



Energy and Telecommunications Interim Committee

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59th Montana Legislature

SENATE MEMBERS

GLENN ROUSH--Chair
JEFF ESSMANN
DAVE LEWIS
GREG LIND

HOUSE MEMBERS

ALAN OLSON--Vice Chair
ROBYN DRISCOLL
HARRY KLOCK
GARY MATTHEWS

COMMITTEE STAFF

CASEY BARRS, Lead Staff
TODD EVERTS, Staff Attorney
DAWN FIELD, Secretary

MINUTES

Date: September 22, 2005

Room 137, State Capitol Building

Please Note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action taken, the minutes indicate the approximate amount of time (in hours, minutes, and seconds) that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

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To view the minutes, locate the meeting date and click on "minutes." To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

COMMITTEE MEMBERS PRESENT

SEN. GLENN ROUSH, Chair
REP. ALAN OLSON, Vice Chair

SEN. JEFF ESSMANN
SEN. DAVE LEWIS
SEN. GREG LIND

REP. ROBYN DRISCOLL
REP. HARRY KLOCK

COMMITTEE MEMBERS ABSENT

REP. GARY MATTHEWS

STAFF PRESENT

CASEY BARRS, Lead Staff
TODD EVERTS, Staff Attorney
CYNTHIA A. PETERSON, Secretary

Visitors

Visitors' list ([Attachment 1](#)).
Agenda ([Attachment 2](#)).

COMMITTEE ACTION

- The ETIC adopted the SJR 36 and SJR 39 Study Plans.
- The ETIC adopted the revised Work Plan.
- The ETIC approved the minutes of June 20-21, 2005.

CALL TO ORDER AND ROLL CALL

00:00:00 Chairman Roush called the meeting to order. The secretary noted the roll ([Attachment 3](#)). Chairman Roush announced the minutes of the previous Energy and Telecommunications Interim Committee (ETIC) meeting would be acted on later in the meeting.

AGENDA

Background: SJR 36 Distributed Energy--Senators Toole & Essmann

00:02:14 Sen. Toole addressed the ETIC and explained his reasons for bringing SJR 36. Sen. Toole directed the ETIC to the "Whereas" clauses contained in SJR 36. Sen. Toole explained advantages to consumers include net metering, co-generation for commercial and industrial facilities, and security. Sen. Toole suggested there is fairly wide agreement regarding the benefits, but noted the process is not moving forward because of various barriers.

00:07:11 Sen. Essmann addressed the ETIC and emphasized wind power. Sen. Essmann suggested wind power should be examined in terms of whether it offers the benefits of a fixed, long-term cost. He was concerned about backing wind power with natural gas because of the high variable cost of natural gas and suggested wind could be backed up with wind from another location. Sen. Essmann expressed interest in investigating the ability to firm up wind power on a regional basis and from a systematic standpoint. He suggested it would be reasonable to expect an increase in load management.

- **Discussion and Questions from the ETIC**

00:13:09 Chairman Roush referred to the Draft Study Plan for Distributed Energy Generation and asked whether there was interest in inviting small generators, Northwestern Energy (NWE), and the Co-ops to make a presentation to the ETIC.

00:14:09 Sen. Toole agreed with Chairman Roush's suggestion and thought it would be important to promote advanced technology and give the public an opportunity to bring new ideas forward.

Overview: Study Plans for the Resolution Studies (SJR 36 & 39)

00:16:59 Casey Barrs, Legislative Research Analyst, explained the difference between the SJR 36 and SJR 39 Study Plans ([EXHIBIT 1](#)) ([EXHIBIT 2](#)), and the ETIC Work Plan. Mr. Barrs reviewed the SJR 36 and SJR 39 Study Plans with the ETIC.

- **Discussion and Questions from the ETIC**

00:27:08 Chairman Roush recalled suggestions at the last meeting to take public testimony and invite public presenters to address SJR 36 and SJR 39. In addition, a panel discussion could be held on the issues.

00:27:49 Mr. Barrs clarified the two open meetings on distributed energy would be held separately from the regular ETIC meetings. The two panels on SJR 36 and SJR 39 would be held in conjunction with the regular ETIC meetings.

00:29:17 Chairman Roush addressed the ETIC budget constraints and reviewed meeting options. Chairman Roush solicited comments from the ETIC.

00:30:07 Rep. Driscoll agreed with Chairman Roush's suggestion of having the panel discussion the evening before ETIC's regular meeting. Rep. Driscoll also suggested consideration be given to where the presenters would be from geographically in choosing a location.

00:31:20 Sen. Lind asked if the presentation should be held the day before or immediately after the ETIC meeting. Chairman Roush clarified his reasons for having the presentation the evening before.

00:32:44 Rep. Olson recalled discussions at the last ETIC meeting about having one meeting during the Special Session to save on funds.

00:33:40 Chairman Roush cautioned other responsibilities may not allow the ETIC to meet. Chairman Roush suggested they would know shortly what is on the agenda for the Special Session and how much time would be available.

00:35:29 Mr. Barrs offered to do some calculations on meeting possibilities.

Overview: Montana Transmission Issues

- **Ted Williams, Northwestern Energy**

00:37:25 Ted Williams, Northwestern Energy (NWE), gave a Power Point presentation which provided an overview of transmission on both national and regional levels ([EXHIBIT 3](#)). Mr. Williams provided a history of the North American Electric Reliability Council (NERC), which came into existence as a voluntary mechanism to establish transmission operating policies.

(Tape 1; Side B)

Mr. Williams also addressed transmission system limitations and identified thermal overloads and transient stability as critical.

- **Gail Kuntz, Bonneville Power Administration**

01:10:53 Gail Kuntz, Bonneville Power Administration, submitted a presentation on transmission ([EXHIBIT 4](#)).

(Tape 2; Side A)

- **Discussion and Questions from the ETIC**

01:34:58 Sen. Lind asked Mr. Williams to comment on whether a NWE consumer in Montana has a greater or less risk of experiencing reliability issues.

01:35:40 Mr. Williams explained NWE's transmission system is governed by reliability criteria established by NERC. NWE complies with the same reliability criteria as everyone else, and NWE's reliability rate is approximately 99.4 percent. Mr. Williams cautioned, however, that a rural area will not experience the same reliability as an urban area.

01:37:41 Sen. Lind wondered if adding 500 MW of transmission on the Path 8 would add to reliability. Mr. Williams replied it could potentially improve reliability on the Hi-Line.

01:39:01 Sen. Lind referred Ms. Kuntz to page 11 of Exhibit 4, and asked for a range of typical cost estimates. Ms. Kuntz replied it was approximately in the \$300-\$400 million range to develop 750-1500 MW. Mr. Williams agreed with that estimate.

01:40:31 Sen. Lewis was curious about NWE's ability to make decisions due to the pending buyout offer. Mr. Williams replied there is no impact, and transmission opportunities would continue to be pursued regardless of management structure.

01:41:31 Sen. Essmann asked whether NWE would invest in the Montana/ Idaho line and whether it would be included in the ratebase. Mr. Williams replied the magnitude of the line would be more than NWE could finance, and that NWE would be a facilitator for the process. Mr. Williams stated it would be unlikely that the line would be rolled into the ratebase.

01:43:35 Chairman Roush referred to Montana's potential wind development and asked if the lack of transmission was why much of the wind energy in Montana had not been developed. Mr. Williams replied lack of transmission is an issue for NWE, and that current transmission paths are often congested. Mr. Williams tied transmission to the ability to obtain financing. Ms. Kuntz agreed and spoke about the need for long-term transmission rights.

01:46:44 Sen. Lind recalled Mr. Williams' and Ms. Kuntz's earlier comments and asked for an understanding about how consumers in Montana would be protected against externalized costs. Ms. Kuntz explained transmission would run separate from a

utility's generation facilities. Ms. Kuntz explained that financing would have to come from the parties who are proposing to interconnect. Mr. Williams agreed, but admitted at times it is difficult to separate out the beneficiary. Mr. Williams used Missoula as an example because of its dependency on one substation.

01:52:55 Sen. Lind asked if NWE has a significant backlog of maintenance on its transmission in Montana. Mr. Williams stated NWE always brings forward capital projects looking for funding. Mr. Williams emphasized there is never enough money to do maintenance, but the backlog is about the same as it was five years ago.

Housekeeping Issues

01:55:25 Todd Everts provided a copy of a Notice of Opportunity to Comment and Notice of Scoping Minutes in Docket No. N2005.8.124 related to SB 415 ([EXHIBIT 5](#)). Mr. Everts explained the comment period closes September 23, 2005, and that a scoping meeting will be held on October 11, 2005, to discuss the Public Service Commission's (PSC) interpretation and analysis of SB 415. In addition, the PSC declined to adopt and revise updated telecommunication service rules and asked PSC staff to rework draft rules. Also, in July, the PSC denied a rule-making petition on behalf of NWE to amend the PSC's protective order rules.

01:58:27 Mr. Everts explained there are numerous significant court cases pending before the Montana Supreme Court and offered to provide updates to the ETIC on the cases that impact energy.

Update on PPL and Consumer Council

01:59:48 Mr. Barrs pointed out that the Federal Energy Regulatory Commission (FERC) ordered an updated market power analysis and read a short statement from Bob Nelson, Montana Consumer Counsel ([EXHIBIT 6](#)).

02:02:22 Jerome Anderson, representing PPL Montana, noted that a response from PPL was not provided. Chairman Roush stated there would be an opportunity later in the day for public comment.

BREAK

(Tape 2; Side B)

Update: Governor's Symposium & Other Issues

- **Symposium (Bruce Measure, NWPCC)**

02:24:47 Bruce Measure, Northwest Power and Planning Council, provided the ETIC with the agenda and a list of speakers for the upcoming Montana Energy Symposium ([EXHIBIT 7](#)).

- 02:26:13 Mr. Barrs announced that Mr. Hoffman, PPL Montana, had submitted a statement from PPL in June and would offer an update later in the day.
- 02:26:39 Mr. Measure introduced Mike Volesky, Monte Mason, and Eric Stern. Mr. Measure gave a Power Point presentation on Montana's Energy Symposium scheduled for October 18-19 in Bozeman ([EXHIBIT 8](#)).
- **Syngas (coal gasification) and Gas-to-Liquid (Fisher-Tropsch process for producing diesel) (Mike Volesky and Eric Stern, Governor's Office.**
- 02:32:30 Mike Volesky, Natural Resource Policy, Governor's Office, addressed Fisher-Tropsch, a coal-to-liquids process for producing diesel. Mr. Volesky identified the first part of the process as being gasification of coal. The second part of the Fisher-Tropsch process turns the coal into fuel. Depending on the properties of the coal, various products, including fertilizers and other chemicals, can then be derived through a spinning off process. Mr. Volesky explained the fuels will burn cleaner and perform better. Other side products could include the capability to produce electricity and the ability to peel off hydrogen. Mr. Volesky noted the development of the tar sands in Alberta has resulted in a price of \$15 a barrel for oil.
- 02:39:33 Eric Stern provided a history of the gas-to-liquid process. Mr. Stern cited the fact that the fuel is clean, the tremendous need in America, the creation of new jobs, and economic benefits as reasons for developing the fuel. A South African Company, Sasol, is the only company currently producing the fuel. Mr. Stern identified large and small companies that would like to become involved. Mr. Stern expressed the Department of Defense's concerns about supply chain vulnerabilities due to Gulf Coast hurricanes and having refineries located on the Gulf Coast.
- 02:46:56 Mr. Volesky stated the involved parties agree production cost estimates are approximately \$35 - \$40 per barrel.
- 02:48:18 Upon questioning from Rep. Driscoll, Mr. Stern stated the Defense Department uses approximately 400,000 barrels of fuel per day.
- **Otter Creek Tract (Mike Volesky, Governor's Office; Monte Mason, Department of Natural Resources and Conservation.**
- 02:48:42 Monte Mason, Montana Department of Natural Resources and Conservation, apologized for Chuck Kerr, Great Northern Properties, who was unable to attend the meeting. Mr. Mason gave a Power Point presentation on the Otter Creek Project Area ([EXHIBIT 9](#)).

(Tape 3; Side A)

- **Questions from the Committee**

- 03:06:01 Sen. Lewis asked for clarification on the numbers, and Mr. Stern reported an 80,000 barrel-per-day (bpd) plant is the preferred-sized plant according to Sasol and suggested a plant that size would cost approximately \$6 billion. Sen. Lewis suggested that a plant with a production of less than 80,000 bpd would not be feasible, since the debt service would eat up the profit.
- 03:07:58 Rep. Driscoll asked whether vehicles would need to be modified to run on syngas and whether the mileage would be the same. Mr. Volesky explained vehicles would not have to be modified and would burn cleaner.
- 03:08:58 Rep. Olson asked where investors for the plant would come from. Mr. Volesky replied there are incentives in the energy bill, including production tax credit for diesel, 80 percent loan guarantee, and a 20 percent tax credit on coal gasification up to \$300 million. Mr. Stern agreed that the price of oil is not certain and said getting a secure market would be critical.
- 03:11:04 Rep. Olson expressed concerns about the price of oil driving away investors. Rep. Olson asked where the pollution from the plant would go and where the water would come from. Mr. Volesky suggested world energy demand would give investors confidence. In addressing pollution, Mr. Volesky suggested CO₂ could be marketed. Mr. Volesky explained that depending on the process, water could be either gained or lost.
- 03:15:03 Rep. Olson wanted to know how long it would take to permit a plant. Mr. Volesky estimated it would take five to eight years, from start to finish.
- 03:16:00 Sen. Lind asked Mr. Mason to elaborate on the partnership with Great Northern Properties (GNP). Mr. Mason explained the partnership is informal, but that DNRC and GNP share common objectives. The DNRC will only pay 35 percent, up to a cap of \$30,000 and is not paying 50/50.
- 03:17:40 Sen. Lind asked if the state and GNP have adequate water right ownership in the area to proceed. Mr. Volesky explained it was not certain at this point what technological process would be used and how much water would be needed. Mr. Volesky did not view the process as being a large net water user.
- 03:18:56 Sen. Essmann asked where the market would be and how the product would get to market. Mr. Volesky stated they currently have several very large users of diesel who are interested. Mr. Volesky suggested a pipeline would have to be built regardless of where a plant is constructed. Mr. Volesky added that the Department of Defense may even floor a price.
- 03:21:17 Rep. Olson stated that diesel is a commodity and wanted to know if there was a guarantee that the people of Montana would get their fuel cheaper, rather than the diesel being sold as a commodity. Mr. Volesky replied they had not addressed that specific issue and that the greatest benefit to Montanans would come from economic development.

- 03:22:55 Rep. Olson stated a petition was recently delivered to the Board of Environmental Review (BER) regarding mercury emissions and asked how mercury emissions would be handled. Mr. Volesky explained mercury is drawn out in the gasification process, which is a chemical process rather than a heat process. Mr. Volesky admitted something would have to be done with the mercury. Rep. Olson wanted to know what generates the heat for production. Mr. Volesky explained 10-15 percent of the syngas would be funneled back in to run the reactors.
- 03:24:57 Rep. Olson wanted to know how the coals would be broken down without a heat source. Mr. Volesky replied there would need to be an initial power source. A percentage would then be peeled off to run the plant. Mr. Volesky suggested a web search could provide additional technical information.
- 03:27:06 Sen. Lind asked about the relative efficiency of the system and asked for an estimate of how much energy would be needed. Mr. Volesky estimated a ton of coal could create 1.5 barrels of liquid fuel.
- 03:28:20 Chairman Roush commented that many people ask him when something will be developed in Montana, so people will not have to move away from areas like the Hi-Line. Chairman Roush referred to the bottom of page 1, Exhibit 9, and the statement, "This agreement places certain restrictions on any coal leases that may ultimately be issued by the Land Board." Chairman Roush wanted to know how real the development of Otter Creek is. Mr. Mason replied that Otter Creek would be developed, but that all the pieces need to fall into place, including consideration of the Northern Cheyenne Tribe.
- 03:32:56 Chairman Roush recalled difficulties in the permitting process and the need to build a railroad, as well as consideration that will need to be given to the Northern Cheyenne Tribe. Mr. Measure explained one of the purposes of the Energy Symposium is to bring all interested parties together to voice concerns.
- 03:35:00 Mr. Volesky extended Evan Barrett's apologies for being unable to attend the meeting.
- 03:35:29 Rep. Olson noted there would be a split estate issue and wondered how split estates would be handled. Mr. Mason agreed there is a considerable amount of split estate, and that the surface owners in Otter Creek are long-time residents and traditional ranchers. Mr. Mason explained surface owners must be compensated for damages or bought out. In addition, land can be leased or exchanged for other land.
- 03:38:45 Chairman Roush explained there would be recommended legislation coming from the HB 790 Subcommittee and suggested that the Governor's Office may want to become involved. Chairman Roush reminded the audience that any proposed legislation would stand a better chance of passing if it had the support of the ETIC, and pointed out that any proposal would need to come before the ETIC by September.

PPL Statement

03:42:05 David Hoffman, PPL Montana, submitted a handout depicting ownership of generation in Montana ([EXHIBIT 10](#)). Mr. Hoffman stated the market-based pricing authority is complicated, but he assured the ETIC that there is robust competition in the energy market, and that PPL Montana has sold energy to NWE at below the market price.

(Tape 3; Side B)

- **Questions from the Committee**

03:45:32 Sen. Lind asked if the exhibit was misleading and wondered what percentage of the power consumed in Montana is produced by PPL Montana. Mr. Hoffman responded that the majority of PPL's power is consumed in Montana.

03:46:55 Rep. Olson asked what percentage of NWE's load is supplied by PPL. Mr. Hoffman said that approximately sixty percent of NWE's average load is supplied by PPL Montana.

LUNCH

Updates

- **Great Plains Wind & Energy - Casey Barrs**

00:09:47 Mr. Barrs provided updates from Southern Montana Electric ([EXHIBIT 11](#)) and Great Plains Wind & Energy, Inc. ([EXHIBIT 12](#)).

- **Montana Alberta Tie, Ltd.**

00:12:40 Bob Williams, Montana Alberta Tie, Ltd., gave a Power Point presentation and update on the Montana Alberta Tie project ([EXHIBIT 13](#)).

- **Discussion and Questions from the ETIC**

00:32:42 Rep. Driscoll asked whether Montana laborers would be utilized for construction. Mr. Williams stated they would utilize Montana labor, as long as the workers are qualified. Rep. Driscoll asked if Mr. Williams would guarantee Montanans would be hired over out-of-state workers. Mr. Williams stated Montana workers would be hired, as long as they are competitive and everything else was equal.

00:35:00 Sen. Lewis asked about the relative price of power between Alberta and Montana. Mr. Williams explained that it depends on the time of the day, and that power is probably higher in Alberta than in Montana during peak loads, and Alberta's power is probably cheaper at night.

00:36:42 Sen. Lewis asked if it would make sense for Montana to export hydropower north. Mr. Williams pointed out Montana already generates twice as much power

as it needs. Sen. Lewis commented that he would like to see an economic analysis done.

00:38:03 Sen. Lind asked if they would be paying taxes in Montana. Mr. Williams stated they would definitely be paying property taxes and probably other taxes as well. Sen. Lind asked if they had come across any eminent domain issues. Mr. Williams replied they have not, but that they work well with landowners, and his company is working hard to have a positive experience in Montana.

Public Service Commission Update

- **Greg Jergeson, PSC Commissioner**

00:41:07 Greg Jergeson, Chairman of the Montana Public Service Commission (PSC), provided a list of major PSC current dockets/issues ([EXHIBIT 14](#)). Commissioner Jergeson identified the coming emergency in Montana with winter heating bills as the number one issue that concerns the PSC.

(Tape 4; Side A)

Commissioner Jergeson explained how commodity cost is beyond the regulatory authority of the PSC; however, the PSC allows no markup on the commodity price of gas. Commissioner Jergeson explained that as the commodity price goes up, consumers find ways to conserve, and that can drive the commodity price. Commissioner Jergeson spoke about energy conservation, weatherization techniques, and efforts to encourage implementation of energy conservation techniques. Commissioner Jergeson also addressed electricity in Montana and reported the PSC believes there needs to be a rational decision-making process put in to place to understand, analyze, and choose which projects are necessary to improve the transmission grid to facilitate the proper movement of electricity throughout the region and ensure customer reliability. Likewise, the PSC would like to avoid construction of unnecessary projects. In addressing telecoms in Montana, Commissioner Jergeson identified substantial multiple issues in the industry, including inter-carrier compensation, allocation and use of universal service funds, how companies relate to each other, and how they compensate each other. In addressing transportation, Commissioner Jergeson reported several transportation companies have been granted fuel-cost surcharges, and Commissioner Jergeson suspected that number would increase.

- **Discussion and Questions from the ETIC -- None**

University System Roles in Energy Development

- **Lee Spangler, MSU-Bozeman**

01:01:05 Lee Spangler, MSU Bozeman, gave a Power Point presentation and provided an update on energy research projects at MSU-Northern, MSU-Billings, and MSU-Bozeman ([EXHIBIT 15](#)).

- **Laura Howe, UM-Missoula**

01:21:25 Bill Johnston, Lobbyist for the four UM campuses and the Montana University System, introduced Laura Howe, UM-Missoula.

01:22:07 Laura Howe, Assistant Director, Utilities and Engineering at the University of Montana, submitted information regarding new energy sources ([EXHIBIT 16](#)).

(Tape 4; Side B)

01:29:04 Bill Johnston explained UM-Missoula tries to use its money wisely. Mr. Johnston submitted program summaries for Montana Tech in Butte ([EXHIBIT 17](#)) and the Montana Bureau of Mines and Geology ([EXHIBIT 18](#)).

- **Discussion and Questions from the ETIC**

01:37:37 Rep. Olson requested the panelists to submit copies of their power point presentations to the ETIC members.

BREAK

Update: Telecom Issues related to HJR 45 and HB 539--Staff

02:22:16 Mr. Barrs addressed the ETIC about efforts to formulate draft legislation for enhanced wireless 9-1-1 service. Mr. Barrs read a report prepared by Becky Berger, 9-1-1 Program Manager ([EXHIBIT 19](#)).

02:24:22 Mr. Everts reported Qwest and the cooperatives and other interested parties will be meeting to discuss HB 539, and it is hoped the parties will reach a consensus. In addition, Mr. Everts suggested it might be helpful for the ETIC to hear a panel discussion on telecom issues at its November meeting.

02:25:46 Chairman Roush suggested all telecom issues could be addressed at one meeting.

Study Plans

02:26:40 Mr. Barrs stated the ETIC needs to approve the Study Plans and the ETIC's revised Work Plan. Mr. Barrs referred to the scheduling options on page 3 of Exhibit 1, and explained there will be an opportunity for ETIC to meet on November 16 to hear about distributed energy generation. Also, the recap referenced under No. 4 would be provided by mail. It was suggested there would not be a second meeting, and the March meeting would be a two-day meeting.

02:31:04 Rep. Driscoll questioned coordination of the November meeting and Special Session.

- 02:31:27 Mr. Barrs continued reviewing Exhibit 1 and said that Chairman Roush and Representative Olson had suggested the ETIC could piggyback the Special Session in December and drop its January meeting.
- 02:32:28 Chairman Roush provided clarification regarding meeting before Special Session. Mr. Barrs continued and clarified the mercury panel scheduled for January would be conducted at the March meeting. Chairman Roush asked the ETIC to decide whether it preferred to meet on Wednesday or Friday in March.
- 02:34:17 The ETIC members discussed meeting on Wednesdays versus Fridays, and decided it would prefer to meet on Fridays.
- 02:35:25 Chairman Roush recalled Sen. Lind had offered to procure a speaker on mercury, and Sen. Lind reported he is working on securing a speaker.
- 02:36:41 Sen. Lind asked if the mercury presentation could be moved to November, so it could be heard earlier rather than later. Sen. Lind requested two hours for the mercury presentation.
- 02:38:06 Rep. Olson suggested two-three hours would be needed for the mercury presentation
- 02:38:25 Mr. Barrs clarified that the mercury presentation is currently scheduled to be on the agenda at an ETIC meeting and asked if it should be an entirely separate meeting. Chairman Roush suggested the presentation could be part of the regular meeting, and Rep. Olson agreed. Sen. Lind stated he would prefer the presentation be in November due to a personal conflict in March. Rep. Olson suggested moving the dates of the March meeting. Sen. Lind stated he would check his calendar regarding his availability in March.
- 02:42:48 Sen. Essmann asked Mr. Barrs if he had maintained contact with the BPA people and whether their work had been completed. Mr. Barrs said he would obtain that information.
- 02:44:01 Chairman Roush called for a motion to adopt the Study Plans for SJR 36 and SJR 39. Rep. Olson requested adding Great Northern Power Development, Wind Hunter, Bull Mountain, Northern Lights Transmission, and Bronco Energy to the list of energy development stakeholders.
- 02:45:33 Rep. Olson moved to adopt the SJR 36 and SJR 39 Study Plans. The motion carried unanimously by voice vote.
- 02:46:10 Mr. Barrs commented about the Work Plan and explained how the Work Plan had been revised and now reflects the ETIC's proposed changes ([EXHIBIT 20](#)).

(Tape 5; Side A)

Mr. Barrs added that the Work Plan can be changed as issues arise, but cautioned that adding new tasks could mean scaling back other tasks.

- 02:49:05 Rep. Olson commented about the proposal for a transmission infrastructure authority and asked that it be included in discussions of SJR 36 and SJR 39. Rep. Olson added that transmission should include powerlines and pipelines.
- 02:50:16 Rep. Olson moved to adopt the revised Work Plan. The motion carried unanimously by voice vote.
- 02:50:42 Rep. Olson moved to approve the June 20-21, 2005, Minutes. The motion carried unanimously by voice vote.
- 02:52:09 Mr. Everts referred to the BER Petition ([EXHIBIT 21](#)) on mercury emissions and explained the EQC has jurisdiction and will be looking at the issue.
- 02:53:26 Sen. Lind asked Mr. Everts to report on ongoing litigation and issues, as they relate to the ETIC.
- 02:54:22 Rep. Klock reported on the Judith Gap wind farm and explained delays that have occurred in the project. Rep. Klock reported a positive economic impact in Wheatland County. A dedication for the project is planned for the future.
- 02:57:25 Rep. Olson suggested ETIC members should tour the wind farm.
- 02:57:50 Chairman Roush commented on attending the upcoming energy symposium.

Public Comment: Comment on any matter within the jurisdiction of the ETIC

- 02:58:52 Candace Payne, Southern Montana Electric Generation and Transmission Cooperative (SME), referred to Exhibit 11 and gave an update on the power plant being constructed near Great Falls. SME is attempting to address mercury emissions and stated the plant will be one of the cleanest burning coal-fired power plants in the United States.
- 03:02:36 Dan Hodges, Bronco Energy Fund, and Jerome Flore(?), URS Corporation, gave a Power Point presentation on Montana's role in solving U.S. energy and security concerns ([EXHIBIT 22](#)).

• **Discussion and Questions from the ETIC**

- 03:13:01 Sen. Essmann asked if a synthetic crude could be produced from the gasification process. Mr. Hodges agreed it could and stated the synthetic crude is more valuable. Sen. Essmann asked if the product could be a feed stock to the three refineries in Billings or whether it would be competitive to the refineries. Mr. Hodges agreed it could be a refinery itself or could provide feed stock for existing refineries.
- 03:15:47 Sen. Lind asked for an approximation of the system's energy efficiency. Skip Robinson, Consultant on Refining Technology to Bronco Energy Fund, explained there is a 58-60 percent efficiency.

- 03:17:01 Rep. Olson asked if the refineries in Billings would have to do any modifications to handle the synthetic crude. Mr. Robinson stated the higher value would be to sell to a refinery that uses sweet crudes. Rep. Olson asked where they would take the synthetic crude, and Mr. Robinson responded there are a number of refineries that run on sweet crudes in Oklahoma, California, and Kansas.
- 03:19:03 Sen. Lewis recalled it was cheaper to use compressed air and asked if they were competitive with compressed air operations. Peter Jeschke, President, Bronco Power, stated at the time there was no supply of CO2 in Montana.
- 03:20:48 Chairman Roush commented on CO2 and wondered if Alberta and Saskatchewan would possibly buy CO2. Mr. Hodges agreed Alberta and Saskatchewan could be potential purchasers. Chairman Roush asked about the cost of transmitting CO2. Mr. Hodges explained how existing pipelines could be twined to transmit CO2.

Wrap up and Instructions to Staff

- 03:26:02 Rep. Driscoll and Rep. Olson offered praise on staff performance.
- 03:26:47 There being no further business to come before the ETIC, the meeting adjourned.

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