

OFFICE OF THE GOVERNOR
STATE OF MONTANA

GREG GIANFORTE
GOVERNOR



KRISTEN JURAS
LT. GOVERNOR

June 13, 2025

The Honorable Brandon Ler
Speaker of the House
State Capitol
Helena, MT 59620

The Honorable Matt Regier
President of the Senate
State Capitol
Helena, MT 59620

Dear Speaker Ler and President Regier:

Over the last four years, we've embraced an "all-of-the-above" approach to energy policy that encourages innovation instead of government mandates to increase the supply of affordable, reliable energy. Our diversified energy portfolio, which includes coal, natural gas, hydropower, wind, and solar power, keeps our lights on, keeps our homes warm in winter, and fuels small businesses across our state.

Senate Bill 188 departs from our shared strategy of unleashing innovation in the state's energy sector. Senate Bill 188 mandates that public utilities interconnect a shared solar energy facility and grant an on-bill credit in accordance with rules the Montana Public Service Commission (PSC) adopts. Senate Bill 188 provides the PSC with broad discretion to set the specific credit rate at which subscribers to the shared solar energy facility would be compensated.

In several states, including Minnesota, New York, and Oregon, shared solar facilities receive arbitrarily favorable credit rates based on non-economic considerations, such as purported benefits to the environment. Other states, including Arizona and California, have set this credit rate based on what it would otherwise cost the utility to provide the same electricity, known as the avoided cost rate. There is a wide range of methodologies to calculate a credit rate with no generally accepted practice.

In short, it is impossible to predict how the PSC will proceed with implementing Senate Bill 188. Without clear statutory guidelines and guardrails, current and future PSC members could allow excessive credit rates, which consequently would impose unreasonable costs on ratepayers. Furthermore, regardless of the credit rate the PSC sets, there is a high likelihood special interest groups and other activists will sue, seeking higher credit rates from the judicial branch. To avoid

preferential rates, the law must reasonably limit the broad discretion of the PSC. Unfortunately, Senate Bill 188 fails to include strong statutory guidelines for the PSC to implement the bill and therefore gives the commission vast, unfettered discretion.

While I appreciate the sponsor's commitment to expanding energy production and his good intention with Senate Bill 188, the bill's lack of guidance to and guardrails on the PSC gives me great pause.

Therefore, in accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 188: "AN ACT ESTABLISHING SHARED SOLAR AND UTILITY REQUIREMENTS; PROVIDING FOR TRANSMISSION OR DISTRIBUTION INTERCONNECTION FOR SHARED SOLAR ENERGY FACILITIES; DISTINGUISHING SHARED SOLAR CUSTOMERS FROM NET METERING CUSTOMERS; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND PROVIDING AN EFFECTIVE DATE."

Sincerely,



Greg Gianforte
Governor

Enclosure

cc: Legislative Services Division
Christi Jacobsen, Secretary of State