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_____ BILL NO. _____
INTRODUCED BY _____

BY REQUEST OF THE ENERGY AND TECHNOLOGY INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING COMMUNITY SOLAR AND PUBLIC UTILITY REQUIREMENTS; PROVIDING FOR DISTRIBUTION INTERCONNECTION FOR COMMUNITY SOLAR ENERGY FACILITIES; DISTINGUISHING COMMUNITY SOLAR CUSTOMERS FROM NET METERING CUSTOMERS; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Short title. [Sections 1 through 7] may be cited as the "Montana Solar Shares Act".

NEW SECTION. Section 2. Definitions. As used in [sections 1 through 7], unless the context clearly indicates otherwise, the following definitions apply:

(1) "Community solar energy facility" means a facility that generates electricity by means of a solar photovoltaic device for which subscribers receive an on-bill credit for the electricity generated in proportion to the size of their subscription and that the facility:

(a) is connected to a public utility's distribution system behind a revenue meter supplied by the public utility that is capable of recording the cumulative kilowatt hours produced by a community solar energy facility in at least 15-minute intervals;

(b) has generating capacity of not more than 3 megawatts and remains only on the public utility's distribution system;

(c) has generating capacity of not less than 50 kilowatts;

(d) produces electricity for which two or more subscribing customers within the same service

1 territory receive an on-bill credit; and

2 (e) is not considered a qualifying small power production facility under 69-3-601.

3 (2) "Community solar energy facility owner" means a public-private partnership, local government
4 entity, for-profit business, or nonprofit organization dedicated to operating a community solar energy facility.

5 (3) "On-bill credit" means a dollar or monetary per kilowatt-hour credit applied to a subscribing
6 customer's account to offset the consumption of electrical energy.

7 (4) (a) "Public utility" means an electric utility regulated by the commission pursuant to Title 69,
8 chapter 3, on [the effective date of this act], including the public utility's successors or assignees.

9 (b) The term does not include:

10 (i) a community solar energy facility; or

11 (ii) a subscribing customer.

12 (5) "Subscribing customer" means a retail electricity consumer receiving an on-bill credit for
13 electric generation from a community solar energy facility. Subscribing customers must be located in the same
14 service territory as the community solar energy facility. A subscribing customer may not be a customer-
15 generator as defined in 69-8-103.

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17 **NEW SECTION. Section 3. Community solar energy facility and owner requirements --**
18 **subscribing customer accounts.** (1) A public utility shall process and evaluate interconnection requests for a
19 community solar energy facility pursuant to interconnection standards and procedures approved by the
20 commission and that meet the requirements of this chapter.

21 (2) A public utility may not subject a community solar energy facility to unreasonable,
22 discriminatory, or unduly burdensome interconnection requirements beyond those applicable to comparable
23 distributed generation resources.

24 (3) A community solar energy facility owner is responsible for all administrative costs incurred to
25 administer subscriptions and the community solar energy facility, as well as interconnection costs and
26 distribution system upgrades to accommodate the community solar energy facility, as determined by
27 commission-approved interconnection standards and procedures.

28 (4) The proportion of the community solar energy facility's generating capacity assignable to a

1 subscribing customer must represent at least 1 kilowatt of generating capacity.

2 (5) (a) A subscribing customer may not subscribe to generating capacity beyond the subscribing
3 customer's 3-year average annual utility-supplied power consumption as measured at the subject meter or, for
4 new construction, the modeled average annual power consumption.

5 (b) A single subscribing customer may not subscribe for more than 40% of the nameplate capacity
6 of a community solar energy facility.

7 (c) A subscribing customer may have multiple account locations within the public utility's service
8 territory.

9 (6) A community solar energy facility must be located within the service territory of the public utility
10 granting the on-bill credit.

11 (7) A public utility shall grant an on-bill credit to the accounts of subscribing customers in
12 accordance with the commission-approved tariff.

13 (8) A community solar energy facility owner generating electricity for subscribing customers shall
14 provide a public utility with:

15 (a) a single point of contact;

16 (b) a list of all subscribing customers and the associated accounts to receive on-bill credits for
17 electricity generated by the community solar energy facility on a monthly basis; and

18 (c) the proportion of generated electricity assignable to each subscribing customer and an
19 associated account or accounts.

20 (9) (a) A subscribing customer must have an account with the public utility providing the on-bill
21 credit.

22 (b) If a subscribing customer ceases to hold the account for which the on-bill credit is received but
23 has another account in the service territory of the public utility, the public utility shall, at the written request of
24 the subscribing customer, transfer the on-bill credit to the new account held by the same subscribing customer
25 and adjust that account to reflect the proportion of generated electricity assignable to the account.

26 (c) If a subscribing customer ceases to hold the account for which an on-bill credit is received, the
27 public utility shall, at the request of the subscribing customer, transfer the on-bill credit to a new eligible
28 subscribing customer.

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2 **NEW SECTION. Section 4. On-bill credit requirements for community solar energy facilities.** (1)

3 A public utility shall grant on-bill credits to a subscribing customer's account for the account's proportion of
4 generation from a community solar energy facility for each billing period. The on-bill credit does not relieve the
5 subscribing customer of responsibility to pay other charges for the applicable rate schedule.

6 (2) Subject to any application provisions of a tariff approved under [section 7], if the subscribing
7 customer's on-bill credit during the billing period exceeds the charges for electricity supplied by the public utility
8 for the accounts, any unused on-bill credits must be carried forward and applied to future billing periods.

9
10 **NEW SECTION. Section 5. Community solar energy facility -- safety and reliability.** A community
11 solar energy facility must include, at the community solar energy facility owner's expense, all equipment
12 necessary to meet applicable safety, power quality, and interconnection requirements established under the
13 commission-approved tariff. The community solar energy facility owner is responsible for interconnection and
14 distribution upgrade costs.

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16 **NEW SECTION. Section 6. Community solar energy program review.** When a facility has 75
17 megawatts of aggregate community solar energy generating capacity in operation, the commission shall
18 conduct a program review to:

- 19 (1) identify areas in which the intent of [sections 1 through 7] has and has not been achieved;
20 (2) ensure nonsubscribing customers are held harmless; and
21 (3) evaluate impacts to the electrical grid and recommend program changes, including possible
22 expansion, termination, improvements, or updates within the authority of the commission that are in the public
23 interest.

24
25 **NEW SECTION. Section 7. Public service commission authority -- tariff -- rulemaking.** (1) No
26 later than July 1, 2028, a public utility shall file for commission approval of a tariff or tariffs that must include:
27 (a) a method for establishing an on-bill credit using a dollar per kilowatt-hour rate, including but not
28 limited to consideration of the public utility's avoided cost, the comparable public utility's existing rates for

1 similar services, the value of additional distributed grid capacity, the energy demand reduction at peak periods,
2 distribution costs, and other value considerations within the public interest;

3 (b) a statement that the public utility's responsibilities are limited to commission-approved
4 interconnection, billing, and crediting services and do not include subscription management, subscriber
5 recruitment, renewable energy credit tracking or administration, contractual disputes, or the operation or
6 performance of a community solar energy facility;

7 (c) the reasonable transferability and portability of solar energy subscriptions, as described in
8 [section 3];

9 (d) appropriate annual reconciliation of credits for subscribing customers;

10 (e) incentives for low-income retail electricity consumers to become subscribing customers; and

11 (f) a method to minimize or eliminate the shifting of cost, if any, between nonsubscribing
12 customers and subscribing customers.

13 (2) A public utility shall provide opportunity for stakeholder engagement with the community solar
14 industry and for community-level engagement prior to filing the tariff with the commission.

15 (3) The commission rules may not remove a customer from the commission's otherwise applicable
16 customer class to participate in a community solar energy facility.

17 (4) No community solar energy facilities may be constructed until the commission issues its
18 decision on an applicable tariff.

19 (5) The commission shall issue its decision on a final tariff within 180 days after receiving a utility's
20 filing.

21 (6) The commission shall adopt rules within 1 year of [the effective date of this act].
22

23 NEW SECTION. Section 8. Codification instruction. [Sections 1 through 7] are intended to be
24 codified as an integral part of Title 69, chapter 3, and the provisions of Title 69, chapter 3, apply to [sections 1
25 through 7].
26

27 NEW SECTION. Section 9. Saving clause. [This act] does not affect rights and duties that matured,
28 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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2 NEW SECTION. **Section 10. Effective date.** [This act] is effective on passage and approval.

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