

Montana Renewable Energy Incentives

Commercial or Net Metering System Investment Credit

Incentive Type: Corporate Tax Credit
Eligible Technologies: Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Hydro, Geothermal Electric, Fuel Cells

Applicable Sectors: Commercial, Industrial
Amount: 35%; \$5,000 minimum investment
Date Enacted: 5/5/01
Effective Date: 1/1/02
Expiration Date: None
Website: <http://data.opi.state.mt.us/bills/2001/billhtml/SB0506.htm>
Authority 1: MCA 15-32-402 through 15-32-406

Summary:

This statute allows a 35% tax credit for an individual, corporation, partnership, or small business corporation which makes an investment of \$5,000 or more in a commercial system or a net metering system that generates energy by means of an alternative renewable energy source. The credit is for manufacturing plants that produce alternative energy generating equipment, a business facility for which the alternative energy generating equipment supplies - on a direct contract sales basis - the basic energy needed, or alternative energy generating equipment in which the investment for which a credit is being claimed was made.

This tax credit broadens the previous tax credit, which only applied to wind systems, to now apply to alternative energy systems. Alternative energy systems include solar, wind, geothermal, conversion of biomass, fuel cells that do not require hydrocarbon fuel, small hydroelectric generators producing less than 1 megawatt, or methane from solid waste.

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Yellowstone Valley Electric Coop - Solar Stock Watering Units

Incentive Type: Direct Equipment Sales
Eligible Technologies: Solar Stock Watering Units
Applicable Sectors: Commercial, Residential
Summary: Yellowstone Valley Electric Cooperative now offers solar stock watering units to its customers. Contact the utility to find out about financing options.

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Residential Alternative Energy System Tax Credit

Incentive Type: Personal Tax Credit
Eligible Technologies: Photovoltaics, Wind, Biomass, Hydro, Fuel Cells, Geothermal Heat Pumps, Low-Emission Wood Stoves, Nonfossil Energy Gen
Applicable Sectors: Residential
Max. Limit: \$500
Terms: 5 years
Effective Date: 1/1/02
Website: <http://www.deq.state.mt.us/energy/Renewable/TaxIncentRenew.asp>
Authority 1: MCA 15-32-201 through 15-32-203

Summary:
Residential taxpayers who install an energy system using a recognized non-fossil form of energy on their home after 12/31/01 are eligible for a tax credit equal to the amount of the cost of the system and installation of the system, not to exceed \$500. The tax credit may be carried over for the next four taxable years.

Recognized non-fossil forms of energy generation means:

1. A system that captures energy or converts energy sources into usable sources, including electricity, by using:
 - solar energy, including passive solar systems;
 - wind;
 - solid waste;
 - the decomposition of organic wastes;
 - geothermal;
 - fuel cells that do not require hydrocarbon fuel; or
 - an alternative energy system;

2. A system that produces electric power from biomass or solid wood wastes; or

3. A small system that uses water power by means of an impoundment that is not over 20 acres in surface area.

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Residential Geothermal Systems Credit

Incentive Type: Personal Tax Credit
Eligible Technologies: Geothermal Heat Pumps
Applicable Sectors: Residential
Max. Limit: \$1,500
Terms: 8 years
Date Enacted: 5/5/01
Effective Date: 1/1/02
Expiration Date: None
Website: http://www.deq.state.mt.us/ppa/energy_tax/page3.htm#geothermal
Authority 1: Montana Code 15-32-115, as amended by SB 506 in 2001

Summary:

This statute allows residents to claim an income tax credit of up to \$1,500 for the installation cost of a geothermal energy system in their principal dwelling. If the credit is not used for the year the system is installed, then it may be carried forward for the next 7 taxable years.

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Renewable Energy Systems Exemption

Incentive Type: Property Tax Exemption
Eligible Technologies: Passive Solar Space Heat, Solar Water Heat, Active Solar Space Heat, Solar Thermal Electric, Photovoltaics, Wind, Biomass, Hydro, Waste
Applicable Sectors: Commercial, Residential
Amount: \$20,000 for single family, \$100,000 multi family
Max. Limit: N/A
Terms: 10 years
Website: http://www.deq.state.mt.us/ppa/energy_tax/page1.htm
Authority 1: MCA 15-6-201(b)(3)

Summary:

This statute exempts from property taxation the value added by a qualified renewable energy source. Qualified equipment includes active and passive solar, wind, hydropower, solid waste, and the decomposition of organic wastes. Such equipment is exempt from taxation for a period of 10 years following installation. The value added exemption applies to systems with up to \$20,000 in value in the case of a single-family residential dwelling and \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

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NorthWestern Energy - USB Renewable Energy Fund

Incentive Type: State Grant Program
Eligible Technologies: Passive Solar Space Heat, Solar Water Heat, Active Solar Space Heat, Solar Thermal Electric, Photovoltaics, Wind, Biomass, Hydro, Geothermal Electric, Geothermal Heat Pumps

Applicable Sectors: Commercial, Industrial, Residential, General Public

Amount: \$5,000 to \$1.5 million
Website: http://www.northwesternenergy.com/energy/renewables/renewable_energy.htm

Summary:

NorthWestern Energy, formerly Montana Power Company, periodically provides funding to its customers for renewable energy projects. As part of Montana's 1997 restructuring legislation, Montana established its Universal System Benefits (USB) Program. The USB requires all electric and gas utilities to establish USB funds for low-income energy assistance, weatherization, energy efficiency activities, and development of renewable energy resources. A typical NorthWestern Energy residential customer pays approximately \$1 per month in electric USB charges. About \$8.6 million is collected annually by NorthWestern, and about \$1 million is used for renewable energy projects. In 2001, NorthWestern funded 15 of more than 20 RFPs received. Projects included wind and solar projects for residents and businesses and most of the projects included a public education or demonstration component to increase awareness of renewable energy.

A guide to funding renewable energy projects, "Bright Ideas in Renewable Energy," explains the program and the request for proposal (RFP) process. This guide is available for download on the program's Web site. The RFP should be submitted along with a cover sheet, equipment and installation cost information, and a completed and signed copy of the interconnection agreement, if applicable. Proposals are generally processed in 4 to 8 weeks.

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Alternative Energy Revolving Loan Program

Incentive Type: State Loan Program
Eligible Technologies: Photovoltaics, Landfill Gas, Wind, Biomass, Hydro, Fuel Cells, Geothermal Heat Pumps
Applicable Sectors: Commercial, Residential
Amount: \$10,000
Max. Limit: \$10,000
Terms: 5 years
Date Enacted: 5/5/01
Effective Date: 7/1/01
Website: <http://www.deq.state.mt.us/energy/Renewable/altenergyloan.asp>
Authority 1: MCA 75-25-101

Summary:

The Alternative Energy Revolving Loan Program (AERLP) provides loans to individuals and small businesses for the purpose of building alternative energy systems for residences and small businesses to generate energy for their own use and for net metering. The program is administered by the Department of Environmental Quality, which is responsible for developing the rules.

The loan account moneys are deposited into the account from air quality penalties. Interest earned by the account and any interest that is generated from a loan repayment is deposited into the account and used to sustain the program.

Alternative energy systems include fuel cells that do not require hydrocarbon fuel, geothermal systems, low emission wood or biomass, wind, photovoltaics, geothermal, small hydropower plants under 1 megawatt, and other recognized non-fossil forms of energy generation.

The amount of a loan may not exceed \$10,000 and the loan must be repaid within 5 years.

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Flathead EC - Environmentally Friendly Power

Incentive Type: Green Pricing Program
Eligible Technologies: Photovoltaics, Wind, Hydro
Applicable Sectors: Commercial, Residential
Premium: \$2 block; 100-kWh block
Commitment: Monthly
Participants: 231 residential customers
Capacity Installed/Planned: 1 MW installed
Effective Date: 1999
Website: <http://www.flatheadelectric.com/efp/efp.html>

Summary:

Flathead Electric Cooperative, Inc. (FEC) and its urban subsidiary, Energy Northwest, Inc. serve more than 50,000 customer accounts in the Flathead Valley of Northwestern Montana and along the Montana-Wyoming border near Cooke City. FEC's green pricing tariff program, named Environmentally Friendly Power (EFP), allows customers to voluntarily pay a

premium for renewable energy generated from renewable electric generating stations.

FEC began accepting participants for EFP in August 1999. Power delivery began in October of 1999. The program allows customers to subscribe to the EFP program by paying \$2 for each 100-kWh block. FEC estimates that the typical resident uses 1,150 kWh per month.

FEC signed a two-year contract with Bonneville Power Administration to purchase 1 MW of renewable power. The power generation occurs at the Idaho Falls and Packwood hydroelectric facilities, and the Foote Creek wind facility. The majority of the additional costs collected under the program go to the Bonneville Environmental Foundation, a non-profit and charitable organization, dedicated to encouraging and funding projects that develop new renewable resources and/or enhance watershed restoration in the Northwest.

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Montana Million Solar Roofs Partnership

Incentive Type: Outreach Program
Eligible Technologies: Solar Water Heat, Active Solar Space Heat, Photovoltaics, Solar Pool Heating System
Applicable Sectors: Commercial, Industrial, Residential, General Public, Nonprofit, Schools, Local Government, Construction, Utilities, State Government
Participants: 250 solar systems have been installed to date
Goal: Install 1000 solar systems by the year 2010
Date Enacted: 1997
Website: <http://www.montanagreenpower.com/index.html>

Summary:
The Montana Million Solar Roofs Initiative (MSRI) is led by the National Center for Appropriate Technology which will help to remove barriers to solar energy through public education via the Montana Green Power web site and expansion of solar energy in rural areas by conducting "Solar Energy Workshops at Sunset" in conjunction with Montana's rural electric utilities. The goal is to install 1000 solar systems by the year 2010. To date, 250 MSRI qualified solar systems have been installed on Montana homes and businesses.

About MSRI...

Announced in June 1997, Million Solar Roofs (MSRI) is an initiative to install solar energy systems on one million U.S. buildings by 2010. The initiative includes two types of solar technology: solar electric systems (or Photovoltaics) that produce electricity from sunlight and solar thermal systems that produce heat for domestic hot water, space heating, or heating swimming pools. The U.S. Department of Energy, through its Regional Offices, focuses its efforts on national, state and local partnerships. These partnerships are made up of the building industry, other federal agencies, local and state governments, utilities, energy service providers, the solar energy industry, financial institutions, and non-governmental organizations. The goal is to remove market barriers to solar energy use and develop and strengthen local demand for solar energy products and applications.

MSRI, however, does not provide funding to design, purchase or install solar energy systems. To learn more about the Million Solar Roofs Initiative (MSRI), visit the Million Solar Roofs website.

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Fuel Mix and Emissions Disclosure

Incentive Type: Generation Disclosure
Eligible Technologies: Solar Thermal Electric, Photovoltaics, Wind, Biomass, Hydro, Geothermal Electric
Applicable Sectors: Utilities,
Fuel Mix: Yes
Emissions: Yes
Std Format: Yes
Effective Date: (proposed)
Website: <http://www.psc.state.mt.us/gaselec/rulemaking.htm>
Authority 1: MCA 69-8-102 and 69-8-403, proposed

Summary:

Montana's 1997 restructuring law included requirements for the provision of information to consumers about electricity supply services. The Montana Public Service Commission proposed rules on November 8, 1999 calling for the disclosure of fuel mix and environmental impact information. These regulations have yet to be implemented.

The proposed environmental disclosure regulations would require retail electricity suppliers to disclose information on fuel mix and emissions in a standard format at least twice a year along with product offers and advertisements. Under the proposed rules, electricity providers that do not make claims about specific purchases may disclose fuel mix data for net system power for the previous calendar year. Suppliers that make a "claim of specific purchases" or make a "claim-based sale" must provide data on the projected fuel mix for the coming year or compare fuel mix data with net system power for the previous calendar year. Renewable resources can be disclosed as a single resource category. Retail suppliers are also required to disclose carbon dioxide, sulfur dioxide, and nitrogen oxides emissions as well as the amount of spent nuclear fuel generated compared to the regional average, as represented by net system power. Hydro resources must be presented as a percentage of non-low-impact hydro used. The promulgation of final rules may be delayed because the original timetable for retail access has been modified.

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Net Metering

Incentive Type: Net Metering Rules
Eligible Technologies: Photovoltaics, Wind, Hydro
Applicable Sectors: Commercial, Industrial, Residential
Limit on System Size: 50 kW
Limit on Overall Enrollment: None
Treatment of Net Excess: Credited to the following month, then granted to the utility at end of annual period with no compensation
Utilities Involved: Investor-owned utilities only.
Interconnection Stds. for Net Metering? Yes
Date Enacted: 7/1/1999

Website: <http://www.deq.state.mt.us/energy/Renewable/NetMeterRenew.asp>
Authority 1: SB 409 of 1999

Summary:

Montana's net metering law, enacted July 1, 1999, allows net metering for customers of investor-owned utilities with solar, wind, and hydropower systems of 50 kilowatts or less that are intended primarily to offset part or all of the customer's requirements for electricity. All customer classes are eligible and no limit on enrollment or statewide installed capacity is specified.

Net excess generation is credited to the customer's next monthly bill. At the beginning of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year must be granted to the utility. Currently Montana-Dakota Utility (MDU) and NorthWestern Energy (NWE) are the only utilities offering net metering. The customer can choose to start the net metering period at the beginning of January, April, July, or October to match seasonal farming cycles.

Utilities cannot place any additional standards or requirements on customer-generators beyond those requirements established by the National Electric Code, national electrical safety code, Institute of Electrical and Electronic Engineers and Underwriters Laboratories.

Montana's cooperative utilities have developed a draft net metering agreement that is under consideration. For more information, contact Gary L. Paulsen at MDU at (701) 222-7649 or Dave Ryan at NWE at dnryan@mtpwer.com.

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Universal System Benefits Program

Incentive Type: Public Benefits Fund
Eligible Technologies: Passive Solar Space Heat, Solar Water Heat, Active Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Wind, Geothermal Electric
Applicable Sectors: Utilities,
Types: Efficiency, renewable energy, low-income

Total Fund: \$14.9 million annually
Charge: Electricity suppliers will annually contribute 2.4%
Date Enacted: 1997
Expiration Date: 7/31/03
Website: <http://www.psc.state.mt.us/gaselec/sb390sum.htm>
Authority 1: MCA §69-8-402

Summary:

As part of its 1997 restructuring legislation, Montana established its Universal System Benefits Program (USBP). Beginning January 1, 1999, all electricity suppliers began annually contributing 2.4% of their 1995 revenues to the USBP. This is an amount equivalent to \$14.9 million annually, collected at a rate of 1.1 mills/kWh. The funds support energy efficiency, renewable energy resources, low-income energy assistance, and renewable energy R&D. The distribution of the funds among these programs for NorthWestern Energy, formerly Montana Power Company, the first utility to submit a plan for implementation, was established through an order issued by the Montana Public Service Commission (PSC) on February 2, 1999: Large Customer Rebate (\$2.5 million or 29%); Market Transformation (\$1.132 million or 13%); Local Conservation (\$1.804 million or 21%); Low Income (\$1.786 million or 21%); Renewable Resources (\$1.113 million or 13%); and Research and Development (\$0.225 million or 3%).

Already, NorthWestern Energy programs have led to the installation of PV on residences, schools, and commercial facilities through the National Center for Appropriate Technology (NCAT). NorthWestern Energy funding is also going toward buy-downs for central wind generation facilities. Flathead Electric Cooperative and Montana-Dakota Utilities Co. also contribute to the USBP.

Montana's USBP is effective until July 31, 2003. Utilities may spend all or a portion of the funds on internal programs, or they may opt to contract or fund these programs externally. Industries with loads exceeding 1,000 kW also fall under the law and may choose to "self-direct" the funds that would normally go to the USBP to internal company energy programs.

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Solar and Wind Easements

Incentive Type: Solar and Wind Access Law
Eligible Technologies: Passive Solar Space Heat, Solar Water Heat, Active Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Wind
Applicable Sectors: Commercial, Industrial, Residential, General Public, Nonprofit, Schools, Local Government, Utilities, State Government
Easement: Yes
Covenant: No
Zoning: No
Date Enacted: 1979 and 1983
Expiration Date: None
Website: <http://www.deq.state.mt.us/energy/Renewable/NetMeterRenew.asp>
Authority 1: MCA 70-17-301 through 70-17-303

Summary:

Montana's solar and wind easement provisions allow property owners to create solar and wind easements for the purpose of protecting and maintaining proper access to sunlight and wind. The easements should be negotiated with neighboring property owners. Montana's solar easement law was enacted in 1979 and the wind easement law was enacted in 1983.

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All information was taken from the Database of State Incentives for Renewable Energy (DSIRE), a comprehensive source of information on state, local, utility, and selected federal incentives that promote renewable energy.

<http://www.dsireusa.org/dsire/index.htm>

Established in 1995, DSIRE is an ongoing project of the Interstate Renewable Energy Council, funded by the U.S. Department of Energy's Office of Power Technologies and managed by the North Carolina Solar Center.