
3 in compliance with the rates and regulations established by
4 the Public Utility Regulatory Policies Act."

5 Section 3. Section 69-3-604, MCA, is amended to read:

6 "69-3-604. Standards for determination of rates and
7 conditions. (1) The commission shall determine the rates and
8 conditions of the contract for the sale of electricity by a
9 qualifying small power production facility according to the
10 standards in subsections (2) through ~~(4)~~ (5).

11 (2) Long-term contracts for the purchase of
12 electricity by the utility from a qualifying small power
13 production facility shall be encouraged in order to enhance
14 the economic feasibility of qualifying small power
15 production facilities.

16 (3) The rates to be paid by a utility for electricity
17 purchased from a qualifying small power production facility
18 shall be established with consideration of the availability
19 and reliability of the electricity produced.

20 (4) The commission may set these rates by use of any
21 of the following methods:

22 (a) the avoided cost over the term of the contract;

23 (b) the cost of production for the qualifying small
24 power production facility plus a just and reasonable return;
25 or

1 (c) any other method that will promote the development
2 of qualifying small power production facilities.

3 ~~(5) The commission may adopt rules further defining~~
4 ~~the criteria for qualifying small power production~~
5 ~~facilities, their cost-effectiveness, and other standards."~~

-End-

Approved by Committee
on Natural Resources

SENATE BILL NO. 430

INTRODUCED BY HALLIGAN, B. BROWN,

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BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE COGENERATION AND CONSERVATION IN THE DEFINITION OF A QUALIFYING SMALL POWER PRODUCTION FACILITY; AMENDING SECTIONS 69-3-601, 69-3-602, AND 69-3-604, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-601, MCA, is amended to read: "69-3-601. Definitions. As used in this part, the following definitions apply:

(1) "Commission" means the Montana public service commission.

(2) "Electric cooperative" means a rural electric cooperative organized under the laws of Montana, or a foreign corporation admitted to do business in Montana.

(3) "Utility" means any public utility supplying electricity and regulated by the commission.

(4) "Qualifying small power production facility" means a facility that:

(a) produces electricity by the use, as a primary energy source, of biomass, waste, water, wind, or other

renewable resource, or any combination of those sources; or
(b) produces electricity and useful forms of thermal energy, such as heat or steam, used for industrial, commercial, heating, or cooling purposes through the sequential use of energy known as cogeneration; or

~~(c) produces electricity by increasing the energy efficiency of building shells, equipment, or processes through cost-effective conservation measures; and~~

~~(b)(1)(C)~~ has a power production capacity that together with any other facilities located at the same site is not greater than 80 megawatts; and

~~(b)(1)(D)~~ is owned by a person not primarily engaged in the generation or sale of electricity other than electric power from a small power production facility."

Section 2. Section 69-3-602, MCA, is amended to read:

"69-3-602. Generation and sale of electricity by qualifying small power production facility. (1) A qualifying small power production facility may generate electricity from the sources described in subsections (4)(a) through (4)(b) AND (4)(B) of 69-3-601(4)(a) or any combination of those sources and may contract for the sale of that electricity with a utility.

(2) A qualifying small power production facility may generate electricity from the sources described in subsections (4)(a) through (4)(c) of 69-3-601(4)(a) or any

~~combination-of-these-sources~~ and may contract for the sale of that electricity with an electric cooperative under terms and conditions mutually agreed upon between the parties and in compliance with the rates and regulations established by the Public Utility Regulatory Policies Act."

Section 3. Section 69-3-604, MCA, is amended to read:

"69-3-604. Standards for determination of rates and conditions. (1) The commission shall determine the rates and conditions of the contract for the sale of electricity by a qualifying small power production facility according to the standards in subsections (2) through (4) (5).

(2) Long-term contracts for the purchase of electricity by the utility from a qualifying small power production facility shall be encouraged in order to enhance the economic feasibility of qualifying small power production facilities.

(3) The rates to be paid by a utility for electricity purchased from a qualifying small power production facility shall be established with consideration of the availability and reliability of the electricity produced.

(4) The commission may set these rates by use of any of the following methods:

(a) the avoided cost over the term of the contract;

(b) the cost of production for the qualifying small power production facility plus a just and reasonable return;

or

(c) any other method that will promote the development of qualifying small power production facilities.

~~(5) The commission may adopt rules further defining the criteria for qualifying small power production facilities, their cost-effectiveness, and other standards."~~

-End-

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A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE COGENERATION AND CONSERVATION IN THE DEFINITION OF A QUALIFYING SMALL POWER PRODUCTION FACILITY; AMENDING SECTIONS 69-3-601, 69-3-602, AND 69-3-604, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-601, MCA, is amended to read:

"69-3-601. Definitions. As used in this part, the following definitions apply:

(1) "Commission" means the Montana public service commission.

(2) "Electric cooperative" means a rural electric cooperative organized under the laws of Montana, or a foreign corporation admitted to do business in Montana.

(3) "Utility" means any public utility supplying electricity and regulated by the commission.

(4) "Qualifying small power production facility" means a facility that:

(a) produces electricity by the use, as a primary energy source, of biomass, waste, water, wind, or other

renewable resource, or any combination of those sources; ~~or~~
~~(b) produces electricity and useful forms of thermal energy, such as heat or steam, used for industrial, commercial, heating, or cooling purposes through the sequential use of energy known as cogeneration; or~~

~~that produces electricity by increasing the energy efficiency of building shell, equipment, or processes through cost-effective conservation measures; and~~

~~that~~ (1) has a power production capacity that together with any other facilities located at the same site is not greater than 80 megawatts; and

~~that~~ (2) is owned by a person not primarily engaged in the generation or sale of electricity other than electric power from a small power production facility."

Section 2. Section 69-3-602, MCA, is amended to read:

"69-3-602. Generation and sale of electricity by qualifying small power production facility. (1) A qualifying small power production facility may generate electricity from the sources described in subsections (4)(a) through (4)(d) ~~that~~ AND (4)(B) of 69-3-601~~(4)(a) or any combination of those sources~~ and may contract for the sale of that electricity with a utility.

(2) A qualifying small power production facility may generate electricity from the sources described in subsections (4)(a) through (4)(d) ~~that~~ of 69-3-601~~(4)(a) or any~~

1 ~~combination-of-these-sources~~ and may contract for the sale
 2 of that electricity with an electric cooperative under terms
 3 and conditions mutually agreed upon between the parties and
 4 in compliance with the rates and regulations established by
 5 the Public Utility Regulatory Policies Act."

6 Section 3. Section 69-3-604, MCA, is amended to read:

7 "69-3-604. Standards for determination of rates and
 8 conditions. (1) The commission shall determine the rates and
 9 conditions of the contract for the sale of electricity by a
 10 qualifying small power production facility according to the
 11 standards in subsections (2) through ~~(4)~~ (5).

12 (2) Long-term contracts for the purchase of
 13 electricity by the utility from a qualifying small power
 14 production facility shall be encouraged in order to enhance
 15 the economic feasibility of qualifying small power
 16 production facilities.

17 (3) The rates to be paid by a utility for electricity
 18 purchased from a qualifying small power production facility
 19 shall be established with consideration of the availability
 20 and reliability of the electricity produced.

21 (4) The commission may set these rates by use of any
 22 of the following methods:

23 (a) the avoided cost over the term of the contract;

24 (b) the cost of production for the qualifying small
 25 power production facility plus a just and reasonable return;

1 or

2 (c) any other method that will promote the development
 3 of qualifying small power production facilities.

4 ~~(5) The commission may adopt rules further defining~~
 5 ~~the criteria for qualifying small power production~~
 6 ~~facilities, their cost-effectiveness, and other standards."~~

-End-

MARCH 10, 1983

HOUSE COMMITTEE OF THE WHOLE

AMENDMENTS TO SENATE BILL 430, THIRD READING COPY (BLUE)

WITH HOUSE BUSINESS AND INDUSTRY COMM. AMENDMENTS of March 8, 1983

Attach the following Statement of Intent:

"STATEMENT OF INTENT
SENATE BILL 430

A statement of intent is necessary for this bill because it grants additional rulemaking authority to the Public Service Commission. The legislature intends that the commission adopts rules further defining criteria for qualifying small power production facilities, including cost-effectiveness and other standards. These rules should reflect the addition of cogeneration facilities as qualifying small power production facilities."

ADOPT

REJECT

HOUSE BUSINESS & INDUSTRY COMMITTEE
AMENDMENTS TO SB 430, THIRD READING COPY BLUE
MARCH 7, 1983

1. Page 2, line 5
Following: "cogeneration;"
Strike: "or"
Insert: "and"

2. Page 2, line 25
Following: "(4) (a)"
Insert: "and (4) (b)"

AND AS AMENDED
BE CONCURRED IN

1 STATEMENT OF INTENT

2 SENATE BILL 430

3

4 A statement of intent is necessary for this bill
5 because it grants additional rulemaking authority to the
6 Public Service Commission. The legislature intends that the
7 commission adopt rules further defining criteria for
8 qualifying small power production facilities, including cost
9 effectiveness and other standards. These rules should
10 reflect the addition of cogeneration facilities as
11 qualifying small power production facilities.

REFERENCE BILL

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renewable resource, or any combination of those sources; ~~or~~

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~~it produces electricity by increasing the energy efficiency of building shells, equipment, or processes through cost-effective conservation measures; and~~

~~(b)(1)(C)~~ has a power production capacity that together with any other facilities located at the same site is not greater than 80 megawatts; and

~~(b)(1)(D)~~ is owned by a person not primarily engaged in the generation or sale of electricity other than electric power from a small power production facility."

Section 2. Section 69-3-602, MCA, is amended to read:

"69-3-602. Generation and sale of electricity by qualifying small power production facility. (1) A qualifying small power production facility may generate electricity from the sources described in subsections (41)(a) through (41)(c) AND (41)(d) of 69-3-601 ~~or any combination of those sources~~ and may contract for the sale of that electricity with a utility.

(2) A qualifying small power production facility may generate electricity from the sources described in subsections (41)(a) through (41)(c) AND (41)(d) of

1 69-3-601~~(4)(e)~~ ~~or any combination of those sources~~ and may
 2 contract for the sale of that electricity with an electric
 3 cooperative under terms and conditions mutually agreed upon
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 6 ~~the criteria for qualifying small power production~~
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-End-