**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE ****

A BILL FOR AN ACT ENTITLED: “AN ACT ESTABLISHING COMMUNITY SOLAR AND UTILITY REQUIREMENTS; PROVIDING FOR DISTRIBUTION INTERCONNECTION FOR COMMUNITY SOLAR ENERGY FACILITIES; DISTINGUISHING COMMUNITY SOLAR CUSTOMERS FROM NET METERING CUSTOMERS; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; 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) "On-bill credit" means a dollar or monetary per kilowatt-hour credit applied to a subscribing customer's account to offset the consumption of electrical energy.

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

(b) The term does not include:

(i) a community solar energy facility; or

(ii) a subscribing utility customer.

(3) "Community solar energy developer" means a developer or owner of a community solar energy facility.

(4) "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:

(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 fifteen-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 territory receive an on-bill credit; and

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

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

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

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

(b) Community solar energy facilities must not be subject unreasonable, discriminatory, or unduly burdensome interconnection requirements beyond those applicable to comparable distributed generation resources.

(c) A community solar energy facility owner shall be responsible for all administrative costs incurred to administer subscriptions and the community solar energy facility, as well as interconnection costs and distribution system upgrades to accommodate the community solar energy facility, as determined by

commission-approved interconnection standards and procedures.

(3) The proportion of the community solar energy facility's generating capacity assignable to a subscribing customer must represent at least 1 kilowatt of generating capacity.

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

(b) No single subscribing customer shall subscribe for more than 40% of nameplate capacity of a community solar energy facility.

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

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

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

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

(a) a single point of contact;

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

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

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

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

(c) If a subscribing customer ceases to hold the account for which an on-bill credit is received, the

public utility shall, at the request of the subscribing customer, transfer the on-bill credit to a new eligible subscribing customer.

NEW SECTION. **Section 4. On-bill credit requirements for community solar energy facilities.** (1) A public utility shall grant on-bill credits to a subscribing customer's account for the account's proportion of generation from a community solar energy facility for each billing period. The on-bill credit does not relieve the subscribing customer of responsibility to pay other charges for their applicable rate schedule.

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

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

NEW SECTION. **Section 6. Community solar program review.** (1) Upon 75 megawatts aggregate community solar generating capacity in operation, the commission shall conduct a program review to evaluate stakeholder benefits or impacts to:

(a) identify areas where the intent of the act has and has not been achieved;

(b) ensure non-subscribing customers are held harmless; and

(c) evaluate impacts to the electrical grid, and recommend program changes, including possible expansion, termination, improvements or updates within the authority of the commission that are in the public interest.

(2) Upon triggering the commission review, no additional community solar energy facilities may be constructed unless the review determines additional capacity is appropriate.

NEW SECTION. **Section 7. Public service commission authority -- tariff** (1) No later than July 1, 2028, a public utility shall file for commission approval tariff(s) which must include:

(a) a method for establishing an on-bill credit on a dollar per kilowatt hour basis, including but not limited to consideration of the public utility's avoided cost; the value of additional distributed grid capacity; energy demand reduction at peak periods; distribution costs; and other value considerations within the public interest;

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

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

(d) appropriate annual true-up of credits for subscribing customers;

(e) incentivize low-income retail electricity consumers to be subscribing customers; and

(f) minimizing or eliminating the shifting of cost, if any, between non-subscribing customers and subscribing customers.

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

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

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

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

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

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

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

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