

# Memorandum

**REPORT TO:** City Commission

**FROM:** Natalie Meyer, Sustainability Program Manager  
Jon Henderson, Strategic Services Director

**SUBJECT:** Authorize the City Manager to Sign an Interlocal Agreement Between City of Bozeman, City of Missoula, Missoula County, and City of Helena to Inform the Development of a Green Tariff

**MEETING DATE:** February 2, 2021

**AGENDA ITEM TYPE:** Agreement - Agency/Non-profit

**RECOMMENDATION:** Authorize the City Manager to sign an interlocal agreement between City of Bozeman, City of Missoula, Missoula County, and City of Helena to inform the development of a green tariff.

**STRATEGIC PLAN:** 6.3 Climate Action: Reduce community and municipal Greenhouse Gas (GHG) emissions, increase the supply of clean and renewable energy; foster related businesses.

**BACKGROUND:**

The Bozeman City Commission adopted the 2020 Bozeman Climate Plan on December 22, 2020 with goals for achieving 26% emissions reduction by 2025, 100% net clean electricity by 2030, and carbon neutrality by 2050. Action 2.E.1 calls for the advancement of a Green Tariff to increase community demand for clean energy products that will result in a greater investment in clean energy across Montana.

A Green Tariff is an increasingly common mechanism by which customers of regulated utilities have the option to buy power from newly developed renewable energy sources through a special rate (or “tariff”) on their utility bills.

In 2019, the Montana Public Service Commission approved a settlement agreement between NorthWestern Energy (NorthWestern), the Montana Department of Environmental Quality, the Montana Consumer Counsel, and Walmart, in which NorthWestern agreed to initiate a stakeholder process to explore the development of a green tariff. This stakeholder process is currently underway, and Missoula County, the City of Missoula, the City of

Bozeman, and the City of Helena are participating in it.

The local governments' goals with regard to the voluntary green tariff include (1) that it results in the development of new utility-scale renewable energy in the state of Montana, (2) that the green tariff rates, contract terms, and eligibility requirements make it accessible and attractive to as many NorthWestern customers as possible, and (3) that it does not negatively impact non-participating customers.

This proposed Interlocal Agreement formalizes the relationship among the four local governments for the purpose of jointly hiring and managing a consultant to assist with the green tariff rate design and an environmental and economic cost-benefit analysis.

Once the Interlocal Agreement is executed by the four local governments, the first phase of the project will focus on developing proxy rates for a green tariff and a cost-benefit analysis. This work will continue through April 2021. Once the stakeholders agree to the terms of a green tariff, the local governments will coordinate with NorthWestern to gauge interest among customers and seek non-binding commitments to participate. This information will be used by the utility to develop a competitive solicitation for renewable energy resources in the second half of 2021. The results of the competitive solicitation will enable the preparation of green tariff rates for NorthWestern to file with the Montana Public Service Commission (MPSC) in early 2022. The consultant's scope of work includes participating in the MPSC's proceedings as an expert witness. A final decision from the MPSC is expected within 10 to 12 months of initial filing. If each step of the process is successful, customer subscriptions and project construction would begin in 2023.

**UNRESOLVED ISSUES:** None.

**ALTERNATIVES:** As suggested by the Commission.

**FISCAL EFFECTS:** The four local governments have jointly issued a competitive solicitation to select a consultant, and have allocated funds in their FY21 budgets to support this effort. Under the terms of the proposed Interlocal Agreement, Missoula County will enter into the contract with the consultant, but costs and oversight of the consultant will be shared among the four local governments.

Attachments:

[Interlocal Agreement\\_20200202.pdf](#)

[RFP for Green Tariff Consultant\\_20201117.pdf](#)

Report compiled on: January 22, 2021