

To: Members of the Energy and Telecommunications Interim Committee (ETIC)
From: Trina Blake, Policy Associate, NW Energy Coalition
February 23, 2004
Re: Comments on the Universal System Benefits Programs for Natural Gas and Electricity in Montana

Thank you for the opportunity to comment on Montana's universal system benefits programs (USB). The NW Energy Coalition (NWECC) supports the USB and all the public purpose benefits it funds, including new renewable energy, low-income assistance, and conservation. NWECC is a regional coalition of consumer, civic, human interest and environmental organizations; progressive utilities; and businesses. We have eleven member organizations in Montana.

Introduction

In general, NWECC would like to see the full range of benefits continue to be funded by the USB. We feel it is especially important to take a long-term view of how the money will best help the people of Montana in considering how to fund the specific program areas. This includes understanding that projects such as weatherization/conservation and the construction of new renewables benefit not only people with low-incomes by reducing their energy bill and leading to more stable energy rates, but also Montana in general by reducing exposure to price volatility in electric power markets, stimulating local economic development, reducing peak power needs and benefiting the environment.

Further, the NW Energy Coalition would like to speak directly to supporting the continued funding of new renewables and energy efficiency. Many new renewable energy projects have already been funded in Montana, from solar arrays on schools and firehouses to distributed wind generation. Montana has a huge potential for new renewable energy. The wind potential in Montana has been mapped and is very promising (see map at http://www.windmap.org/windmaps/MTwindpower50_big.htm). Montana also has begun, in small efforts, to tap its vast solar resources. Further investments in large-scale renewable projects, along with small-scale clean distributed generation will help diversify Montana's power supply, provide rate stability, and create energy independence. Clean distributed generation can also shave peak power needs and ease congestion on the transmission system. All this while energy efficiency (in areas from irrigation improvements to more efficient homes and commercial building retrofits) and new renewables create new jobs, tax dollars for the state and protect the environment. This is why both the republican and democratic parties in Montana strongly encourage their development in their platforms for an energy future (see Republican party's platform at http://www.mtgop.org/platform_NaturalResources.htm, and the Democrats at <http://www.mtdemocrats.org/news/refuelmontana.html>).

One way to increase the funding to all groups, especially the low-income population, is by increasing the overall funding level of the USB program. The funding levels in California and Oregon are closer to 3%. Along with this increase, we support the removal of the sunset date in the electric USB. Both parties in Montana have consistently

supported the USB, and more debate on whether it should exist is not time well spent. The natural gas USB should also have a minimum funding level set, to cover the vast needs of direct natural gas users (supported currently by Northwestern Energy's electric USB) and due to skyrocketing natural gas prices.

The issue has been raised of whether to increase the low-income portion of the USB monies. NWEC is fully aware of the crisis that many energy consumers in Montana currently face due to increases in their energy bills and economic troubles. However, we are also concerned about how the current low-income money is distributed and its effectiveness in providing real benefits to those most in need. Earlier this month the Montana AARP hosted an Energy Consumer's Summit where many interesting and challenging issues were raised. We encourage you to review the materials from that Summit when evaluating the best way to help reduce the energy burden on low- and fixed-income consumers. (See Montana's AARP Energy Consumer's Summit, Feb 2004, <http://www.montanaforum.com/rednews/2004/02/03/build/consumers/utilitybills.php?nnn=1>, attachment A, article on summit). In addition, NWEC would like to direct the Committee to review a program offered by the Eugene Water and Electric Board (EWEB) in Oregon. This program comprehensively covers all aspects of a low-income customer's energy service needs, leading to more affordable bills that get paid. (See attachment B, story on the audit of EWEB's low-income plan).

Brief Response to USB Workbook Options

The request for comments included a request that the comments respond to the USB workbook, and its series of options. Under the section, "Combined Options", starting on page 10, there are several the NW Energy Coalition would support, presented in list form below.

USB Charge, Electricity:

Option 2: Eliminate termination date for the USB charge.

Option 4: Request additional information related to funding levels. Specifically: how is the money spent with regard to low-income programs? Is it spent with maximum efficiency and effectiveness? Are people's bills being reduced through weatherization and conservation? Are people getting bill assistance and education? Long-term planning to avoid moving from crisis to crisis? Is the money being spent on programs that do not directly help low-income people in their time of need, such as buying BPA power, or repaying utility bad debt? How can more of the current money given get to those who need it? (See general comments in introduction). And overall, can the total funding level be raised to help all programs?

USB Charge, Gas

Option 11/12: Revise funding levels for natural gas programs. These programs should have a minimum funding level. This lowest level should be enough to cover the needs of gas users who are being supported by an electric USB, and the increased need due to high natural gas prices. These high gas prices have made energy efficiency investments in gas heated homes and businesses extremely cost-effective. More aggressive acquisition of these energy saving opportunities should be pursued.

USB Programs:

For both electricity and natural gas:

Options 19/24: More information should be solicited on programs before decisions are made.

Disposition of USB Funds:

Option 29/38: Keep USB money separate, for use exclusively for USB programs.

Conclusion

The NW Energy Coalition reiterates that all the programs funded by the Montana USB are important and vital to Montana's future. We would encourage those studying the USB to think about the long-term impacts of their decisions, and continue with strong funding for new renewables and energy efficiency. And in looking into the low-income programs, see how they can be improved to better help the people who need them, along with increasing the total money available through a raise in the USB rate.