

Climate Change Advisory Committee Energy Supply Recommendations

Montana DEQ
January 14, 2010



Climate Change Advisory Committee

- ◆ MDEQ Director Richard Opper appointed a broad-based group of 18 Montana citizens to the CCAC
- ◆ CCAC evaluated and made recommendations on existing programs in Montana, policies to reduce GHG emissions, and the potential cost of those policies
- ◆ CCAC met 2006-2007 to evaluate recommendations from four sectors of Montana's economy:
 - 1. Energy Supply
 - 2. Residential, Commercial, Institutional, and Industrial
 - 3. Transportation and Land Use
 - 4. Agricultural, Forestry, and Waste Management

CCAC Process

- ◆ The CCAC followed a consensus-building process designed and implemented by the nonprofit Center for Climate Strategies (CCS). CCS staff provided facilitation services and technical expertise to the CCAC
- ◆ CCS followed a structured process used in other states, but were completely flexible on recommendations
- ◆ CCAC agreed upon 54 policy recommendations designed to help reduce Montana's emissions of GHGs to 1990 levels by the year 2020

Overall GHG Reduction Goal

- ◆ The CCAC recommends that Montana establish a statewide, economy-wide GHG reduction goal to reduce gross GHG emissions to 1990 levels by 2020, and to further reduce emissions to 80% below 1990 levels by 2050
- ◆ Implementing all 54 recommendations would reach 2020 goal
- ◆ Montana climate change process and GHG reduction goals are in line with other states and nations

ES-1 Environmental Portfolio Standard (Renewables and Energy Efficiency)

- ◆ Montana extend its existing RPS to include increasing renewable energy requirements for 2020 and 2025
- ◆ Require utilities to pursue cost-effective, end-use energy conservation (both electricity and natural gas)

ES-2 Renewable Energy Incentives and Barrier Removal (for larger renewables)

- ◆ Increase supply and reduce cost of renewable energy
- ◆ Utilize region's hydroelectric resources to accommodate increases in wind generation
- ◆ Pursue incentives for locating manufacturing plants in the state for renewable generation
- ◆ Target incentives to community wind projects
- ◆ Tax incentives for transmission lines that carry wind power and for renewable energy
- ◆ Planning process that evaluates potential wind power sites and certifies new wind projects

ES-3 Research and Development (R&D), Including R&D for Energy Storage and advanced Fossil Fuel Technologies

- ◆ Pursue an R&D program that targets carbon sequestration technologies, compressed air, and other storage technologies
- ◆ Demonstration project
- ◆ Pursue dynamic funding sources
- ◆ Establish an energy technology program in the Montana U. system
- ◆ Include industrial participation

ES-4 Incentives and Barrier Removal for Combined Heat and Power and Clean Distributed Generation (Including Interconnection Rules and Net Metering Arrangements)

- ◆ Increase incentives for installation and development of CHP and DG systems
- ◆ Funding: Improving or expanding the Alternative Energy Revolving Loan Program (AERLP)
- ◆ Create standardized interconnection and net metering rules for CHP and DG systems
- ◆ Encourage the development of a set of state-issued licenses for renewable energy system technicians and installers

ES-6 Efficiency Improvements and Repowering of Existing Plants

- ◆ Implement policies that encourage the reduction of GHG emissions per MWh produced or, encourage an increase of output at existing renewable facilities
- ◆ Incremental improvements at existing plants (e.g., more efficient boilers and turbines; improved control systems)
- ◆ Switching to lower or zero emitting fuels at existing plants or the use of natural gas in place of coal
- ◆ Explore the co-firing of biomass at coal and other fossil fuel plants and advanced technologies (oxyfuel combustion)

ES-7 Demand-Side Management

- ◆ Increase the efficiency of electricity and natural gas use through demand-side management (DSM) programs.
- ◆ Examples of DSM programs include
 - Technical assistance for and implementation of energy efficiency and renewable energy measures
 - Electrical and natural gas demand response
 - Alternative rate schedules
 - Smart meters
 - Research activities
 - Tax credits and a loan program

Existing actions towards implementing these recommendations

- ◆ DEQ: Governor's 20x10 Initiative
- ◆ HB3 in 2007: Lower tax rate for new transmission lines that carry wind power and on other clean generation
- ◆ DSM activities by NWE and MDU (NWE commitment to obtain 5 aMW energy efficiency per year)
- ◆ Big Sky Carbon Sequestration Partnership
- ◆ Energy Tax Credits (incl. homeowners)
- ◆ ARRA (BPA and WAPA smart meters)

Barriers to recommendations and the 2011 Legislative Session

- ◆ Multiple initiatives happening right now including ARRA-related work
- ◆ Recession is delaying some GHG-reducing actions
- ◆ Too early to say what DEQ will propose for legislation in 2011 Session

Questions?

- ◆ <http://www.deq.state.mt.us/ClimateChange/plan.mcpx>
- ◆ <http://www.mtclimatechange.us/>