

DP2006 Restore Energy Planning Functions

FTE

- 2 FTE proposed are energy policy analysts able to focus on electricity, petroleum, natural gas, coal, energy efficiency and renewable energy.

Oversight

- DEQ agrees that reporting to the Energy and Telecommunications Interim Committee would be unusual.
- In Montana, DEQ prepares a report on energy statistics, (Understanding Energy in Montana) but is not able to look at comprehensive issues and complete analysis that would be helpful to both the executive and legislative branches.

General Fund

- General funds are appropriate for the 2 energy analyst positions being requested in DP2006.
- Administering MFSA is a key responsibility of DEQ, but focuses on specific projects. A much wider range of policy work must be done prior to and to prepare for these specific applications.
- The work completed in the Planning Division is broad in nature and applies to many transmission issues
  - the need for lines that interconnect in the west in order to develop additional wind and coal resources
  - bottlenecks that could result in outages and cause energy emergencies
  - ancillary generating resources to maintain transmission reliability and efficiency upgrades
- Energy is a regional issue. Montana should be involved in regional decision making that affects the opportunities for Montana generation and transmission
  - WGA Clean and Diversified Energy Initiative
  - WECC deliberations
- The work to review and approve a proposed transmission line where an application has been made to the Department is funded out of fees. This specific application work is also increasing in the Department and a request for increased fees for this work is found in DP 5012 and NP 5013 from the Permitting and Compliance Division.
- In addition to the transmission work, the proposed FTEs would work on the state's energy emergency response plan, biofuels development, wind and geothermal development, energy efficiency standards, and petroleum, natural gas and coal issues.
- Montana is behind other states right now in our ability to frame the issues and respond to opportunities or emergencies.
  - Our energy emergency plan was last updated in 1989.
  - Information on petroleum production in Montana comes into the Department but is not summarized or analyzed for trends because there is no one to do the work.
  - Tax incentives for energy efficiency and renewable energy have not been analyzed for their effectiveness, and analysis of what it would take to have a successful bioenergy industry in Montana is done in bits and pieces.
  - There has not been a comprehensive look at high energy prices and their effects on Montana businesses.
  - We have not been able to stay on top of the many energy issues brought about by growth, national security issues and weather related impacts to the nation's energy infrastructure.

Consideration

- MFSA discussed in general fund discussion
- Difficulty recruiting will be an issue, but probably don't need a companion bill.
- Consider revised performance criteria and milestones to address the issues. Suggest biennial report to the legislature on the issues rather than separate bill at this time.
- DEQ would support reducing the requested amount of general fund by the expected percentage of the MFSA level of work.

## Performance Criteria

- Determination of need under the Major Facility Siting Act (MFSA) will be completed within the statutorily required time frame.
- The state's energy emergency response plan will be reviewed and updated by December 2008.
- Report on Energy Issues and Analysis prepared for the Governor and the Legislature by September 30, 2008, and subsequent even numbered years.

## Milestones

- Hire 2 new FTE by October 30, 2007
- Participate in four meetings of the Western Governor's Association Western Interstate Energy Board and the associated Western Interconnect Regional Advisory Board (WIRAB)
- Complete analysis of at least three energy efficiency or renewable energy issues. Produce white papers on the issues by June 2008, December 2008 and June 2009.
- Attend the meetings of the Governor's Coal to Liquids Task Force to provide historical data and analyses of issues
- Represent the executive branch in state utility planning efforts.
- Provide updates to the Energy and Telecommunications Interim Committee when requested

There is a statutory limit on MFSA determinations. Restoring two of the three FTE dedicated to energy analysis will help insure that the required timeframes are met.

- The department has nine months from the time a MFSA application is complete to complete an EA or EIS that includes an analysis of economic need, and the other determinations required by 75-20-301, et seq.
- Preapplication consultation is underway on four projects that will require economic analysis
  - Northern Lights
  - NWE Townsend to Mid Point, ID
  - BPA Libby-Troy
  - MATL South Great Falls-Martinsdale

The energy emergency plan would be updated by December 2009. It would need to be updated every 2-4 years.

The state utility planning effort includes energy emergency planning, which is required under 90-4-301. State energy policy 90-4-1001 defines goals; 90-4-1003 defines energy policy process; 90-4-1010 transportation energy policy and 90-4-1011 alternative fuels policy.