

January 16, 2018

Energy and Telecommunications Interim Committee
Sonja Nowakowski



MONTANA'S ENERGY POLICY

A thoughtful and thorough state energy policy can provide regulatory stability for energy producers and consumers. Montana's energy policy is intended to reflect the state's responsibility to provide reliable energy supplies at reasonable rates, create conditions for the efficient use of energy, and promote sustainable and responsible energy development.

In accordance with the law, at the first meeting of the interim, Montana's ETIC members review Montana's energy policy and determine if additional discussion is needed at future meetings. The committee dedicated .05 FTE to its energy policy work during the 2017-2018 interim. Committee members indicated they would like to focus on some of the statements included in the policy, as well as discuss the overall relevancy of the policy. At the January 16 meeting, the committee will hear from staff on the legislative history of Montana's policy. The ETIC also will hear an overview of Governor Bullock's Energy Blueprint.

The 2011 Montana Legislature approved a detailed energy policy for Montana (included in mailing) that outlines goals, primarily related to energy production, as codified in Title 90, chapter 4, part 10, MCA. The goals also touch on the issues of consumption and transmission. While the "energy policy" for Montana is currently stated in 90-4-1001, MCA, energy policy statements also are found throughout the Montana Code Annotated. For example, Montana's renewable portfolio standard may be considered an energy policy, although it is codified in Title 69, chapter 3. The ETIC, in conjunction with the Department of Environmental Quality (DEQ), also produces "Understanding Energy in Montana: A Guide to Electricity, Natural Gas, Coal, and Petroleum Produced and Consumed in Montana". The handbook provides the background information policymakers and citizens often use to implement energy policy. Energy policy is often a response to the historical and current patterns of energy supply and demand that are the focus of the handbook. The updated handbook is in process.

Montana's original energy policy was the result of Senate Bill No. 225 enacted by the 1993 Legislature. Senate Bill No. 225 was based on 2 years of study conducted by the Environmental Quality Council (EQC) in the early 1990s. The 1991 Montana Legislature responded to the United States' entry into a war in the Middle East and uncertainty about energy security and supply by approving House Joint Resolution No. 31. The resolution required the EQC to develop recommendations for an energy policy and options for its implementation.

Following the EQC's work, for the next 15 years Montana's energy policy stated it is the policy of Montana "to promote energy efficiency, conservation, production, and consumption of a reliable and efficient mix of energy sources that represent the least social, environmental, and economic costs and the greatest long-term benefits to Montana citizens." The 2011 policy preserved that language and added a series of related goals.

In 2003 the Legislature established the ETIC to oversee energy issues, which had been tracked by the EQC. With the change, the ETIC took on the responsibility of tracking and updating Montana's energy policy. Historically, the state's energy policy was updated "as the need arises". The DEQ also was largely charged with leading research efforts and coordinating efforts with the ETIC to update the policy. Legislation passed and approved by the 2009 Legislature set the stage for development of the new policy, adopted in 2011. The 2009

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Legislature, as outlined in Senate Bill No. 290, directed the ETIC to embark on a nearly two-year study of energy policy during the 2009-2010 interim and to review nine specific energy-related topics. SB 290 also put the ETIC wholly in charge of any revisions. SB 290 required the committee to rely on "locally available experts and staff research" and largely eliminated the role of the DEQ as the source of administrative support.

As required by SB 290, the ETIC worked with the public and stakeholders throughout the 2009-2010 interim. Public comments were sought on all aspects of the policy, as outlined in SB 290, and more than 440 pages of public comments were collected from about 200 people over the interim.

During the 2009-2010 interim, the ETIC reached a consensus on many energy policy statements related to transmission line development, energy conservation and efficiency, and alternative energy systems. The committee was unable to reach a consensus on language related to fossil fuel resources for electrical generation, including coal, oil, and natural gas. Because the committee could not reach a consensus, members opted not to pursue legislation changing the energy policy. The 2011 Legislature, however, did approve an energy policy brought forward by Senator Verdell Jackson, R-Kalispell. The new policy, noted above, is incorporated in 90-4-1001, MCA. The policy sets 24 goals, including but not limited to:

- enhancing existing energy development and creating new diversified energy development from all of Montana's abundant energy resources;
- increasing utilization of Montana's vast coal reserves in an environmentally sound manner that includes the mitigation of greenhouse gas and other emissions;
- building new transmission lines in the state, while noting that the need for new transmission lines may be mitigated by focusing on energy efficiency, distributed energy, demand response, and smart grid technologies;
- addressing the interests of property owners and property rights as soon as practicable when developing a project to provide time to consider a variety of options as easements are secured;
- using new and innovative technologies, such as compressed air energy storage, batteries, flywheels, hydrogen production, smart grid, smart garage, and intra-hour balancing services to address wind integration.

While Montana's Legislature preserves its energy policy in law and is charged with setting policy, Montana's executive also historically promotes an energy "policy". In October 2005, former Governor Schweitzer called a Montana Energy Symposium in Bozeman to learn about energy policy concerns and to hear ideas from energy experts and Montana citizens. Following the Energy Symposium, "Tapping Montana's Power Potential: The Schweitzer Energy Policy" was published.

In June 2016, Governor Bullock released his blueprint for Montana's energy future. Bullock's energy plan was developed after meetings with wind energy developers, energy efficiency advocates, small businesses, coal workers, and solar installers. The blueprint (included in mailing) discusses building Montana's energy presence in the region, the potential for wind power, doubling solar development in the state by 2025, advocating for support and funding for carbon capture, sequestration, and enhanced oil recovery, exploring options for extending the future of Colstrip, improving energy efficiency and reducing overall energy use by 10 percent by 2025, utilizing water resources, and enhancing other energy incentives and programs.

"While some people argue and point fingers about a changing energy economy, the world moves forward. The future of energy development is shifting beneath our feet, and we must all work together to create a Montana-based energy plan to tap our full potential," according to the blueprint.

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