EXHIBIT 4
DATE 1.24.05
HB 199

Part 10

State Energy Policy -- Goal and Development Process

90-4-1001. State energy policy goal statement. (1) It is the policy of the state of Montana to promote energy 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.

(2) In pursuing this goal, it is the policy of the state of Montana to:

(a) recognize that the state's energy system operates within the larger context of and is influenced by regional, national, and international energy markets;

(b) maintain a continual process to review this energy policy statement and any future changes so that Montana's energy strategy will provide for a balance between a sustainable environment and a viable economy; and

(c) adopt a state transportation energy policy as provided in 90-4-1010 and an alternative fuels policy and implementing guidelines as provided in 90-4-1011.

History: En. Sec. 1, Ch. 242, L. 1993; amd. Sec. 1, Ch. 311, L. 1995.

Compiler's Comments:

1995 Amendment: Chapter 311 inserted (2)(c) promoting as a state policy the adoption and implementation of a state transportation energy policy and an alternative fuels policy.

Preamble: The preamble attached to Ch. 311, L. 1995, provided: "WHEREAS, in section 90-4-1003, MCA, the Legislature adopted a process for the incremental development of a comprehensive state energy policy; and

WHEREAS, under the provisions of that statute, the Department of Natural Resources and Conservation recommended to the Environmental Quality Council the development of a transportation energy policy as one component of a comprehensive state energy policy; and

WHEREAS, the Environmental Quality Council assigned a broad-based working group of stakeholders in the issues relating to development of a transportation energy policy to use a collaborative, consensus process to develop that policy; and

WHEREAS, these stakeholders included the Montana Department of Transportation, members of the Montana Highway Commission [now Transportation Commission], the Department of Natural Resources and Conservation, representatives of state and local governments, highway users, railroad interests, utilities, commercial transportation interests, environmental groups, agricultural producers, bicycle and pedestrian interests, transportation planners, and representatives of petroleum producers; and

WHEREAS, the collaborative working group met regularly over an 8-month period to develop the following transportation energy policy goal statement and to recommend a specific component of a transportation energy policy on alternative fuels, along with implementing guidelines."

90-4-1002. Definitions. As used in 90-4-1003, the following definitions apply:

(1) "Council" means the environmental quality council established in 5-16-101.

(2) "Department" means the department of environmental quality established in 2-15-3501.

History: En. Sec. 2, Ch. 242, L. 1993; amd. Sec. 494, Ch. 418, L. 1995; amd. Sec. 310, Ch. 42, L. 1997.

Compiler's Comments:

1997 Amendment: Chapter 42 in introduction, after "90-4-1003", deleted "and 90-4-1004". Amendment effective March 12, 1997.

1995 Amendment: Chapter 418 in definition of Department substituted "department of environmental quality established in 2-15-3501" for "department of natural resources and conservation established in 2-15-3301". Amendment effective July 1, 1995.

Transition: Section 499, Ch. 418, L. 1995, provided: "The provisions of 2-15-131 through 2-15-137 apply to [this act]."

Saving Clause: Section 503, Ch. 418, L. 1995, was a saving clause.

90-4-1003. Energy policy development process. (1) The department and the council, in cooperation with the consumer counsel and the public service commission, shall maintain a continual process to develop the components of a comprehensive state energy policy.

(2) Because of limited state resources and the need to focus intensive effort on specific issues of importance, the development of a comprehensive state energy policy must occur on an incremental basis. As the need arises, the department, in cooperation with the appropriate state agencies and with extensive public involvement, shall identify and recommend to the council specific components of a state energy policy for development under the consensus process described in subsection (3).

(3) (a) Upon selection of a specific energy policy component, the council shall assign to a working group composed of representatives of the parties with a stake in that specific component the task of developing consensus recommendations for that component of state energy policy.

(b) The working group must include the broadest possible representation of stakeholders in the issues to be included within the specific component of state energy policy.

(c) Whenever possible, the working group shall use a consensus process to develop recommendations for a specific energy policy component to be submitted to the council. Recommendations that are not based upon consensus must be so noted by the working group. Upon consideration of the working group's recommendations, the council shall forward its recommendations to the legislature and to the appropriate state agencies for adoption.

(d) The department shall:

(i) provide staff support to the working group, including policy analysis, data gathering, research, technical analysis, and administrative support;

(ii) provide administrative coordination among the appropriate state agencies in the energy policy development process;

(iii) prepare reports for and make recommendations to the council; and

(iv) consult regularly with the council to coordinate each agency's activities.

(4) In carrying out their responsibilities under this section, the department and the council may contract with experts, consultants, and facilitators and may seek funding from a variety of private and public sources for technical and other assistance necessary to accomplish their responsibilities.

History: En. Sec. 3, Ch. 242, L. 1993.

90-4-1004. Terminated. Sec. 5, Ch. 242, L. 1993.

History: En. Sec. 4, Ch. 242, L. 1993.

90-4-1005 through 90-4-1009 reserved.

90-4-1010. Transportation energy policy. It is the transportation energy policy of the state of Montana to promote actions that encourage the conservation of energy through the environmentally responsible management and planning of efficient transportation systems. This policy further recognizes that energy conservation must be balanced with the state's interest in establishing, preserving, and maintaining a safe, efficient transportation system that equitably meets the mobility needs of Montana's citizens and connects them to the nation's economy.

History: En. Sec. 2, Ch. 311, L. 1995.

Compiler's Comments:

Preamble: The preamble attached to Ch. 311, L. 1995, provided: "WHEREAS, in section 90-4-1003, MCA, the Legislature adopted a process for the incremental development of a comprehensive state energy policy; and

WHEREAS, under the provisions of that statute, the Department of Natural Resources and Conservation recommended to the Environmental Quality Council the development of a transportation energy policy as one component of a comprehensive state energy policy; and

WHEREAS, the Environmental Quality Council assigned a broad-based working group of stakeholders in the issues relating to development of a transportation energy policy to use a collaborative, consensus

process to develop that policy; and

WHEREAS, these stakeholders included the Montana Department of Transportation, members of the Montana Highway Commission [now Transportation Commission], the Department of Natural Resources and Conservation, representatives of state and local governments, highway users, railroad interests, utilities, commercial transportation interests, environmental groups, agricultural producers, bicycle and pedestrian interests, transportation planners, and representatives of petroleum producers; and

WHEREAS, the collaborative working group met regularly over an 8-month period to develop the following transportation energy policy goal statement and to recommend a specific component of a transportation energy policy on alternative fuels, along with implementing guidelines."

90-4-1011. Alternative fuels policy -- implementing guidelines. (1) The state of Montana encourages the use of alternative fuels and fuel blends to the extent that doing so produces environmental and economic benefits to the citizens of Montana.

(2) To implement the policy stated in subsection (1), the legislature recommends the following guidelines:

(a) All policies and programs should have in-state benefits.

(b) Policies and programs should be coordinated among the affected agencies.

(c) The state recognizes incentives as a temporary tool to implement the alternative fuels policy. Recipients of those incentives should develop a plan, including an educational component, to phase out the incentive. In determining incentives, the state should:

(i) consider incentives for the producer, retail, and consumer levels;

(ii) establish a logical link between revenue sources and incentives; and

(iii) encourage the use of self-sufficient markets.

(d) Any state alternative fuels program should have measurable benefits that are communicated to the public.

(e) State and local governments should be encouraged to set an example with their vehicle fleets in the use of alternative fuels and fuel blends.

(f) Consistent with the guidelines in subsections (2)(a) through (2)(e), the state encourages production of alternative fuels and fuel blends.

History: En. Sec. 3, Ch. 311, L. 1995.

Compiler's Comments:

Preamble: The preamble attached to Ch. 311, L. 1995, provided: "WHEREAS, in section 90-4-1003, MCA, the Legislature adopted a process for the incremental development of a comprehensive state energy policy; and

WHEREAS, under the provisions of that statute, the Department of Natural Resources and Conservation recommended to the Environmental Quality Council the development of a transportation energy policy as one component of a comprehensive state energy policy; and

WHEREAS, the Environmental Quality Council assigned a broad-based working group of stakeholders in the issues relating to development of a transportation energy policy to use a collaborative, consensus process to develop that policy; and

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WHEREAS, the collaborative working group met regularly over an 8-month period to develop the following transportation energy policy goal statement and to recommend a specific component of a transportation energy policy on alternative fuels, along with implementing guidelines."

Cross References:

State vehicles to use gasohol, 2-17-414.

Gasohol production equipment -- classification for tax purposes, 15-6-135.

Gasohol tax per gallon, 15-70-204.

Refund of tax for certain uses of gasohol, 15-70-221.

Tax incentive for production of alcohol to be used as gasohol, Title 15, ch. 70, part 5.