

Nowakowski, Sonja

Exhibit 4

From: Bryan Rogan <brogan@oversightresources.com>
Sent: Thursday, June 26, 2014 7:00 PM
To: Nowakowski, Sonja; cliff@larsenusa.com; robyn@robyndriscoll.com;
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Cc: Bryan Rogan
Subject: RPS

Follow Up Flag: Follow up
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Members of the ETIC:

Thank you for the opportunity to submit comments regarding the RPS report. The report identifies one of the components of the RPS (or the Renewable Power Production and Rural Economic Development Act) is clearly "economic development". The RPS is not only intended to promote the use of renewables, it is also intended to stimulate rural economic development. The legislation also put cost caps in place to protect the utility and customers.

It is with great interest that I have watched many discussions about the RPS over the years. Most if not all of these discussions have revolved around how much of a burden renewables are to the utility and its customers. Yet in this recent report the utility acknowledges that "customer impacts were neutral", and "both benefits and drawbacks were minimal". It is also noted that Montana ranks as the lowest RPS state for incremental RPS compliance costs. So on the one hand the utility claims the RPS is a burden, and on the other hand there is minimal impact from RPS compliance. It is hard to understand how it can be both ways.

In my opinion the primary issue that has been discussed since the RPS legislation was enacted is cost, cost, cost. Although cost is a key component the legislation itself states it is not the only component. The other key component is economic development. Economic development, in my opinion, has been completely brushed aside in this discussion. I encourage the committee to place more focus on the economic development component of the RPS and support more discussion on this topic. Ultimately I feel it would be helpful to establish a method to measure RPS cost's against economic impact so that the RPS impact as a whole can be more accurately assessed. We ultimately need to get to a point where we can measure net benefit or net cost, and I don't feel we are there yet because of the continual focus on cost.

This is not to say cost isn't important, and that there isn't one. However I also feel these costs have been overblown and exaggerated. As I mentioned before the RPS report states that the utility acknowledged that the impacts were minimal. And that statement does not take into account rural economic impact. With this being the case it should be easy to draw the conclusion that if impacts are minimal, and rural economic impacts are positive, then the net benefit is positive. It sure doesn't seem like that is how renewables and the RPS have been portrayed.

Moving forward you will continue to see attack's on the RPS and the claim of how much "damage" it is causing the utility. It is worth mentioning that at least one claim of "damage" has been caused by the utility itself. Recently the utility was successful in lowering the maximum QF size from 10MW to 3MW. By doing that the PSC eliminated the one mechanism that allowed CREP projects to be successfully built outside of an RFP process. To date the RFP process has not produced a single CREP project, and the only successful CREP projects were also QF's. Now the utility is seeking its second CREP waiver request from the PSC. It should not be a surprise during the next legislative session that we will see efforts being made to eliminate the CREP requirement entirely from the RPS. It is my hope that when the idea of eliminating the CREP requirement comes up that equal time will be spent on assessing the economic development opportunities that would be lost as well. When you measure the cost of renewables against the positive impact of rural economic development you will see the net benefit is positive.

I intend on being at the next ETIC meeting in person and would be happy to answer any questions at that time.

Sincerely,

Bryan Rogan

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