Unofficial Draft Copy
As of: May 25, 2010 (3:47pm)

LC6000

**** Bill No. ****

Introduced By **********

By Request of the Energy and Telecommunications Interim Committee

A Bill for an Act entitled: "An Act revising Montana's energy policy; amending section 90-4-1001, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 90-4-1001, MCA, is amended to read:

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

(a) promote energy efficiency, 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;

(b) supplement energy needs with renewable energy sources, while recognizing the value of existing coal-fired generation and its place in Montana's energy portfolio;

(c) promote development of projects using technologies that convert coal into electricity, synthetic petroleum products, hydrogen, methane, natural gas, and chemical feedstocks, while substantially reducing the emissions of man-made greenhouse gases;

(d) recognize that projects, like those in subsection (1)(c), will increase utilization of Montana's vast coal reserves

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in an environmentally sound manner, as a means of increasing the nation's energy independence;

(e) increase local oil and gas exploration and development to reduce the recent decline in Montana's production levels, offer living wage jobs, and strengthen Montana's economy;

(f) expand technological innovation, including using carbon dioxide for enhanced oil recovery in declining oil fields;

(g) recognize the value of Montana's petroleum refining industry as a significant contributor to Montana's manufacturing sector in supplying the transportation energy needs of Montana and the region;

(h) promote development of educational programs that prepare the workforce for creating and obtaining jobs in an emerging renewable energy economy;

(i) support:

(i)the advancement of new alternative energy technologies to improve vehicle mileage and reduce exhaust emissions;

(ii)incentives and loan programs to promote the development of biomass plants to generate heat for industrial use or electricity; and

(iii) promotion of the long-term growth of large-scale utility wind generation and small-scale distributed generation;

(j) promote efforts to classify capacity expansions to existing hydroelectric facilities as an eligible renewable resource as defined in 69-3-2003, provided that the targets in 69-3-2004 are strengthened to 20% by 2020 and 25% by 2025 and that the Montana Renewable Power Production and Rural Economic

Development Act applies broadly to Montana's many energy utilities;

(k) recognize the need for new transmission lines in the state, while noting that the need for new transmission lines may be mitigated by focusing on energy efficiency, distributed energy, demand response, and smart grid technologies;

(l) urge developers and utilities to increase the capacity of existing transmission lines in existing corridors and maximize the potential of existing lines;

(m) urge developers who develop new transmission lines in Montana to work closely with all affected stakeholders, including local governments, in the preliminary stages of development;

(n) ensure that the costs of transmission lines that allow for the export of Montana-generated electricity are borne by those who will benefit from the lines to protect Montana's ratepayers from the costs of serving others;

(o) strengthen Montana's level of participation in regional transmission efforts and organizations, recognizing that endeavors to improve the management of the transmission grid often requires a broad, regional approach;

(p) encourage the testing and application of new and innovative technologies, such as compressed air energy storage, batteries, flywheels, hydrogen production, smart grid, smart garage, and intra-hour balancing services, to address wind integration;

(q) encourage geographic diversity and regional planning in the siting of future wind development to mitigate firming needs

and ensure that the economic benefits of wind-powered energy generation are shared across the state;

(r) recognize that there are areas of the state where large-scale, commercial industrial wind development may not be appropriate;

(s) encourage developers and regulators to review potential impacts to landscapes, wildlife, and existing land uses, including recreation and agriculture when developing wind generation;

(t) recognize that contracts between qualifying small power production facilities as defined in 69-3-601 and utilities require facilities to pay the cost of integrating their power, and the state is committed to providing the lowest-cost firming resources available to encourage renewable development;

(u) continue to weigh Montana's overall management responsibilities, fiduciary, and multiple-use pursuant to The Enabling Act of the state of Montana, Article X of the Montana constitution, and Title 7, chapter 1 in pursuing energy development on state lands;

(v) encourage the development of best management practices for energy development on state lands;

(w) allow energy efficiency and conservation to form the cornerstone of Montana's energy policy, recognizing that efficiency and conservation have the potential to meet the majority of Montana's growing energy needs and save consumers money on their energy bills;

(x) encourage investor-owned utilities and electric

cooperatives to demonstrate that they are prioritizing and pursuing the acquisition of all cost-effective energy efficiency on their systems, while recognizing that electric cooperatives have a long history of local control. This includes the offering of energy audits to customers;

(y) encourage the public service commission, using its existing authority, to implement and encourage efficiency-related initiatives for regulated public utilities, including smart grid deployment, demand response, decoupling, and energy efficiency resource standards;

(z) expand energy incentives to promote and encourage consumer investment in energy efficiency. It is also important to monitor existing energy incentives to determine if they are cost-effective;

(aa) promote a strong energy code to ensure that all homeowners and business owners experience the economic benefits of energy efficiency and conservation;

(bb) advocate for an energy code that works in tandem with an enforcement system that is unique to Montana and that recognizes tribal sovereignty, local government authority, and existing self-certification program; and

(cc) encourage the appropriate state agencies, local government entities, and stakeholders to work together and review the existing enforcement system in Montana and recommend changes if necessary.

(2) In pursuing ~~this goal~~ these goal statements, 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) review ~~this~~ these energy policy ~~statement~~ statements and any future changes pursuant to 90-4-1003 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."

{*Internal References to 90-4-1001: None.*}

NEW SECTION. **Section 2. {standard} Effective date.** [This act] is effective on passage and approval.

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