

Senate Bill 2295
Testimony in opposition
Industry, Business, and Labor Committee, Chairman Klein
Carlee McLeod, president, USND

Chairman Klein, members of the committee, I am Carlee McLeod, President of the Utility Shareholders of North Dakota (USND), and I come before you to testify in opposition to this bill on behalf of my members, including ALLETE, Xcel Energy, Otter Tail Power Company and Montana-Dakota Utilities.

While we understand the desire of a customer-generator to maximize the worth of his or her generation, the simple fact is that the cost of electricity is comprised of many factors that the customer-generator does not bear, including the cost of fuel, capital costs of the generator, transmission system, distribution system, and administrative costs of metering and billing.

Each investor-owned utility goes through a regulatory process to show the costs of its electricity and justify the rate it may charge customers. The regulatory process aims at keeping the rate paid by each customer as low as possible and fairly assessed across the customer base.

Requiring a utility to pay a customer-generator anything more than the avoided cost of electricity requires other customers to subsidize the difference between the two electricity sources. We believe that is blatantly unfair to all non-generating customers. We strongly object to this unfair proposition.

Further, while nothing forces a customer to use any amount of electricity available from a utility, this bill holds a utility captive to take the electricity a customer can produce, potentially at a rate higher than a utility would pay if allowed to purchase alternative sources.

In closing, this bill is unnecessary, as administrative rules promulgated and enforced by the Public Service Commission already provide for net metering programs which strike an appropriate balance between customer-generator concerns and the general good of the non-generating consumer.

For these reasons, we oppose this bill.