Explanation of I-187 a General Revision of Montana's Energy and Taxation Law

This Initiative:

1. Establishes a Cohesive Renewable Energy Policy;
2. Funds Fossil Fuel and Railroad Worker Retraining and Pension Security; and
3. Replaces Coal Tax Revenue.

I-187 Allows:

- Creation of neighborhood renewable energy facilities
- Doubling of the net metering cap to 100 kW
- Increasing the net metering cap from 50 kW to 250 kW for schools, government buildings, churches, and non-profits
- Aggregate net metering
- Renewable energy credits (RECs) to be sold separately from energy
- RECs purchased from consumers and community renewable energy facilities to count toward meeting a public utility's Renewable Portfolio Standard (RPS) goal
- Allotting forfeited net metering energy credits to help with low-income customer's electricity bills

I-187 Sets Statutory Standards:

- Requiring fixed buyouts in lease-purchases so lessees will not pay more than once for a renewable energy system
- Requiring grid safety, Montana-preference labor, and prevailing wage rates for those installing renewable energy equipment

I-187 Requires Investor-Owned Utilities to:

- Reach 52% renewable energy by 2027, 80% by 2034, with battery storage
- Meet with any government entity setting a higher percentage goal for renewable energy to determine how the higher standard (e.g., 100%) will be met
- Limit cost of transitioning to renewables to not more than 2% annually

I-187 Requires Rural Electric Cooperatives to:

- Mail-poll members each 4 years asking if they approve voluntary I-187 compliance
- Offer members clean power at prices all members vote on
- Restrict new energy supply contracts curtailing dirty-power lock-in clauses

I-187 Replaces Coal Severance Tax and Royalty Revenue by Establishing:

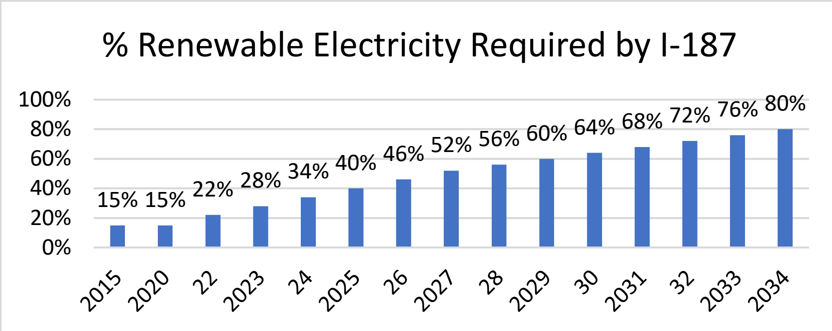
- A top tax rate of $0.0006419207/kWh on electricity produced. (e.g., Average consumers (using 750 kWh/month) will pay $5.78/year in 2035, gradually up from $1.13/year in 2021.)
- A tax rate of $0.000005 per kWh on all electricity produced to replace every $107,000 in coal revenue lost by tribal and local government

I-187 Funds Worker Retraining, Pension Security, Apprenticeships, and Coal-Impacted Communities Assistance by:

- Placing a $0.0004 kWh tax on all energy produced. (e.g. Average consumers (using 750 kWh a month) will pay ~$0.90/month or ~$10.80/year.)
- Sunsetting this tax in 2035 unless more than the ~$359 million it raises is needed to support benefits

Some are not yet aware that Farmers Union economists forecast 36,000 jobs in Montana's farm, ranch, tourism, sport fishing and ski industries will be lost as CO2-driven climate warming continues to dry out our region. Those lost jobs will far exceed the 7,100 fossil fuel related jobs NorthWestern Energy says Montana will lose if coal-fire electrons (which contribute to that aridification) are eliminated in Montana.

To do our part in gradually reducing atmospheric CO2 levels that are heating up the earth too much, I-187 requires more renewable electricity as shown in the chart below:



Gradual increases in renewables keep Montana products competitive with China which in 2017 surpassed its 2020 goals of investing $360 billion in renewables and scraped plans to build 100 coal-fired power plants; it allows for gradual work force downsizing resulting from retirements and other labor transitions; and it allows utilities to plan and depreciate fossil fuel generating assets gradually over 15-years.

Since there are no fuel and pollution-control costs in renewable electricity your light bill should be reduced by $0.01 to $0.025/kWh during this clean energy transition, while still ensuring you pay your fair share of costs associated with renewable service. https://www.lazard.com/perspective/levelized-cost-of-energy-and-levelized-cost-of-storage-2018/ Thus, if you use 750 kWh/month you would save $6 to $ 19 a month while the replacement tax is estimated to reclaim ~$1.50 to $5/month of that savings from an average bill.

That is, I-187 uses up to 90% of the savings to replace dwindling coal related taxes to continue funding of schools, libraries, water projects, and supplying $1.6+ million/yr. to the general fund.

Some of the replacement tax saving ($121 million to $359+ million) also funds a safety-net for 1,776 workers in base Montana coal industry jobs and fewer than 5,500 jobs in coal-dependent communities. So, I-187 provides up to 2 years of apprenticeship and retraining with full unemployment benefits plus an additional 20% of those benefits for workers employed by coal mines, power plants, railroads and surrounding communities and tribal areas displaced by the transition to clean energy. I-187 will increase the 308 solar and wind electric generation jobs Montana had in 2017 to replace coal-related employment.

I-187 also makes up deficiencies in pension payments promised to workers by defunct coal mines or fossil fuel generating plants.

It is all paid for by reducing energy costs. The World Bank anticipates unchecked global warming will create millions of climate migrants and economic havoc worldwide as sea levels rise, storms become more violent, and deserts expand. So, it's fair for us to pay $0.90/month from energy-bill-savings to aid workers displaced because they must shift jobs to reduce the number of our climate migrant neighbors. There is no reason the fair, minimally increased, I-187 tax on all electrons produced should be objected to by any electricity generator. I-187 limits taxes to 3.8% - 5.3% of the value a wind turbine produces/day. After 2034, it's 1.8% -- not much to ask to replace a coal tax on 3% to 15% of the contract sales price of a ton of coal.

I-187 promotes continued power sales outside Montana by meeting renewable electricity standards already law in 22 states, which are higher than Montana's 15%. I-187 solves a problem vexing legislators by allowing pre-2005 hydro to be counted toward meeting I-187 goals in an innovative way that ensures equal treatment among utilities while guaranteeing consumers do not pay more than necessary for green power.

And by lowering electricity prices, I-187 helps keep Montana products competitive with those produced by businesses served by other utilities. For example, MidAmerican Energy in Iowa is installing 2 gigawatts of wind capacity to eliminate all fossil fuel costs from its electricity by 2020. This without a price increase or need to build natural gas plants to provide grid reliability. Iowans and farmers in MidAmerican territory will enjoy $1.2+ billion in landowner easement and property tax payments. Similar payments here can also boost rural economies throughout Montana if we use our wind and sun wisely.

To say you will sign a paper copy of the initiative petition or help gather signatures, send an email with your contact information at admin@mtcares.org To find out more visit www.mtcares.org or the I-187 Facebook group. https://www.facebook.com/groups/1737254959850983/

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