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June 25, 2018

Energy and Telecommunications Interim Committee
PO BOX 201706
Helena, MT 59620-1706

Regarding: LC IRP 2

Chairwoman McNally and Members of the Energy and Telecommunications Interim Committee,

Thank you for the opportunity to comment on integrated resource and supply procurement planning. The Montana Environmental Information Center (MEIC) offers the following comments on LC IRP 2.

Section 1 (1)

- This should be modified to require the public meetings be held within the company's Montana service territory. 69-3-1205 MCA would impact Montana-Dakota Utilities (MDU). MDU's electric service territory contains not only Montana but also South Dakota and North Dakota. Without this clarification the two meetings could, in theory, be held outside of Montana and still be compliant. This would create a significant barrier to Montanan's attending these meetings and would greatly hinder the purpose of requiring the meetings to be held.
- Strike "shareholders" from the list of stated goals of the plan. The goal of resource planning is to mitigate against the risk that ratepayers end up paying for imprudent or unnecessary utility resource and infrastructure acquisitions. In contrast, the goal of shareholders is to maximize utility revenue, which can mean acquiring resources and infrastructure regardless of whether they are prudent or necessary. In this sense, the planning process is a tool to mitigate against the goal of shareholders, making it improper to include as a stated goal of the plan.
- One public meeting should be required to be held at least 12 months prior to the plan being submitted and one meeting sometime between six and three months prior. See below for further detail.

Section 2 (4)

- One public meeting should be required to be held at least 12 months prior to the plan being submitted and one meeting sometime between six and three months prior. Given the purpose of public planning meetings is to create a venue for the utility to receive input from any and all parties on the resource plan, it would be

most helpful for these meetings to take place at times when this input could actually be incorporated into plan. As written, LC IRP 2 would allow the utility to hold two public meetings mere days before submitting the final product to the Commission, leaving no time for public input to actually improve the plan. This would defeat the purpose of LC IRP 2 and not help address the current issues regarding trust in the planning process. Having one meeting early in the process and one meeting when it is well along gives them the potential to meaningfully inform the plan.

Respectfully submitted by:

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ABSAROKA ENERGY LLC

June 25, 2018

Sonja Nowakowski
Legislative Services Division
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RE: Comments of Absaroka Energy, LLC on the Energy and Telecommunications Interim Committee's Draft Legislation – LC IRP2 and LC SQF 2

These comments are offered by Absaroka Energy, LLC (Absaroka), developer of the Gordon Butte Closed Loop Pumped Storage Hydro Project (Gordon Butte PSH) in response to the Energy and Telecommunications Interim Committee's draft legislation LC IRP2 and LC SQF2.

LC IRP2

Absaroka does support the Energy and Telecommunication Interim Committee's draft legislation LC IRP2.

It is Absaroka's opinion that an open and collaborative approach to resource planning will lead to better results for a myriad of reasons.

For a utility to conduct an effective resource planning process, a wide range of information must be collected and properly analyzed to achieve unbiased and supportable results. Requiring the utility to solicit input and information from outside sources would logically improve the quality and objectivity of the work product. An additional benefit would be stakeholder buy-in for the outcomes. If allowed to provide additional information, expertise, and points of view throughout the resource planning process, the public, legislators, and all other participants would be more comfortable with the resulting analysis and conclusions. Perhaps the most important part of this is allowing non-utility stakeholders to have access to, and provide inputs for, the modeling platforms the utility utilizes during their planning and evaluation process.

The draft legislation LC IRP2 is an important step in this direction. It is Absaroka's hope that the Montana Legislature will continue their work on creating a more open and transparent IRP process for utilities in Montana.

LC SQF2

Absaroka does not support the Energy and Telecommunication Interim Committee's draft legislation LC SQF2 as currently written.

Absaroka does believe that, in many cases, competitive solicitation is the proper path for new acquisition of conventional energy resources, but there will be certain energy projects that do not fit neatly into a conventional RFP process. This could be the result of an individual project's size, exceptional operational characteristics, current market risks/opportunities or a combination of these and/or other unseen factors. It is Absaroka's position that the utility should maintain the ability to bring a unique potential resource acquisition before the Public Service Commission (PSC), provided they objectify the proposal through an impartial and fair analysis of the costs and benefits.

In order to support our suggested approach, we wish to acknowledge the subjective needs of the Gordon Butte PSH. Historically, there have been problems evaluating grid-scale energy storage through the traditional utility planning process. The reality is that large, capital-intensive projects provide value and benefit over a long-term lifecycle. The facility will be able to provide a wide range of services, from ancillary services (regulation, spinning and non-spinning reserves, peaking, load following, frequency support, voltage control, inertia, etc.) to flexible capacity products, that need to be holistically analyzed as a "stack" of benefits. Additionally, these benefits are spread across the generation, transmission and distribution networks of a utility company. A traditional resource planning and acquisition process simply does not properly measure or account for the true value of energy storage.

In October of 2017, the Washington Utility and Transmission Commission issued the *Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition*. In this report, they succinctly summed up the issue: "Historically, utility resource planning has taken place within the independent silos of generation, transmission, and distribution. Energy storage can act in any one of those functions, but the challenging corollary is that to generate sufficient benefits to offset its cost, it will most likely be required to act in more than one function. In a planning regime that narrowly looks at the functions separately, energy storage is unlikely to appear cost effective through the lens of any single function, which appears to be one likely reason that past IRPs have not determined energy storage technologies should be included in a utility's resource mix."

It is Absaroka's opinion that utility-scale energy storage will be an important part of Montana's energy economy, but the technology is difficult to properly assess through a more myopic traditional resource acquisition process – a process that has failed in the past to fully account for all of the benefits across both the generation and

Absaroka Energy LLC

6/25/18

Page 3 of 3

transmission/distribution sides of the utility. Absaroka would like to preserve the utility's optionality to propose bi-lateral approaches before the Public Service Commission.

Thank you for the opportunity to provide these comments, if you have any further questions I may be reached at 406-585-3006 or rhurless@absarokaenergy.com.

Respectfully,



Rhett Hurless

Sr. Vice President / COO

Absaroka Energy, LLC



To: Energy and Telecommunications Interim Committee (ETIC) and Legislative Services staff
Sonja Nowakowski

From: Northern Plains Resource Council's Clean Energy Task Force

Date: Monday, June 25, 2018

Subject: Comments on LC SQF1, LC SQF2, and LC IRP2

Northern Plains Resource Council supports the development of renewable energy resources such as wind and solar, based on the belief that a common-sense energy policy can keep energy costs down and bring greater prosperity to Montana communities. Montana has a vast supply of clean energy resources and developing these resources can create new jobs and economic development across the state while also protecting clean air and water, farm and ranch families and our unique quality of life. We believe that this clean energy future is attainable when small power production facilities are given a fair chance to be cost competitive and when rate payers are given the opportunity to participate in the processes that shape their usage. We appreciate the opportunity to comment on proposed draft legislation and thank the Committee for their service to Montanans.

Comments on LC SQF1 and LC SQF2

Northern Plains supports the following principles in this legislation:

The requirement of long-term contracts lengths at 25 years. Contracts lengths of 25 years will help to ensure robust development of qualifying facilities in Montana and ensure fairness and competition. All power suppliers rely on contracts that are longer than 10 years in order to manage their risk and ensure that they have a power purchaser before building out energy generation resources. If no developer can build new generation, then the spot market for power will become more expensive than the long term contracts, harming Montanans with unnecessarily high power costs.

Comments on LC IRP2

Northern Plains supports the following principles in this legislation:

Revising the public hearing requirements for utility resource planning and procurement plans to require that the utility hold no less than two public meetings to gather public input on resource procurement plans.

We believe that the legislation could be further improve the stakeholder process by granting the Public Service Commission authority to determine which stakeholders are get to participate in the resource procurement planning process, not the utility as current practices allow for.



On behalf of all Montanans, thank you for your efforts.

Sincerely,

A handwritten signature in black ink that reads "Ed Gulick". The signature is written in a cursive style with a long horizontal stroke at the end.

Ed Gulick

Chair, Clean Energy Task Force of Northern Plains Resource Council