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Energy and Telecommunications Interim Committee

61st Montana Legislature

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September 2, 2009

To: ETIC members
From: Sonja Nowakowski, ETIC staff
Re: Energy Policy public comment

During the month of August, the ETIC accepted public comment on three of the nine energy policy issues outlined in Senate Bill 290. Those issues include:

- Rebuilding and extending transmission lines;
- Integrating wind energy; and
- Maximizing state land use for energy generation.

The ETIC asked the public to suggest specific changes in state law that are needed in these areas, as well as to provide their thoughts on potential findings and recommendations. The ETIC received 54 comments. Many of the comments are quite detailed and very thorough. I hope you will all take a few moments to read through them. They are also available on the ETIC Website.

Over the next nine months, the committee will meet and discuss additional issues, as mandated by Senate Bill 290. As those additional issues appear on future ETIC agendas, the committee will put out a request for additional public comment. A complete schedule is available under the "Energy Policy" link on the committee's Web site.

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Comments on Revised Energy Policy Energy and Telecom Interim Committee September 24, 2009

Rebuilding and Extending Transmission Lines

The State of Montana should articulate as part of its energy policy that it is prudent for transmission facility developers, owners and operators to build and rebuild existing facilities and make use of existing rights of way (ROW) to increase the capability of the transmission system in Montana for integrating renewable resources into the existing transmission grid.

A bit of history

The existing transmission system in Montana was developed over the last century for the express purpose of moving supply resources (i.e. electricity generation) to local area loads served both by the owners of those resources and locally owned power distribution cooperatives. Until the Colstrip projects were built in the 1970s and 1980s, the vast majority of the loads and resources of which we speak were located within the borders of Montana.¹ Montana was not unique in that regard. The transmission systems of most other states developed in similar fashion.

As the century wore on, opportunities arose to interconnect the systems in the different states. This provided cost effective opportunities to meet intermittent loads, or to cover unexpected outages of existing generating resources. Over time, as technology allowed higher voltage transmission systems and with the systems of all of the western states interconnected, even more market opportunities arose and enabled exchanges of power over distances never contemplated when the original transmission systems were built. Many companies began building resources long distances from the loads they were seeking to serve. Upon completion of the Colstrip coal-fired generating projects, for the first time the Montana transmission system was called on to export significant quantities of power to other states.

¹ Exceptions include the Noxon and Cabinet Gorge hydro projects on the Clark Fork River built by Washington Water Power (now Avista) to serve load in Idaho and Washington, and Libby, Yellowtail and Fort Peck hydro projects built by the federal government to serve loads and provide irrigation both in Montana and immediately adjoining states.



Our world today

Electric transmission systems are hardy facilities. Generally designed to serve 40 years, in many cases they have been in service for more than twice that long. In an honest effort to keep rates as low as possible, utilities undertook to resolve the problems associated with these aging facilities by repairing clearly apparent damage as it occurred rather than engaging in a systematic replacement of the facilities. Over this length of time, however, these facilities begin to decay at a rate that is impractical to manage a structure or two at a time. The existing transmission system is in need of replacement simply by virtue of the years of excellent service it has provided.

Superimposed on this critical need to upgrade existing facilities is an opportunity unlike any we've seen in recent years – the demand for renewable resources. Montana is blessed with an abundance of renewable fuel: wind, geothermal, hydro and biomass. Just as the agriculture industry of Montana helps to feed the nation and the world by exporting its superior products, Montana once again has an opportunity to add value to its abundance and export another much-needed commodity – electricity produced from renewable resources. But in order to move the quantities of power demanded and available, there is a critical need for new transmission facilities.

The convergence of the need to replace aging facilities with the need to create new transmission capacity creates an incredible opportunity for our State. At most voltages, a double circuit line costs roughly 150% of a single circuit line – 2 for the price of 1½ – 25% off full price! That kind of bargain on anything sends folks scrambling to the market to take advantage of the savings. We have just that kind of bargain at our disposal if we dare to take the advantage. And that's just the beginning. The cost of securing new ROW is approximately 5-10% of the cost of a major transmission project. That cost can be reduced by making use of existing ROW.

In order to move the wind generation to our interconnections with other utilities (more on that later), we need to build substantial transmission capacity. In many cases, the path between the wind resources and the interconnection point happens to coincide with an aging existing facility. In such cases the logical response is to build a double circuit line where the existing aging facility already resides. This is not only cost effective as discussed above, but it also reduces the environmental effects, including the visual, land use and soil disturbance and weed impacts, of a second line.

One key question asked every time transmission related to wind generation is brought up is, "Who pays?" It is critical that the Legislature provide policy guidance on that



question. The foregoing discussion presents the elements of that policy as articulated in the recommendation below.

Policy recommendation #1

The State of Montana should adopt a policy requiring owners of existing facilities 1) originally constructed or reconstructed more than 40 years ago, and 2) at voltages of 69 kV or greater (Original Facility Owner), to replace or allow the replacement of those existing facilities upon receipt of a request to do so from a person whose primary business is development, integration and/or transmission of renewable resources (Renewable Business Entity). Cost of the new facilities should be shared between the Original Facility Owner and the Renewable Business Entity pro rata according to each party's capacity rights in the new facility. The Original Facility Owner's capacity rights should be no less than the nominal capacity of the original facility. The reasonable costs incurred by the Original Facility Owner in replacing or allowing the replacement of those original facilities should be deemed to have been prudently invested for purposes of establishing cost recovery in a regulatory arena.

Where do we go from here?

That isn't a strategy question, but a geography question. Once we have a policy to encourage reconstruction of aging facilities to help move renewable resources, where do we move them to? To begin with, to the extent we have yet to meet our own renewable portfolio standard, we should deliver the products within Montana. Frankly, however, that isn't going to encourage very much renewable energy development. Vast though our state is, it is very sparsely populated and has a paucity of energy intensive industries to consume our surplus renewable energy resource. Of course that means exporting the surplus. Exporting is a practice that Montana is long familiar with – from agricultural commodities to minerals and gemstones.

The primary markets for renewable energy resources are west and south of Montana. Transmission projects have been proposed in both directions. One to the west is making use of existing ROW, while those to the south will require new ROW. On the other hand, the project looking west bound will probably yield only marginal capacity while new projects will move considerably more energy. Different technologies – AC vs. DC for example – have their advantages and disadvantages, but let's assume for this exercise an average of 2,000 MW of capacity for each 500 kV line². We will need

² A typical 500 kV AC line can move 1500 MW while a 500 kV DC line can move 3000 MW. Which is best depends on the length of specific line segments among other things. Assuming $\frac{2}{3}$ of the lines are AC and $\frac{1}{3}$ are DC yields the 2000 MW averaged used herein.

numerous lines to move even a small fraction of Montana's renewable energy potential to market! While land is not scarce in Montana, difficult topography, federal and state land management restrictions, wilderness designations, National Parks and monuments, cities, towns and other existing residential developments, bird and wildlife refuges, and other environmentally sensitive areas limit the number of linear corridors where transmission lines can be built responsibly. For that reason, it is critically important for Montana to make the most efficient use of any transmission ROW and its remaining, limited linear corridors.

Policy recommendation #2

The State of Montana should adopt a policy encouraging all new transmission lines crossing the State's borders to be double circuited whenever that is practicable.

Integrating Wind Generation

While the lack of transmission may be the biggest issue in terms of investment with regard to integrating wind generation, it certainly isn't the only issue. The moment to moment variability of the wind also creates challenges for the transmission operator. In June, NorthWestern Energy filed with FERC a request for a new Schedule 10 to its federally filed open access transmission tariff (OATT) seeking to formalize a longstanding practice with regard to integrating (or not) wind into its control area. This filing was intended to insure that any increased cost associated with impacts from wind generation on balancing its control area (a.k.a. regulating reserves) are borne by the wind generator or its ultimate customer. While understandable that NorthWestern would seek that outcome on behalf of its customers and owners, it effectively eliminates NorthWestern as a solution to the underlying problem.

The cost of regulating reserves has increased steadily over the last decade. What's more is that as a product, regulating reserves are very illiquid, i.e. hard to find at any price. That is the reason that the MPSC recently granted NorthWestern approval to build its own source of such reserves at Mill Creek, near Anaconda, and that's part of the reason that NorthWestern made its recent filing with FERC – to insulate itself and Montana's native load customers to the extent possible from the risk associated with the price and scarcity of regulating reserves.



In an ideal utility world, the beneficiaries of investments would bear the cost of those investments. If wind generation built in Montana ultimately serve loads in California, then it is appropriate that California customers bear the costs of the wind generators, including the investments required for regulating reserves. While NorthWestern has been successful insulating itself and its native load customers from this particular risk associated with integrating wind generation, the risk remains for other Montana market participants, most notably the wind generation industry in Montana.

As Montana policy makers, your options are limited in insuring that the costs are passed on to the ultimate end users of the wind generation produced in Montana. You do have the power, however, to insure that costs borne by wind generators to produce regulating reserves, which mitigate the variability effects of wind generation on the system and contribute to overall system reliability, are as low as possible making the prices of Montana's wind products more attractive to the market place, both in state and out of state.

Policy Recommendation #3

The State of Montana should adopt the lowest incremental utility property tax in Montana (3%) for facilities constructed exclusively for the purpose of producing regulating reserves and related ancillary service products required to integrate wind generation in Montana. All customers, both in state and out of state, will benefit from such a policy, but since the tax is incremental on new investment, it is not a direct cost subsidy but rather a reasonable reduction in incremental revenue for the benefit of a desirable industry.

Maximizing State Land Use for Wind Energy Generation

Background

In general, wind power developments require few, if any, state environmental permits. They do not emit air or water pollutants, generate solid or hazardous wastes, consume water, remove precious metals, deplete oil and gas or coal reserves, or compromise the right to harvest wild fish and wild game animals. Significant public resources are not threatened. Leasing State Land for wind power production materially increases the State's resource commitment and involvement. Coincidentally, it also raises revenue to support state schools



On private lands where wind power projects do not need substantial state permits or approvals, the Montana Environmental Policy Act (MEPA) is not applicable. This was a conscious legislative choice and an appropriate one. The intent of MEPA, as articulated at 75-1-102(2), 75-1-103(1), and 2(d) MCA, is to encourage a productive harmony between human activity and the environment while recognizing and protecting "the right to use and enjoy private land free of undue government regulation...". If the public resource commitments to a project built on private lands fall below established permitting and authorization thresholds, public interests cannot justify additional government involvement on private land under MEPA. HB529, approved during the last legislative session, added further clarification of this principle by limiting the scope of MEPA review to State Land when State Land constitutes less than 33% of the overall project development.

Decisions about leasing, granting easements and other management practices on public land is a different matter. The public has a vested interest in public lands and MEPA certainly applies. Resolving public interests on public lands through MEPA can, however, be tedious and costly. MEPA makes State Land less attractive to wind developers compared to private lands especially in low impact areas where environmental permits and other authorizations are otherwise unnecessary. MEPA adds a new element to the development process on State Lands, one which is unpredictable and potentially risky. On State Lands, MEPA can be applied substantively even though 75-1-102 MCA states MEPA is "procedural" because the State is the underlying landowner and able to withhold its lease approval until any and all conditions suggested during the MEPA process are incorporated into the lease document. This creates uncertainty and may dissuade some developers from asking to lease State Land.

MEPA Issues

In and of itself, MEPA is not the issue. There are many examples where environmental reviews have been completed efficiently, comprehensively and informatively and been well disciplined in their timetable and scope. The Martinsdale Wind Farm EIS is a very good recent example of a well managed MEPA process. Unfortunately, not every MEPA process is managed so effectively.

The scope of analysis on wind development projects can exceed the significance of their potential affects. Without major air, water, solid waste or other permit requirements to focus the MEPA analysis on significant resource affects, aesthetic and amenity considerations can get elevated to levels of analysis and discussion they would never receive if the project required major environmental permits. This is a

manifestation of the “relativity” pit into which undisciplined MEPA reviews can fall; one wind developers will avoid if they can by staying on private land.

In addition, environmental advocates have successfully introduced heavily “value laden” characterizations of large scale wind power development into the popular vernacular which prejudice the factual, scientific underpinning of MEPA environmental reviews. They popularly refer to them as “industrial” wind farms. Yet, wind farms are eligible for funding by the United States Department of Agriculture under the Farm Bill Section 9006 as an “alternative crop”. Wind power projects are compatible with existing agricultural uses of the land. They are not “industrial”, while they may be “commercial”. The “industrial” characterization is intended to suggest urbanization when, in fact, established public policy encourages their construction as a means of adding value to rural areas and the surrounding local economies. Energy production is another option for agricultural producers who have historically been limited to food, feed and fiber commodity markets. Undisciplined MEPA assessments too often drift away from factual matters into the vagaries of “spin”; an incomprehensible universe wind developers will avoid if they can by staying on private land.

MEPA has habitually viewed the “No Action Alternative” as a “No Build Alternative”, but that is not true for wind projects built on a mix of private and State Land. The “No Action Alternative” is a “No Lease and/or No Easement Alternative” since no other State action is likely needed. The decision confronting the State is whether or not to lease its land or grant easements over its land, not whether or not to allow the project to be built. The State’s decision about using its land will undoubtedly influence the final project design, but by itself will not determine whether the project is built. Undisciplined MEPA assessments can cause the public to focus on misleading potential outcomes; creating a fictitious battleground wind developers will avoid if they can by staying on private land.

Some alternatives which are frequently considered in MEPA reviews may be inappropriate when applied to wind project developments. Since wind cannot be transported like other fuels, alternative wind turbine locations and/or sites may reduce power outputs and undermine projects’ profitability. Studying them as an alternative in the MEPA process is not reasonable.

There are no project design standards or baseline environmental study requirements to apply to lease State land for wind power development. It is not clear what constitutes a “complete” application. Wind power project designs are being modified up to actual construction. These modifications typically do not materially affect the project’s environmental impact. It isn’t reasonable to ask for final designs in an application to lease State Lands and final designs are not necessary to properly and accurately

assess and articulate the likely development impacts. For example, if roadways are expected to be 30 to 40 feet wide, MEPA can address project impacts using the “worst case” and evaluate 40 foot road widths. Imprecise locations for roads and turbines can be addressed by evaluating the potential impacts within a band of land that would most likely include the final locations for these structures and associated roads. Generally, these impacts are easily mitigated using best construction practices and avoiding sensitive areas.

Finally, the MEPA process is subject to unexpected time delays occasioned by extensions of the scoping and comment periods without any applicable objective standard to determine whether they are justified. With no major air, water, or solid or hazardous waste implications associated with wind project development, it is hard to understand what circumstances would merit these extensions to the comment periods.

MEPA process has flexibility to address issues

MEPA offers numerous compliance options, including checklists, environment assessments, environment impact statements, and categorical exclusions. It is intended to be “issue driven”, not encyclopedic. It should not elevate subsidiary issues to be key decision criteria simply because major resource issues do not exist. A thoughtful, well disciplined MEPA process can handle wind power developments without creating unnecessary regulatory risks for developers. 75-1-105 MCA states MEPA’s policies and goals are supplementary to those set forth in other statutes. Generally, the issues raised by proposed wind power development are not addressed in other permitting statutes. There is nothing to supplement. That leaves the role of MEPA in leasing decisions about State lands up to the State’s leasing authorities acting as stewards of the public’s Trust Lands. In that role, the State can make certain it “looks before it leaps” without burdening wind development by using the array of options available to it under MEPA.

Policy Recommendation #4

The Montana Department of Natural Resources and Conservation should amend its MEPA rules to categorically exclude wind generation projects which comply with air, water, solid and hazardous waste standards, employ specified Best Management Practices for road construction, erosion and weed control, cultural resource preservation, the temporal and spatial separation of special wildlife usage and construction activities, and other specified best industry practices.



Policy Recommendation #5

The Montana Department of Natural Resources and Conservation should develop a set of Best Management Practices wind project developers need to follow on State Trust Lands.

Policy Recommendation #6

The Montana State Land Board should develop and adopt standard mitigations and reclamation standards for wind power projects proposed to be constructed on State Trust Lands including, but not limited to, setbacks from residences, property boundaries, and active raptor nest and sage grouse leks. Affected landowners should be allowed to waive the setback requirements as they might otherwise be applied to their property.

State Land leasing issues

Many State Trust Lands are interspersed with other privately owned lands which will undoubtedly be leased by a wind project developer before leases of state lands are requested. Rarely are tracts of contiguous State Trust Lands sufficiently large to form the core property for a wind development. Typically, State Trust Lands augment larger, existing leaseholds. Competitive bidding for these parcels is unwarranted in instances where State Lands can only be legally accessed by a single wind developer who controls the development rights to the surrounding private lands. If the State wants to see these parcels developed, it will have to be leased to the developer with the surrounding rights. Competition does not exist. If a wind developer with development rights to the property surrounding an isolated State Land parcel offers the State the same compensation it has offered to the surrounding landowner(s) and the State has done due diligence regarding the qualifications of the proposer, competitive solicitations should be foregone.

In addition, wind developers are often asked by private landowners whose land encompasses isolated State Land parcels to include the payment of an "access fee" to the private landowner for any development that might occur on the isolated parcel of State Land. That drives developers' costs for State Lands up and may cause them to exclude the isolated State Land from their project development plan.

In some cases, contiguous State Trust Lands may be large enough to be the core land holding for a proposed wind power project. In those cases, the State should proactively solicit bid lease proposals. The State can get the National Renewable Energy Laboratory to identify blocks of State Land larger than say 5,000 acres in windy areas

and offer them for lease. The State does not have to have studied the wind resource on these lands before bidding them. Prospective bidders will make their own assessment of wind potential as part of their due diligence. This approach is similar to the approach developers employ on private lands. The State has no guarantee it will recover its costs for wind studies conducted prior to offering their lands for lease. It's a risk the State doesn't need to take. While isolate parcels of State Land are unlikely to generate interest from a large number of developers, large contiguous tracts should be more attractive and draw numerous competitive bids.

Policy Recommendation #7

The State of Montana should adopt a policy excluding isolated parcels of State Trust Lands, which can only be accessed through private lands under lease to a single wind developer, from its competitive bidding process if the wind developer offers the same terms and compensation to the State of Montana it has offered to the surrounding landowner and the compensation exceeds a specified minimum lease amount established by the State.

Policy Recommendation #8

The State of Montana should enact disincentives to prevent private landowners with property surrounding isolated state parcels from accessing an "access fee" to wind developers seeking to include these isolated parcels in a larger wind project development.

Policy Recommendation #9

The State of Montana should identify large contiguous blocks of State Trust Lands in high wind areas which can form the core holding for wind project development and proactively seek bids on them from wind power developers.

Nowakowski, Sonja

From: Sue Dickenson [suedickenson@yahoo.com]
Sent: Tuesday, September 01, 2009 8:36 PM
To: Nowakowski, Sonja
Subject: Public Comment on State Energy

Members of EITC committee---

Since I have been out of town for most of the last 3 weeks, I have not had enough time to prepare a truly polished public comment on the state energy policy. However, I do want to share a couple comments as you develop your work during the interim.

The most important aspect of our state energy policy should be CONSERVATION. It is the first fuel. It is cost effective, puts resources into local communities, creates jobs and other economic activity. Both Senator Hawkes and Rep. Wiseman attended a conference in Denver last summer with me, put on by NCSL, and it was obvious that in other states where they have an official office and energy policy, they have turned heavily to conservation as the first and most effective focus. In Cascade county, they have committed \$3.2mil for energy conservation and expect to save \$4.8mil in saved energy costs over the next 15 years (GF Tribune, Monday, Aug.31, 2009). This is responsible long term thinking and the state needs to do that, too. Rather than concentrating on new energy sources and their accompanying infrastructure only or primarily, I suggest a determined and committed look at energy conservation and how that will effectively meet our energy needs. Those who say that in 2025 we as a nation will be sadly lacking in needed energy are not taking into account the effect that energy conservation can have.

We surely need a specific energy policy with definite goals and methods written down, able to access it and assess our progress from month to month, year to year. When Senator Hawkes and Rep. Wiseman and I met with the governor's office to ask them if we could see the state energy policy, we were basically given a run down of what legislation was passed in the '07 legislature. The individuals in the Dept of Commerce who are the "energy dept" for the state seem to be mostly interested in energy development, and from traditional sources it seems. If I am mistaken, I stand corrected but that is the impression I have. Any energy development after concerted energy conservation measures needs to be sustainable and environmentally responsible. If jobs are a major concern, then following my suggestions will provide many jobs.

In addition, I suggest MT look at our energy policy as first of all, a policy to provide energy for our own use. Then look to export energy production. Now we are a net exporter of energy. We need to look at that issue and have our state policy address the needs of our citizens first; then look to export if the industry has the capacity to do that. That exported energy should also have carbon emission limitations so that we as a state are in a good partnership with other states to reduce greenhouse gases which effect us all in some ways.

Thank you for considering my comments and continue to do good work for the citizens of this state.
Warm regards, Rep. Sue Dickenson

Nowakowski, Sonja

From: Ross Keogh [ross.keogh@gmail.com]
Sent: Tuesday, September 01, 2009 9:39 PM
To: Nowakowski, Sonja
Subject: Energy Policy

Comments on Montana Energy Policy, 2010 Interim Committee

Ross Keogh, Absarokee, MT 59001

Committee Members,

I appreciate your decision to draft an Energy Policy for the State of Montana and to work on enabling key legislation in the process. As an employee of a renewable energy development company I spend considerable time immersed in this subject. In considering your request for comments on integrating renewable energy, I offer the following observations. These are made on my own behalf and do not necessarily represent the opinions of my employer.

- 1. Net Metering:** Montana Electrical Cooperatives have yet to adopt consist workable policies for small renewable energy generators (<25kW) to connect to their electrical systems. The absence of these policies is a significant burden to small-scale renewable energy development across the majority of the state. There is no reason that these Cooperatives should not have similar standards to those offered by NorthWestern Energy.
- 2. Ancillary Services:** This is the primary integration issue; how to firm wind. The issues surrounding acceptable utility practice and grid reliability are largely, if not completely, the jurisdiction of FERC and NERC. However, the legislature can ensure that the state actively supports the integration of increased quantities of wind. Due to our small load profile relative to the abundance of potential wind energy, Montana will need to rely on state-of-the-art technology and business practices (such as improved energy scheduling practices) to appropriately integrate increasing quantities of renewable energy. The legislature should direct funding and resources to relevant agencies to ensure that the development of these resources is not hamstrung. Tasking specific state employees to work with wind developers and our major utilities would help to get the process moving.
- 3. Wind Forecasting:** There are efforts by national groups, such as NREL, to develop real-time networks of surface weather information to inform models that help to predict wind speeds. The state should work to connect existing weather information centers, such as the MT DOT's RWIS sensors, in a manner that generates relevant real-time information that can be used by commercial Wind Forecasters, such as 3-Tier. Additionally, the state should consider developing a surface weather information system that directly informs wind forecasting models for wind farms across the state.
- 4. Support Emerging Energy Technologies:** Plug-in Hybrids, Smart-Grid appliances, Compressed Air Storage, and Electrolyte battery technologies are just a few of many technologies that will be instrumental in developing a stable and reliable transmission system. Already, several companies are

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developing these technologies in Montana. I encourage the legislature to provide funding, tax breaks, and other incentives to help launch these companies and encourage the application and testing of new and innovative technologies in Montana. There will be stumbling blocks, but identifying Montana as a proven leader and supporter of such technological development will be a solid first step in attracting a new suite of energy industries to our state.

If you have any additional questions, or require clarification on any of my comments, feel free to contact me.

Thanks for your work,

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grasslands
renewable energy

September 1, 2009

Representative Robyn Driscoll
Chair, Energy and Telecommunications Interim Committee
404 Houle Dr.
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Senator Jerry Black
Vice Chair, Energy and Telecommunications Interim Committee
445 O'Haire Boulevard
Shelby, MT 59474-1950

RE: Request for Comments on Transmission Development in Montana and the Formulation of a Montana Energy Policy.

Dear Chairman Driscoll, Vice Chairman Black and Members of the Committee:

Grasslands Renewable Energy, LLC ("Grasslands") appreciates the opportunity to comment on the Energy and Telecommunication Interim Committee's work in developing a new Montana energy policy. We especially welcome the focus on transmission and wind energy integration in this round of comments.

Overview:

Grasslands is a renewable energy infrastructure developer. We are pursuing the Wind Spirit Project that will integrate geographically dispersed wind energy through a transmission feeder system, firm that energy using several technical approaches (namely closed-loop pumped hydro storage and grid-scale batteries) and deliver the power as a base-load renewable energy resource. The Wind Spirit Project will allow Montana and surrounding areas to play a key role in renewable energy development, reducing impacts of climate change and meeting state and potentially federal renewable electricity standards. The Wind Spirit Project would also help modernize and strengthen regional grid systems by adopting Smart Grid technologies that will make energy production and use more efficient.

Grasslands is a Montana-based company that has assembled a skilled team of professionals that offer valuable experience in developing infrastructure projects worldwide.¹ As the

¹ More information on Grasslands Renewable Energy, LLC and affiliates can be found at: <http://gre-llc.com>

development of the Wind Spirit Project progresses we look forward to working with wind developers and other grid owners and operators in the region to accomplish mutual goals. At full build-out the Wind Spirit Project will facilitate the construction of a minimum of 3000MW of nameplate wind energy capacity in Montana and the surrounding states and provinces. When that 3000MW is combined with energy storage, we anticipate producing 1000MW of reliable, base-load renewable energy. The Department of Energy estimates that every 1000MW of wind energy produced in Montana would result in a total of \$1.2 billion in economic investment in the state, and 3,211 construction and 547 long-term local jobs.² These numbers represent the benefits of wind development alone and do not account for the tax revenue and high paying long-term jobs and economic development that would result from the development of Smart Grid infrastructure.

Recently, Grasslands contracted with Hatch Energy (“Hatch”), a reputable energy consulting and engineering firm to conduct a fatal flaw analysis. Hatch used National Renewable Energy Laboratory wind data in the regions Grasslands has identified for high wind potential and modeled those sites with wind speed and projected power generation over time. Hatch then calculated the cost of building the Wind Spirit transmission feeder system, as well as the other transmission trunk lines necessary to reach major energy markets. A conceptual map of the transmission system is attached in the public presentation below. Hatch determined that the Wind Spirit Project, at the fatal flaw level of analysis, was feasible.

Unfortunately, the numerous wind farms proposed in Montana all face similar challenges in accessing transmission. These obstacles make it difficult for Montana to market deliverable power over and above the renewable energy credits that many utilities depend upon to meet renewable portfolio standards. Several projects including MATL, MSTI, and the TransCanada Chinook line are all important for wind developers. But only the Wind Spirit Project provides a comprehensive vision for the integration of wind power in Montana and surrounding states and provinces. Grasslands is providing firming, aggregation of geographically diverse wind, and the transmission collector system necessary to reduce the intermittency of wind and fully utilize transmission lines to make them economically feasible.

State Policy:

The State of Montana has taken several positive steps in encouraging renewable energy development in recent years. The adoption of a renewable portfolio standard and favorable property tax changes to wind facilities in 2005 sent a strong positive message to wind developers. The Clean and Green Energy Bill in 2007 had several provisions to help facilitate the construction of renewable energy infrastructure and to create incentives for impacted landowners. SB 360 from the 2009 Legislative Session will make it easier to upgrade existing transmission lines. The creation of the Energy Promotion and

²*Economic Benefits, Carbon Dioxide (CO₂) Emissions Reductions, and Water Conservation Benefits from 1,000 Megawatts (MW) of New Wind Power in Montana.* National Renewable Energy Laboratory, October 2008.
http://www.windpoweringamerica.gov/pdfs/economic_development/2008/mt_wind_benefits_factsheet.pdf

Development Office in the Department of Commerce is a great resource for developers in the state.

While we believe Montana is on a positive course for more wind development, several things could help better facilitate wind production. These suggestions include:

1. Provide adequate resources to relevant state agencies including the Montana Department of Natural Resources and Conservation, Montana Fish Wildlife and Parks, and most importantly, Montana Department of Environmental Quality;
2. Consider the creation of a Montana transmission authority;
3. Create subregional wind energy associations within Montana that could assist in siting of wind farms and transmission facilities, as well as assistance in negotiating rights of way, leases and royalties;
4. Create a formal State level working group with transmission developers and federal agencies;
5. Develop clear siting guidelines for wind and transmission development in consultation with county governments.

State Agency Staffing:

Montana's state agencies are filled with dedicated and responsive personnel, but the resources provided to critical offices have not met demand for their services. As you know, the Montana DEQ has primary authority over siting of transmission lines, Fish, Wildlife and Parks consults on the impacts to wildlife and DNRC oversees the development on state lands in consultation with the State Land Board. State personnel tasked with managing these important issues are overwhelmed with projects currently in the pipeline. Inadequate resources are a disservice to every interested party and stall many developments. It is important for projects to move along expeditiously, but carefully and in an environmentally responsible manner.

Transmission Authority:

Several states have created transmission authorities and the concept has been proposed in Montana in recent legislative sessions. Wyoming has a transmission authority that has nearly \$1 billion in bonding capacity. In Montana, there has been a concern that transmission lines sending energy out of state could increase Montana's power rates. Further, concern has been expressed about the State funding a project that benefits a private company. Grasslands believes that a transmission authority could be structured in a way to help facilitate transmission development while protecting taxpayers and ratepayers. Unfortunately, the low-cost retail power that Montana had a decade ago has risen dramatically while little transmission development has occurred. Montana now has on average the most expensive electricity of any of its neighbors³. Interstate transmission lines would not only help market Montana's wind power, but would allow Montana utilities

³ *Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through May 2009 and 2008*. Energy Information Administration. http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html. Statement refers to residential costs.

more options to purchase power from other generation companies.

Wind Energy Associations:

Some states have created multi-county level wind energy associations to look at critical issues such as siting of wind farms and transmission, wildlife concerns like sage grouse, and to help landowners and counties negotiate reasonable rates of return from developers.⁴ These organizations have supported wind power development, and tried to resolve areas of conflict. It is our understanding that several such entities are currently being formed in Montana. Grasslands believes wind energy associations could be a valuable tool to reduce controversy and allow local governments and landowners to play a greater role in wind and transmission development in their areas.

Transmission Planning Task Force:

State and Regional transmission planning is very important to comprehensive transmission development. Grasslands believes that there is enough development work in the state and region for collaboration among developers in certain areas. Regional transmission planning would help development be more efficient by reducing the number of transmission lines, encouraging the consolidation of projects in certain circumstances and providing a forum for public involvement.

The Montana Transmission Working Group is a useful tool in bringing together these various parties, but other more structured efforts could be helpful—particularly those involving the Bonneville Power Administration, the Western Area Power Administration, Bureau of Land Management and the Forest Service. BPA and WAPA were created to facilitate the construction of federal hydropower dams and the marketing of that power. They now have the opportunity to play a leadership role in facilitating wind energy development. Gentle support from the states could help influence federal agencies and policy in this regard. Grasslands encourages the committee to explore formal regional working groups to facilitate the discussion of energy transmission development.

County Involvement:

While the siting of transmission lines is a state level issue, facility siting has significant impacts on county governments. Better coordination between state and county level governments could help counties mitigate impacts and better realize the benefits of wind generation and related infrastructure. Grasslands wants to build strong relationships with county governments and we believe the state could help facilitate the multi-level planning.

⁴ A Land Rush in Wyoming Spurred by Wind Power, New York Times November 28, 2008.
<http://www.nytimes.com/2008/11/28/us/28wind.html>

Conclusion

The Wind Spirit project could create jobs and lasting infrastructure that will lead to further economic development in Montana and the region. It will also help integrate renewable energy, modernize and strengthening the grid, complement other transmission and renewable energy projects and make Montana a leader in renewable energy.

We believe that Montana has a favorable climate for developing renewable energy—that's why we're doing business here. However, Montana also has unique challenges that it must overcome if it is going to compete with its neighbors. Because of the additional distance required to move Montana's energy to market - we must develop projects and infrastructure in the most economic and efficient ways possible.

We appreciate the work of this committee and it's commitment to developing a sound energy policy for Montana that allows the State to become a leader in renewable energy production while protecting our quality of life. We are grateful for the opportunity to respond and would gladly discuss any of this with members of the committee. Please contact Matt Jennings for more information at mjennings@gre-llc.com, or (406) 581-0721.

Sincerely,



Carl E. Borgquist
President
Grasslands Renewable Energy, LLC

Attachments:

- Grasslands Public Presentation
- *Study Bumps Montana's Ranking to No. 2 for Wind Potential*. Billings Gazette. August 26, 2009.

CC: Sonja Nowakowski, Committee Staff, Energy and Telecommunications Interim Committee



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WIND SPIRIT PROJECT OVERVIEW

August 2009

Grasslands Renewable Energy LLC

Elecnor, S.A.

- Spanish-based developer, constructor and manager of infrastructure projects in over 20 countries
- Employs more than 7,300 professionals worldwide
- 2008 sales over 1.9 billion Euros

(For an overview of Elecnor's operation please go to our website under "links" and open the Elecnor Video Presentation)

Grasslands Renewable Energy Montana, LLC

- Owned by:
 - Rocky Mountain Power (2006) Inc. (77.5%)
 - Absaroka Energy, LLC (22.5%)
- Includes the principals originally behind the Montana-Alberta Tie Line project



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Who is Grasslands Renewable Energy?

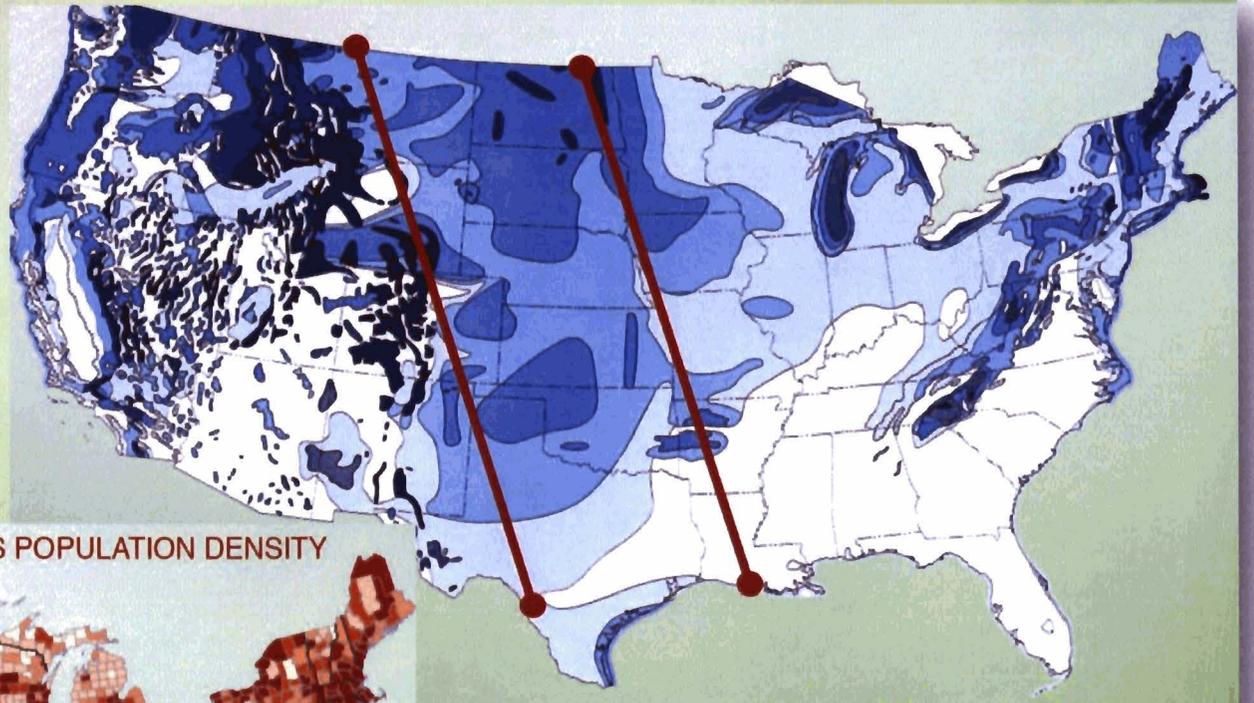
The Concept

Collect and aggregate geographically diverse wind power (Montana, North Dakota, Alberta and Saskatchewan) and other renewable resources, firm and shape them, and then through a regional transmission plan transport a minimum 1000 MW **baseload** renewable energy to energy deficient markets in the US and Canada.

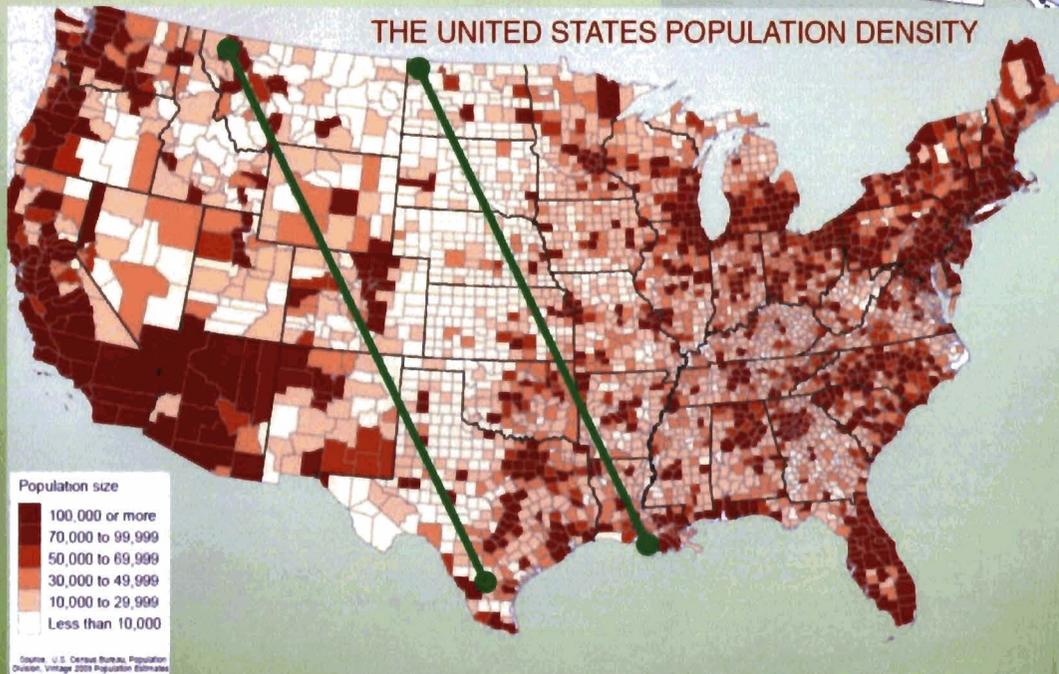


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The Wind Spirit Project



THE UNITED STATES POPULATION DENSITY



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Wind Power Transmission Quandary

Geographic Diversity

+

Power Aggregation And Firming

=

Firm Renewable Power

=

Transmission Development

Southwestern
USA Green
Energy Appetite

Northern Rocky
Mountain / Plains
Green Energy
Resource



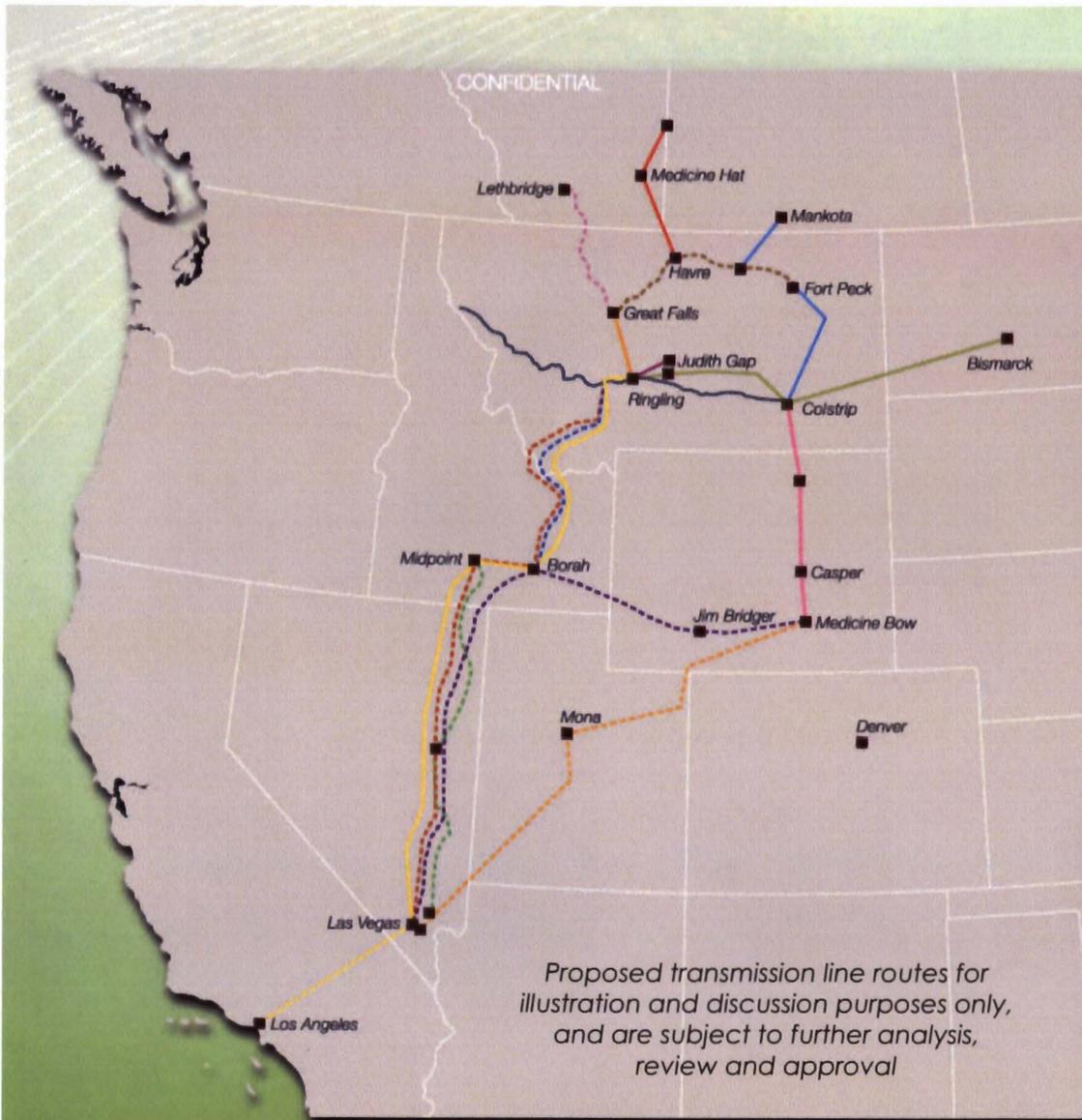
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Critical Marketplace Factors
(Why the Aggregation is Essential)

Aggregate Many Supply Sources

- Economies of scale
- Lowers per unit costs – costs spread over larger supply base.
- Geographic diversity enhances overall capacity factor & reduces firming requirements.
- Provides a critical mass of firm baseload supply that reduces transmission costs.





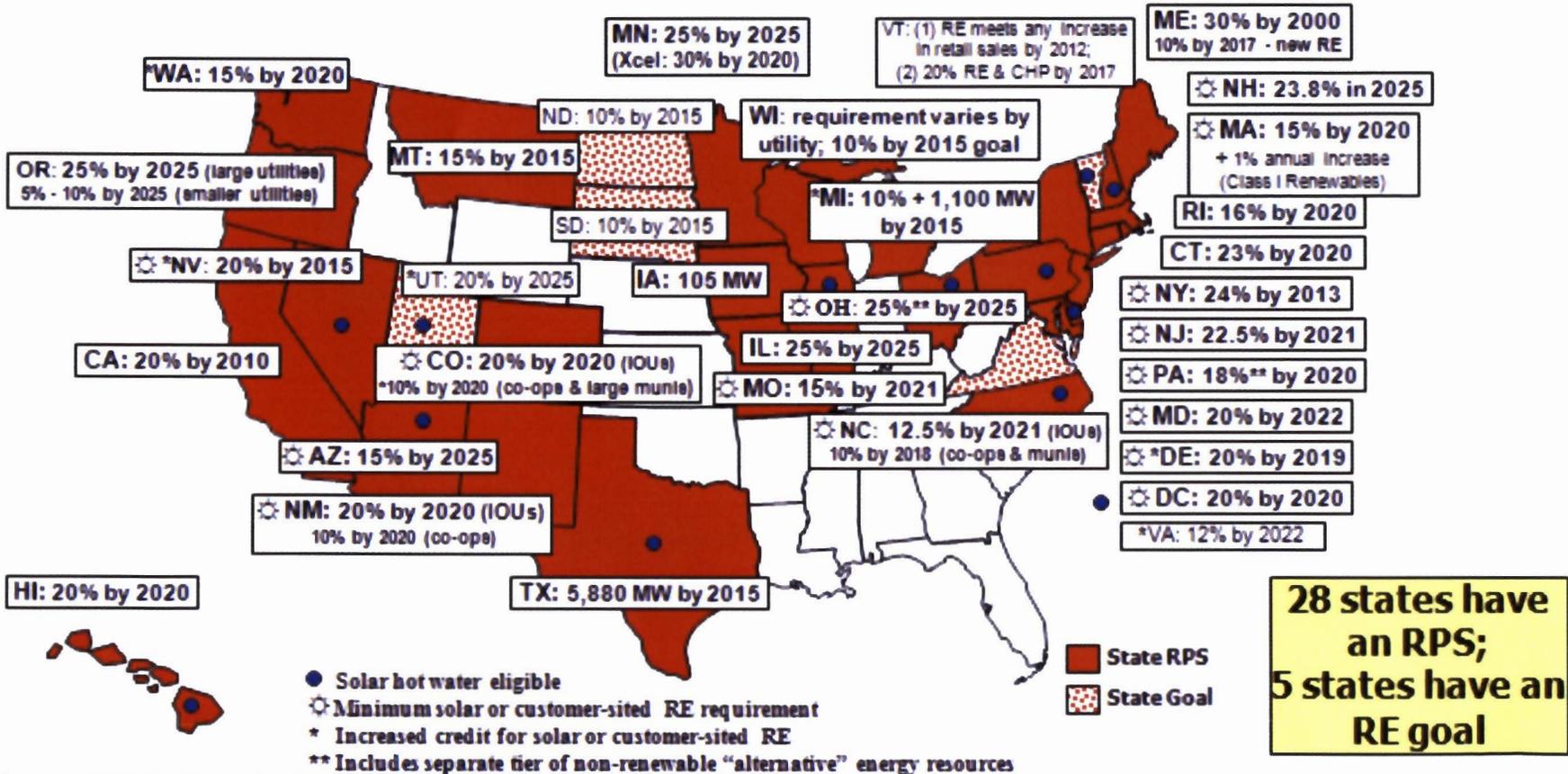
Southwest U.S. has Renewable Energy Portfolio Standards and population growth, creating a demand for renewable energy.

Northern Plains of US and Canada and have an excess of renewable resources.

Grasslands proposes using a network of new gathering and feeder systems to interconnect with trunk line transmission to bring renewable energy from the Northern Plains to the Southwest.

| | | | |
|--|-------------------------------|--|----------------|
| | WS Loweth [AC] | | Substations |
| | WS Mankota [AC] | | WAPA [AC] |
| | WS North Dakota [DC] | | Zephyr [DC] |
| | WS White Sulphur Springs [AC] | | Chinook [DC] |
| | WS Wild Horse Tie [AC] | | MATL [AC] |
| | WS Wyoming [AC] | | MSTI [AC] |
| | 500kv Line [AC] | | SWIP [AC] |
| | | | TransWest [DC] |

Renewables Portfolio Standards



Wind Production & Aggregation (POOLCO)

- Obtain rights to strategically diverse wind production developments and integrate into a pool of other production assets to be managed as a diversified portfolio.
- In addition to geographic diversity that will mitigate firming needs, the pool provides its own risk management against individual load failure.

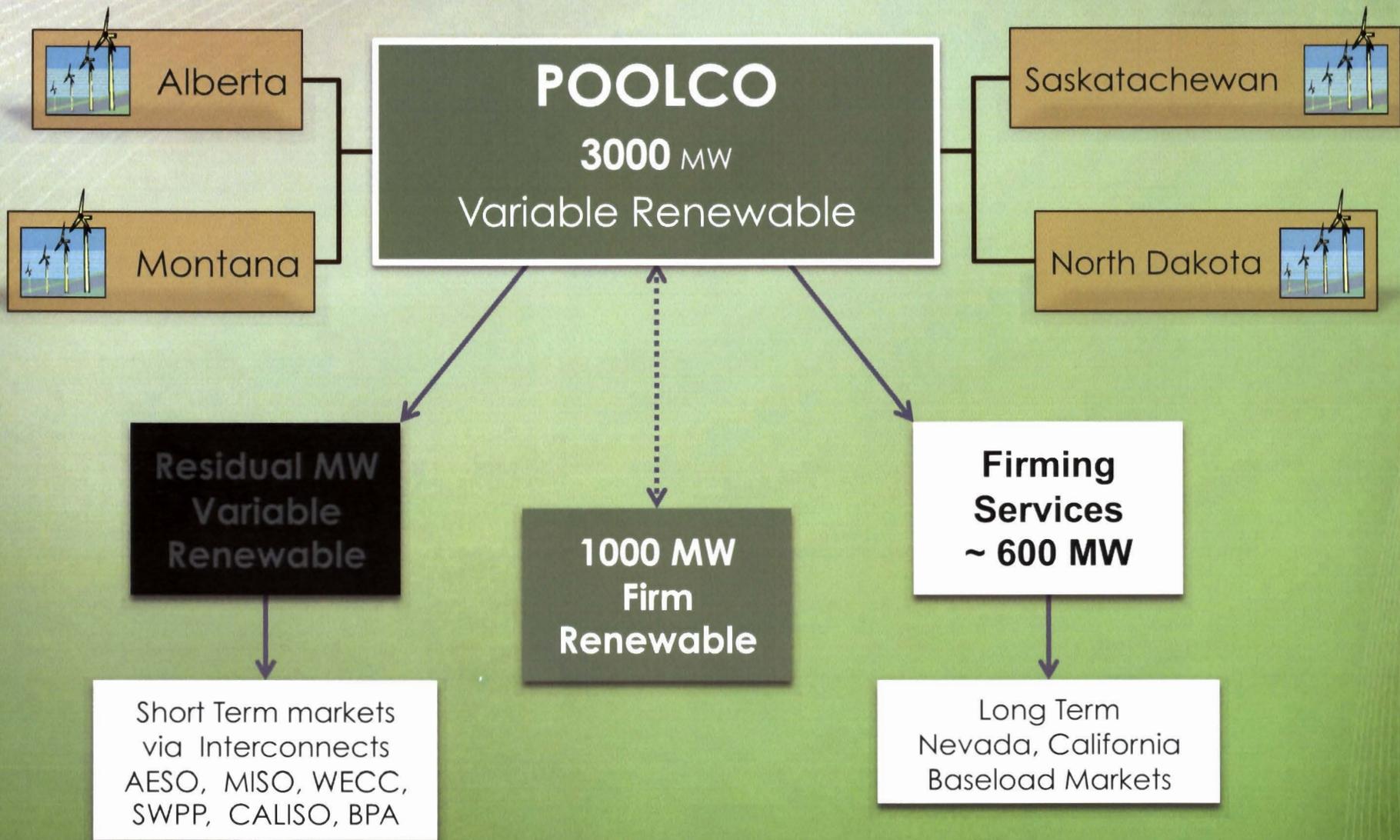
Transmission (TRANSCO)

- Contract or build infrastructure:
 - **Feeder System** to aggregate production and firming resources
 - **Trunk Line** to deliver a base load quantity to SW USA.

Firming Resources (FIRMCO)

- Provide a firming solution to combine with geographic diversity (production) to provide a baseload renewable package
- 20% of the capacity (600 MW) in the FIRMCO portfolio would include utility contracts, pumped hydro, gas turbines, CAES, battery, load management, wind spill, H2 production and geothermal.





- Contracts for and manages supply from wind developers in Alberta, Saskatchewan, North Dakota and Montana.
- Contracts for and manages transmission collection services
- Contracts for and manages firming services
- Contracts with and manages long term base markets (California, Nevada)
- Manages short term sales
- Manages emissions credits
- Manages regulatory permitting (including cross-border)
- Manages all reporting requirements downstream of wind developments





SW U.S. Market Price
of Electricity (\$/MWh)

LESS

Trunk Line
Transmission Costs

LESS

Firming Costs

LESS

Feeder System
Transmission Costs

LESS

PoolCo Operating Costs

EQUALS

Net \$\$/MWh
To Energy
Project Developers

- Arrangements made with wind project developers representing 4000+ MW
- Preliminary agreements reached to begin ROW acquisition process in strategic areas
- Identification/analysis of firming project locations and discussions with strategic counterparties
- Feasibility Study underway, with completion of final Fatal Flaw analysis in June 2009 – no fatal flaws identified
- Firm power supply commitments expected in 2010





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For further information, contact:

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406-585-3006

Peter Piliounis

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Thank You

Nowakowski, Sonja

From: Ted Schmidt [tgschmidt@tctwest.net]
Sent: Tuesday, September 01, 2009 2:44 PM
To: Nowakowski, Sonja
Subject: energy policy

Sonja Nowakowski:

I have read Governor Schweitzer's energy policy statement and the 2009-10 Energy Policy for Montana document. I do understand Montana's capability and need to develop and market energy and that Montana would have to grow the size of the energy transmission infrastructure within the state to accomplish the goal of marketing energy outside of Montana. However, the prospect of Northwestern Energy harming Montana's landowners by constructing the 500kV MSTI should be as alarming to Governor Schweitzer and state agencies as it is to the potentially impacted landowners. I am a landowner whose ranch would potentially be impacted by MSTI and I am adamantly opposed to the project. The preferred alternative, as described at my ranch by a Northwestern Energy representative, would remove approximately 320 acres of deeded grazing land from my ranch. My ranch is not unique in this regard and many ranch owners in the Lima area will lose valuable land. Governor Schweitzer and state agencies need to understand that they cannot harm Montana's citizens, landowners, and businesses in an effort to benefit a foreign corporation and sell energy out of state.

Thank you for your time in this matter.

Sincerely,
Ted Schmidt

Nowakowski, Sonja

From: Patrick Judge [patrick@nwenergy.org]
Sent: Tuesday, September 01, 2009 3:52 PM
To: Nowakowski, Sonja
Subject: Energy Policy

Attn: Sonja Nowakowski
Legislative Services Division
P.O. Box 201704
Helena, MT 59620-1704

Dear Sonja,

1, 2009

The NW Energy Coalition (NWEK) appreciates the invitation by the Energy and Telecommunications Interim Committee (ETIC) to provide input into the ongoing development of Montana's energy policy. NWEK is an alliance of more than 100 environmental, civic, and human service organizations, utilities, and businesses in Oregon, Washington, Idaho, Montana, Alaska and British Columbia dedicated to a clean and affordable energy future for the Pacific Northwest. Along with its 15 Montana member organizations, NWEK has been active in promoting the clean, affordable, and efficient production and use of energy in Montana for many years.

NWEK applauds both the legislature and this committee for taking on the important work of crafting a comprehensive, overarching energy policy. It is clear that the original mechanism by which this was supposed to happen -- the "incremental" approach described by 90-4-1003, before the amendments of SB 290 in 2009 -- has been unsuccessful. In the sixteen years since that section was first put in place, little progress has been made to expand upon the short policy statement of 90-4-1001. Too often during that period, the work of charting a "big picture" vision for Montana's energy future was put on the back-burner as policymakers, stakeholders, and the public struggled with major upheaval in the utility industry. Fortunately, it appears that a period of relative stability may have emerged, at least locally. While the challenges remain as vexing as ever, the spot-fires (and full-fledged fire-storms) seem to be in at least partial abeyance.

To say that there is no comprehensive energy policy at Title 90, Chapter 4 is not to claim that Montana is without an energy policy. Montana does have a defacto policy, found in the constellation of laws, rules, and rulings that have been issued over the last few decades. The short statement in 90-4-1001 is a good starting point, but numerous other statements add important context. Here are just three examples (all of which the coalition supports):

69-3-1202. Policy -- planning. (1) It is the policy of the state of Montana to supervise, regulate, and control public utilities. To the extent that it is consistent with the policy and in order to benefit society, the state encourages efficient utility operations, efficient use of utility services, and efficient rates. It is further the policy of the state to encourage utilities to acquire resources in a manner that will help ensure a clean, healthful, safe, and economically productive environment.

69-3-2002. Findings. The legislature finds that:

- (1) Montana is blessed with an abundance of diverse renewable energy resources;
- (2) renewable energy production promotes sustainable rural economic development by creating new jobs and stimulating business and economic activity in local communities across Montana;
- (3) increased use of renewable energy will enhance Montana's energy self-sufficiency and independence; and
- (4) fuel diversity, economic, and environmental benefits from renewable energy production accrue to the

public at large, and therefore all consumers and utilities should support expanded development of these resources to meet the state's electricity demand and stabilize electricity prices.

69-8-601. Legislative findings. The legislature finds that it is in the public interest to promote net metering because it:

- (1) encourages private investment in renewable energy resources;
- (2) stimulates Montana's economic growth; and
- (3) enhances the continued diversification of the energy resources used in Montana.

Another example is the lengthy, and much-amended, policy statement of the Major Facility Siting Act (75-20-102). The point here is that the ETIC and the legislature should be fully mindful of these already-extant policy decisions when adopting new language. Montana's energy policy should be coherent and unified -- not in conflict with itself.

NWEC intends to submit further comments as this process evolves, particularly in the areas of energy conservation and energy efficiency -- resources which lie at the center of any effective state, local, or national energy policy. So the coalition is pleased to see that these topics have been scheduled for future discussion.

With regard to the three topics identified for the September 2009 meeting, NWEC submits the following comments:

Transmission Lines

- NWEC sees considerable potential to avoid the environmental and financial costs of new transmission lines by focusing on energy efficiency and renewable resources located close to load. Beyond that, NWEC would urge an emphasis on infrastructure upgrades that increase the capacity of existing lines, in existing corridors (such as the example given on p. 5 of the ETIC draft position paper on transmission).
- Still, NWEC acknowledges some need to transmit electricity from new, low-carbon generation sources -- often found in remote, rural areas -- to population and load centers, if the region is to meet its climate goals in the allowable timeframe. However, if the stated purpose of a new line is to promote this type of renewable energy development, it must be held to that standard. Environmental sustainability should not be used as a "trojan horse" argument for a new line that in fact facilitates the transfer of carbon-based power to market.
- The interests of property owners, wildlife, and other constituencies must be honored and protected.
- The aforementioned considerations can best be addressed in the context of a robust siting process. Continually weakening a siting act (or narrowing its applicability by continually amending its definition of "facility") is not a recipe for good public policy, and will likely not have the effect of accelerating a project.
- Costs associated with new infrastructure investments must be allocated in an equitable fashion to those who benefit from the project. Ratepayer impacts (direct or indirect) need to be carefully examined.

Integrating Wind Energy

- Montana should investigate and deploy "non-wires" solutions whenever possible. Compressed air, pumped storage, and smart-grid technology all hold great promise for helping address the issue of wind integration. Wind turbine technology that shunts excess potential power before it is placed on the grid is widely used in Europe, and should be investigated for use in Montana.
- The integration problem needs to be better understood as a forecasting and scheduling issue, rather than just a variable-generation "intermittent resource" issue. Utilities already have considerable experience responding to variability on both the supply-side (the seasonal swings in output from a hydro-electric dam, for example, or the blocks of power that are lost when a coal-fired generator comes down for maintenance or repair) and the demand-side (the significant swings in customer energy use that take place on a daily basis, or even on a much shorter timeframe).
- Most analysts believe that as additional wind power comes online (representing additional geographic

diversity), the relative variability of wind on the system will decline, thereby limiting the extent of the integration problem. Utilities can also work cooperatively with one another, as is already being done on a limited basis by NorthWestern Energy with its ADI agreement (ADI = ACE Diversity Interchange, where ACE = Area Control Error). Meteorological forecasting techniques continue to improve, as does the management of wind projects by both the generators and the purchasers as they gain experience. Intensive studies on this topic has already been conducted, and more research is underway. Progress is being made toward effectively and economically addressing the issue. As evidence, BPA is now expecting wind integration costs to be much lower than it originally anticipated.

State Lands

NWEC does not feel that energy development should attain "highest and best use" status on state lands, trumping other potential uses and values. Nor does it believe the state should adopt a policy directing that energy production from state lands be "maximized."

Again, NWEC thanks the committee for taking up this topic and for considering these comments.
Sincerely,

Patrick Judge
Montana Energy Efficiency Advocate
NW Energy Coalition
107 W. Lawrence, Suite N-10
Helena, MT 59601
406/513-1001
patrick@nwenergy.org

Nowakowski, Sonja

From: Anne Hedges [ahedges@meic.org]
Sent: Tuesday, September 01, 2009 2:19 PM
To: Nowakowski, Sonja
Subject: Energy Policy

September 1, 2009

Legislative Services Division
Attn.: Sonja Nowakowski
P.O. Box 201704
Helena, MT 59620-1704

Dear Sonja,

Thank you for the opportunity to comment on three potential topics in a state energy policy. The Montana Environmental Information Center has long worked on state level energy policy. It is committed to protecting natural resources, consumers, and future generations from environmental damage caused by haphazard and destructive energy development.

First and foremost, a sound energy policy for the state must be based on energy conservation and efficiency. Each topic to be addressed in a policy must first look to how the State can avoid costly investments, impairment of private property and impacts on Montana ratepayers, through a comprehensive program focused on helping use energy more efficiently and minimizing wasteful energy practices. An energy policy must include ways to increase efficiency and conservation in both the demand for energy services from residential, commercial and industrial customers, and the supply side by those who generate and transport energy to markets.

An energy policy for the State cannot be made in a vacuum. It must consider the impacts of global warming and account for the inevitable price that will be placed on carbon emissions. These overarching themes hold true for not only the three topics currently under consideration by the interim energy committee, but for every topic to be included in the state's energy policy.

1. Rebuilding and extending transmission lines

As previously mentioned, energy conservation and efficiency should be implemented prior to siting additional transmission lines. Transmission lines are expensive and contentious. Minimizing the need for additional lines will save money for governments, utilities, and consumers.

Prior to building new lines, a state policy should encourage a more efficient use of the existing system. Upgrading power lines to reduce the loss of energy traveling over the lines is critical. Placing additional lines in the right of way of existing lines should be encouraged if the existing line is already used efficiently. It is prudent to build lines in locations that encourage the development of renewable energy resources that are increasingly demanded by larger out-of-state markets. The State should discourage the development of lines in areas that will only serve fossil fuel resources since out-of-state demand for these resources will decrease due to state level policies that discourage the importation of high carbon fuels, and as future carbon costs decrease demand for carbon intensive energy sources.

Siting of transmission lines can be contentious due to the impacts such lines have on private property. Property owners do not usually relish the condemnation of their homes, businesses or agricultural operations. The only way to avoid serious conflict with property owners when siting transmission lines is to have a thoughtful and responsible siting program that thoroughly considers impacts to wildlife, agricultural operations, landscapes, visual resources, and property values.

2. Integrating Wind Energy

The first step toward integrating wind into the energy system is to plan transmission lines to areas with strong wind resources. Montana ranks highest in the nation in high quality wind potential. Montana is a great underachiever and must pursue additional wind capacity in order to realize its potential. Capturing that potential will only occur with the appropriate siting of transmission. The two issues must be coordinated and wind development must be prioritized so that Montana is able to benefit from the increasing regional demand for true renewable resources.

In order to integrate wind, Montana should look to innovative programs such as a smart grid system that gives utilities more control over demand. Utility programs that allow it to have better control over quantity of demand will help it to deal with the variability of renewable resources like wind. When Montana has exhausted this mechanism it should look to existing generation capacity to integrate wind. Montana has abundant hydroelectric generation and is rapidly developing additional natural gas resources. The use of these existing resources to integrate wind should be a priority. Finally, Montana should pursue new renewable energy technologies that will help provide energy when wind is not available. Possible renewable resources that should be considered are solar energy, compressed air storage and pumped storage hydro.

3. Maximizing State Land for Energy Generation

Montana school trust lands serve a unique purpose. They are intended to benefit present and future generations. They are not simply intended to generate maximum revenue for today's schools. Instead, development of resources on State school trust lands must be done in a way that does not prioritize short-term revenue generation over long-term revenue potential. This is a delicate balance and must be done with extreme caution. Natural resource decisions today should not jeopardize the ability of the state to generate revenue into the future.

The State has a higher burden and obligation with resource development than the private sector. It must consider the environmental, cultural and social impacts of energy development projects. It must weigh both the short and long-term impacts on air, water, land, and agricultural resources. It must weigh the demands for recreational use on State lands with other uses. Hunting and fishing opportunities may be permanently impaired due to increased energy development. These types of trade-offs should not be done for short-term revenue gain or simply because one or two companies are interested in pursuing private ventures on adjacent lands. The State should not be forced into resource development simply because neighboring landowners are interested in short-term gain and fail to consider environmental, cultural or social consequences.

The State should comply with the Montana Environmental Policy Act whenever it endeavors to develop land for energy generation. It should analyze the cumulative impacts of that development both from its own activities but also from similar proposed activity on adjacent private land. The cumulative impacts cannot be ignored. The Montana Constitution clearly states that: "The State and each person shall maintain and improve a clean and healthful environment for present and future generations." The State has an obligation to consider how its actions will impact the

environment and it cannot make this determination in a vacuum. It must consider how similar development on adjacent lands in conjunction with its own activities will collectively impact environmental, cultural, economic and social systems. MEPA does not require any particular outcome, but the Board of Land Commissioners must have the necessary information to make a prudent decision that benefits the trust in the long term.

The State should consider the future of energy demand in the country and place an emphasis on developing renewable resources like solar, wind, compressed air storage and pumped storage hydro. The demand for these resources is growing while the demand for increased coal and fossil fuels is leveling off. The State has limited resources and should focus those resources on the most environmentally, socially, and economically beneficial development – renewable energy.

Montana's energy policy should move the state toward a new energy future. It should focus on helping Montanans lower their energy bills through energy conservation and efficiency. It should factor in how different energy sources contribute to global warming. It should consider the impacts that energy projects have on private property, water quality, and air quality. In short, it should weigh the true costs of energy development on land, property, wildlife, the environment, and Montanans' pocketbooks.

Sincerely,
Anne Hedges

Anne Hedges
Program Director
Montana Environmental Information Center
P.O. Box 1184
Helena, MT 59624
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cell: (406)461-9546
fax: (406) 443-2507
ahedges@meic.org
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Not a member of MEIC? Join today with thousands of others who are committed to protecting Montana communities' health, our rivers and streams, majestic mountains, broad valleys, and wide open spaces. Go to www.meic.org and join today!

Nowakowski, Sonja

From: carolyn villa [npwe.via@bresnan.net]
Sent: Tuesday, September 01, 2009 12:02 PM
To: Nowakowski, Sonja
Subject: Comment to the Energy & Telecommunications Interim Committee

I appreciate the opportunity to add my comments to the discussion regarding Montana's Energy Policy. After careers in Aviation and Social Work, we returned to Montana, our favorite place, and started a small construction company. Twelve years later, we expanded into renewable energy with wind turbines. Hobbies and Life Style Choices lead us into our second careers.

1. Increasing the supply of electricity with low cost coal fired generation plants.
 We don't view the costs of coal fired generated electricity as low cost. Pollution components are not being factored into this form of energy generation. If that were done, would we still consider coal generation plants low cost? We should explore other alternative sources of low cost power. Wind and Sunshine are free and minimal damage is done to the landscape or our environment to capture and utilize the free resources available in Montana.
2. Rebuilding and extending electric transmission lines.
 We believe it is necessary to upgrade existing transmission lines, working towards a smart grid system if economic conditions allow. Existing right of ways should be utilized whenever possible, making an exception for additional new transmission lines to wind farms, in order to utilize the wind generation potential in Montana. We must always keep in mind, property values, agriculture, recreational pursuits, and wildlife migration pattern and habitat for any new transmission lines.
3. Maximizing state land for energy generation.
 One of the joys of returning to a sparsely populated state, is enjoying the undeveloped spaces We would like to see Montana maintained without unwarranted development for future generations. If it is necessary to utilize State Land for monetary purposes, please do so with caution and utilize clean energy as the litmus test. When we have looked at Butte's Berkley Pit, or Libby's Asbestos situation, we see the pitfalls of mitigating the affects of development. On state lands, the suggestion would be to be cautious and conservative.
4. Increasing energy efficiency standards in new construction.
 The IEC updates are sufficient. A lot of contractors discuss putting money into the infrastructure that will pay for itself in energy savings, to new customers Ground source heat pumps, the best energy efficient heating units, energy efficient windows, etc, all the choices that are not mandatory code requirements, are chosen by the customer based on costs. We may suggest a new instant hot water heat system versus a hot water tank that is continually heated, but the difference in cost may mean Formica countertops in a bathroom, versus Granite. We don't want to keep people from owning a home, and increasing efficiency standards would increase the initial cost.
5. Promoting Conservation.
 Eliminating waste of electricity is our best and least costly resource.
6. Promoting Energy efficiency incentives.
 The citizens who need the benefits of energy efficiency the most will be the ones who can least afford it. Incentives are an excellent method of helping conserve our resources.
7. Promoting Alternative Energy systems.
 Montana has some of the best potential for Wind generation in the country. We need to promote it, and make it easier for people to install a wind system and hook it to the grid. If enough people could install a

9/1/2009

renewable system, we wouldn't need another coal fired generation plant or natural gas fired turbine generator. Greater incentives from Montana for installing a renewable generation system would be beneficial. Oregon's Energy Trust, is the best example of utilizing what is basically nominal USB charges to customers, to distribute incentives that are monetarily greater. Each utility customer pays a nominal fee with their monthly bill, (rural electric cooperative customers could be included in the nominal fee payment). The utility company or rural electric cooperatives collecting the nominal fee, submits it to the Energy Trust, who distributes it based on kilowatt hours generated or the rated kilowatt hour potential on the renewable system. It removes any conflict of interest from the distribution of USB credits. Utility companies who favor coal or natural gas or nuclear power plants, would not need to initiate new rules and regulatory requirements that discourage new renewable energy companies from making installations on their system.

State Labor Department guidelines for setting safety and training standards would be necessary. Requiring OSHA training for those that have never had it in other fields is necessary. Utilizing a licensed electrician to make grid connections is prudent. Scheduling a utility employee to supervise grid connect is easily accomplished. Developing a Montana Energy Trust may be the solution to conflicts of interest, currently noted within administration of the USB distribution system with prohibitive regulations on new companies entering the market. Example: When a new company has a better renewable product to market and install, the utility customer is denied USB credits for that system, simply because the new wind energy installer, has not completed a specific number of installations (10), to meet the new rule made by that Utility Company. It basically limits new companies from entering the market. We have discouraged potential customers, so they are not punitively disadvantaged because we have not completed sufficient installations to allow them a USB credit. This method of control of the market isn't appropriate. In some instances, the turbine dealer/installer is required to complete Manufacturers training in classroom and field installations. In our case, we were asked to provide qualifications for being a dealer/installer of a specific manufacturer's wind turbine system, which was documented by a Federal License for Airframe and Powerplant Certification, which included electronics, hydraulics, electrical and pneumatic systems. Other qualifiers might be a PhD in Physics, a PE, a Contractor Registration or an Electricians License. There is not a one size fits all method of determining if a new company is capable of venturing into this market. We have pondered the legalities of a utility company dictating subjective criteria on newcomers sales and installation of wind systems. It is probable the ETIC may have the answers to this question?

One of the most favorable methods of promoting energy production is to offer incentives that are tied to the rated kilowatt hrs of the specific unit, and equitable distribution of the funds once the renewable system is placed in operation or to utilize the Small Wind Certification Council (SWCC) certification of specific wind generation systems as a qualified. The SWCC is an independent, third party program that will certify small wind turbines tested to a performance, safety and reliability standard. Europe's BWEA tests and holds manufacturers of turbines to performance standards. Some states, like California, Oregon, Arizona, New York, to name a few, decide for themselves which renewable energy product qualifies for use in their state and thus state incentives.

In Montana, small wind is considered to be any wind system under 10kW. Montana may wish to institute the AWEA (American Wind Energy Association) definition of small wind, medium wind and Large Wind. A great many states, as well as much of the world, consider small wind to be any wind turbine rated up to 50 kW at minimum and as high as 100 kW. Sizes above the 100kW are considered medium wind, up to the Larger Mega Wind Farm behemoth turbines. Montana definitely needs to define small wind that is more in keeping with the rest of the states and the world. I doubt it is necessary to break small wind down to the labels of micro, mini and household sizes, however, it is our opinion that Montana needs to utilize the more universal definition of small wind.

8. Reducing regulations that increase ratepayers' energy costs.

Regulations implemented are there for a reason. Under the old Montana Power Company, before we unwisely deregulated, we had some of the lowest costs for power in the country. We can't undo that decision. We don't need to reduce regulations, but we may want to limit the profit margins on the utility companies, in lieu of compensation for the impact of fossil fuel resources used for power generation on our environment and our public health.

9. Integrating Wind Energy

Most definitely we need to integrate wind energy into our energy supply. We need smart metering or smart grid. We need to encourage more people to install their own renewable system, and to realize the

effects of all energy sources on our environment and health. Montana Farmers Union is working on Community Wind Farms for rural towns in Montana, and we would like to see this succeed. The program is to organize the farmers and ranchers and the nearest rural town, erect their own Wind Farm that would supply their needs. The people within that rural area will reap the benefits. Under the ITC(Investment Tax Credit) and Cash Grants that are now available for a few years only, this is an excellent opportunity for communities all over Montana to harness the wind. The footprint is minimal. The benefits are great.

Thank you for the opportunity to submit comments to your committee.

Respectfully,

David and Carolyn Villa
Northern Plains Wind Energy
Billings, MT 59105
www.northernplainswindenergy.com
npwe.via@bresnan.net
406-9496

Nowakowski, Sonja

From: Jeff Butts [jeffsbutts@gmail.com]
Sent: Tuesday, September 01, 2009 11:02 AM
To: Nowakowski, Sonja
Subject: Energy Committee Asks for Public Input

As a Montana native, currently overseas, I have grown to really appreciate the beauty and wildlife our state possesses. It's a rare thing to find in any other part of the world. Because of my concern for the state, I have decided to comment on the state energy policy.

First, as a state that produces more power than we use, I feel we should focus new power sources on clean energy, such as, wind and solar. The \$2.3 million Great Falls right off on Highway reinforces the fact that coal will not remain profitable in the long term.

Also, when rebuilding and extending transmission lines, they should be responsibly sited, taking into account wildlife, agricultural operations, landscape, and property values and should be a last resort. They should also facilitate clean renewable energy development.

The state should evaluate environmental, cultural, and social impacts related to energy development and prioritize environmentally sensitive options. Energy development must not be given priority over other beneficial uses of state land, including maintaining undeveloped state land for future enjoyment of Montanans.

thanks,

Jeffrey Butts

PUBLIC SERVICE COMMISSION STATE OF MONTANA

Greg Jergeson, Chair
Ken Toole, Vice-Chair
Gail Gutsche, Commissioner
Brad Molnar, Commissioner
John Vincent, Commissioner



1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601
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<http://www.psc.mt.gov>
E-Mail: psc@mt.gov

To: Energy & Telecommunications Interim Committee
From: Public Service Commission
Date: September 1, 2009
Re: Comments on energy policy issues

The Public Service Commission (PSC) submits the following comments on the three specific energy policy issues identified by the Energy & Telecommunications Interim Committee (ETIC) in its August 3, 2009 request for comments.

Issue 1: Rebuilding and extending transmission lines.

Transmission rates and terms are primarily subject to federal jurisdiction through the Federal Energy Regulatory Commission (FERC) because transmission lines are generally interstate in nature. State regulators, like the Montana PSC, retain jurisdiction over regulated utilities' local distribution lines and purely intrastate transmission facilities. If the transmission facilities owned by a regulated utility fall under federal jurisdiction, the state commission generally must pass through FERC-approved rates for those transmission facilities to the utility's retail customers. For this reason, among others, state regulators sometimes intervene in transmission matters before the FERC. The Montana PSC has intervened in the FERC docket concerning NorthWestern Energy's proposed Mountain States Transmission Intertie (MSTI) transmission line to attempt to safeguard the interests of NorthWestern's Montana customers.

The proposed MSTI line from Townsend to Midpoint, Idaho, illustrates the risks and benefits that can be associated with new transmission lines. MSTI will allow for the out-of-state export of more Montana-generated electricity, including from new renewable energy projects in the state that might otherwise be unable to get their product to the wholesale market. However, some Montanans are concerned that, if MSTI is built, the relatively inexpensive power they now get may be diverted out of state and NorthWestern may have to replace that power with more expensive generation sources, resulting in higher electricity rates for Montana retail customers. Another concern, which the PSC is attempting to address in the FERC proceeding, is to ensure

that the costs of the MSTI line are borne entirely by the transmission customers who will directly benefit from the line and not by NorthWestern's Montana native load customers who will not benefit.

The PSC is involved in numerous ongoing state and regional efforts concerning electricity transmission operations and planning which have implications for Montana's regulated utilities and their customers.

The Major Facilities Siting Act (MFSA) requires that certain transmission lines must undergo a compliance review process conducted by the state Department of Environmental Quality (DEQ). Current law (§§ 69-2-216 & 217, MCA) requires the Montana Consumer Counsel to conduct a customer fiscal impact analysis of the effect of MFSA-covered proposed transmission lines on customers' electricity rates, except for utility-proposed projects. The MCC analysis would then be included in the DEQ's final report on a proposed project. However, the exemption for public utilities at § 69-2-217, MCA, means that no customer fiscal impact analysis is conducted on utility-proposed lines. The PSC suggests eliminating the statutory exemption from customer fiscal impact analysis for transmission projects that are proposed by public utilities.

Recommendation: Existing state law contained in Title 69 provides the PSC with sufficient authority to carry out its transmission-related regulatory responsibilities and activities. The PSC recommends no statutory changes to the provisions related to PSC authority. However, the PSC recommends amending § 69-2-217, MCA, so that public utilities' proposed transmission projects that are covered by MFSA will be subject to the customer fiscal impact analysis requirement.

Issue 2: Integrating wind energy.

Wind energy is an increasingly significant generation resource in Montana as regulated utilities strive to meet Montana's renewable portfolio standards, reduce carbon emissions and risk by turning to generation sources that are cleaner than fossil fuel, and comply with state and federal requirements for purchasing electricity from qualifying facilities (QFs), many of which are wind generators. But wind-generated electricity production is highly variable and presents particular challenges to a transmission system operator that must keep the transmission grid balanced by matching electricity generation to electricity load on a real-time basis. NorthWestern Energy's experience with the Judith Gap wind project demonstrates that there are costs and challenges unique to integrating wind resources. In several different PSC proceedings, such as annual dockets to determine NorthWestern's avoided cost rates, QF cases, NorthWestern's biennial electricity supply procurement plans, and the pre-approval application for NorthWestern's Mill Creek Generating Station, the PSC has wrestled with wind integration issues. The PSC resolves these issues using its contested case process, which allows for full participation by all parties, a thorough vetting of the often complex technical and legal issues and, finally, a reasoned PSC decision based on the evidence in the proceeding. Based on the PSC's experience in addressing wind integration issues, existing state law provides the PSC with the necessary authority, flexibility and discretion to implement reasonable wind integration policies.

Recommendation: The PSC does not recommend any changes to existing state law related to wind integration and further recommends that ETIC refrain from proposing legislation or revising the state energy policy in any way that would restrict or constrain the PSC's ability to reasonably, fairly and thoroughly address wind integration issues.

PSC comments to ETIC
September 1, 2009
Page 3

Issue 3: Maximizing state land use for energy generation.

Recommendation: The PSC has no comments on this issue, except to recommend that ETIC not propose legislation or revise the state energy policy in a way that would constrain the PSC's ability to consider regulated utilities' planning for and procurement of generation resources on their merits and in the public interest.

Thank you for the opportunity to comment.

COMMENTS TO THE ENERGY AND TELECOMMUNICATIONS INTERIM
COMMITTEE OF THE RENEWABLE NORTHWEST PROJECT AND
THE NATURAL RESOURCES DEFENSE COUNCIL

TRANSMISSION:

- Although Montana is transmission constrained,¹ it is important not to view transmission as the only piece of the puzzle. Simply adding transmission capacity is not the only way to address transmission congestion and reliability problems. Acquisition of all available, cost-effective energy efficiency, demand response and smart grid technology, and additional distributed generation are just some of the ways to optimize the functioning of the system. (Obviously, these strategies make sense irrespective of any benefits to the transmission system.). Montana can do much more than it has to promote the deployment of these measures and technologies within its borders. Still, even full deployment of these technologies in Montana would not solve the transmission constraint issue.
- In addition to the strategies recommended above, there are other ways to maximize the potential of the existing system and provide additional transmission capacity without actually constructing new transmission lines, such as by constructing new substations at strategic locations.
- To achieve Montana's renewable energy potential, new transmission should be considered, after the above strategies are fully pursued. Any new construction should be undertaken consistent with the following recommendations.
- Any attempt to add transmission capacity so as to allow export of additional Montana based generation will not succeed unless that transmission upgrade or new transmission line is explicitly and directly linked to renewable energy generation. Coal-fired generation is burdened by its environmental legacy, its status in today's carbon constrained world, its difficulty obtaining financing, and its overall controversial nature. Thus, any transmission project that was linked – however tenuously – to coal would encounter at least two insurmountable obstacles. The first obstacle is that the coal generation unit would not move forward (for any number of reasons), which would jeopardize the viability of the transmission project. The second obstacle is that if the transmission project was linked to a coal project it would be opposed. In any event, project funding for such a project would be unlikely to materialize and public acceptance hard to garner.
- Given the importance of linking transmission to renewable energy generation, the most rationale way to proceed if the State wants to promote the development of renewable energy and associated transmission infrastructure is for the State to engage in two discrete planning processes. One process would be to identify those areas of significant renewable energy potential, the development of which

¹ As used here, this means that there is no incremental capacity for entities wishing to transport power out of Montana on a "firm" basis. According, to the Federal Energy Regulatory Commission, transmitting power into Montana is not similarly constrained.

would not significantly impair resource values of the state. Such a process is akin to the renewable energy zone designations that a number of states and the Western Governors' Association have recently undertaken. The second process would be, once these renewable energy areas are identified, to undertake a high-level analysis identifying acceptable corridors for new transmission lines, taking into account wildlife and other siting concerns. This kind of analysis is also occurring on a regional basis.

- There are several ongoing regional transmission initiatives, such as work that the Western Governors Association is doing and regional transmission planning being spearheaded by the Western Electric Coordinating Council. Addressing issues related to transmission and renewable energy development, since it will involve the delivery of power across state lines, on various transmission systems, to utilities in other states, is best considered on a regional basis. If the State wishes to promote renewable resource development, it should fully engage in these various processes.
- Transmission projects should be subject to Major Facilities Siting Act Review.² According to NorthWestern Energy, the Siting Act process is "working."³ Only a Siting Act review process can provide the granularity of analysis that will ensure that transmission projects are constructed in the best possible location.
- As a general proposition, new transmission lines should rely on existing right-of-ways. Moreover, to the maximum extent possible transmission lines should be consolidated so that, for example there are not several lines running up a Montana valley or along ridge tops.

WIND INTEGRATION

- In its broadest form integration refers 1) to the requirement for transmission system operators to keep the system balanced, meaning balancing the demand and generation of power while taking into account the net of power coming into or leaving the system, and 2) for the utility supply function to provide additional energy when what is scheduled does not arrive or to dispose of surplus energy when there is excess. All sources of generation require these services to some degree. Because each kind of generation is unique, energy from each must be integrated by system operators and managed by utilities in ways that accommodate that uniqueness.
- Wind energy is variable and it is obviously not possible to perfectly predict the weather. Accordingly, scheduling the output of a wind energy project can be challenging, with deviations from the schedule leading to the need for integration services.
- Northwestern Energy's experience with wind energy is almost entirely based on the Judith Gap project, which went into commercial operation in 2006. Start up

² The legislature has, over the years, carved out a number of exemptions under MFSA for transmission projects.

³ NWE press release, March 4, 2009.

issues are confronted when any new source of generation is added to a system. NorthWestern Energy is still learning how to manage that project. To the extent NorthWestern has had difficulties integrating Judith, it is, in significant part, a function of the fact that a relatively large amount of wind has been deployed on NorthWestern's system in just a few years.

- There are answers, several of which are regional in nature, to the wind integration question. New products, such as intra-hour balancing services, are being developed. Balancing area authorities, like NorthWestern, on their own are entering into cooperative agreements to share variability among balancing areas. Utilities may determine that it makes economic sense to employ generation to supply regional balancing services. Wind forecasting and scheduling, with experience and better modeling, is getting better and better. Utilities are beginning to take advantage of demand response and other supply side measures to come at the problem from the load side. In short, wind integration, will, with all the good work done by our region's utilities and regulatory authorities, likely not be an issue of any great import in the relatively near future.
- The State can and should direct wind development to geographically dispersed locations so as to take advantage of different wind regimes in different areas. This will smooth out the output of the combined projects as compared to what that output would be for a single wind project or several wind projects in the same general location. Plus, the significant economic development benefits from wind development would be more broadly shared across the state.

STATE LAND FOR ENERGY GENERATION

- State land should not be "maximized" for energy generation. Rather, it should be used for responsible, income producing renewable energy development. Energy development must be equally considered with all other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.

September 1, 2009

Chuck Magraw
c.magraw@bresnan.net
406-449-3375

Nowakowski, Sonja

From: phil teats [p_teats@yahoo.com]
Sent: Monday, August 10, 2009 6:12 PM
To: Nowakowski, Sonja
Subject: Question on Maximizing State Land Use for Energy Production

Dear sir or madam,

My name is Philip Teats and I am a registered voter from Great Falls. My question concerns what the state plans to do about tapping natural gas reserves on the Rocky Mountain Front; is it going to be the state's policy to stay away from natural gas mining and focus on wind energy and other "alternative" energy sources, or can we expect this great resource to be tapped to slow the rising cost of energy? Furthermore, if the state is in fact planning to stay away from natural gas mining and focus on alternative sources of energy, what energy programs can we expect to see gain a foothold in our state?

Thank you for taking the time to read my question,

Philip Teats

8/27/2009

Nowakowski, Sonja

From: Mike Wendland [wendlandm@co.hill.mt.us]

Sent: Tuesday, August 04, 2009 10:48 AM

To: Nowakowski, Sonja

Subject: Energy policy

To whom it may concern;

On the topic of energy, as always one of the main issues with the wind energy proposals in Montana is the fact of transmission lines from the wind farm source to the grid to get the energy to the consumer. The grid system will need to be extended and additional capacity would have to be constructed to make it feasible to have more generation.

The use of state lands would be an advantage to all that are involved in the energy policy proposals. Location of state lands plays an important role in the decision of using state land for wind farms.

Michael Wendland
Hill County Commisioner

8/27/2009

Nowakowski, Sonja

From: Gene & Linda Sentz [friends@3rivers.net]
Sent: Thursday, August 27, 2009 10:42 PM
To: Nowakowski, Sonja
Subject: State energy policy

To the Energy Committee:

In formulating policy for Montana's energy future, I urge the Energy and Telecommunications Interim Legislative Committee to give serious consideration about where and where NOT to site large-scale commercial-industrial wind farms. For example, many conservationists who generally favor wind energy development are very much opposed to seeing dozens of giant turbines in special places, such as along Montana's spectacular Rocky Mountain Front.

Respectfully,

Gene Sentz

PO Box 763

Choteau, MT 59422

friends@3rivers.net

Nowakowski, Sonja

From: Jim Cloud [j.h.cloud@bresnan.net]
Sent: Monday, July 13, 2009 8:05 AM
To: Nowakowski, Sonja
Subject: transmision grid

Good morning,

I have been reading the various positions on the proposed Northwestern Energy power line from Townsend to southern Idaho. A lot of interest in the news lately.

A little back ground: I am retired but was associated with the Western Area Power Administration for a number of years and have direct knowledge on how the permitting and siting of high voltage power lines works. I believe in the EIS process wherein the "purpose and need" must be valid and must demonstrate a public need; the consideration of alternatives and an "open, in the day light process" for determining the best route. A route with the least adverse impact.

Also I was in favor of "deregulation" except we forgot one thing. Deregulation can only work in a "buyer's market". When the commodity is in short supply deregulation can not work. Can you imagine what will happen when California, Washington and Nevada are all bidding for the last kilowatt of electric power? OR trying to cherry pick green energy?

It seems to me that Montana must regulate the utilities and make them responsible for MONTANA FIRST!!!!

Would you please see that the proper committee members see this message.

Thanks,

Jim Cloud
149 Saddle Mountain Drive
Clancy, MT 59634

406-459-7808
considering " and

Nowakowski, Sonja

From: O'Connor Roy [rsoc2001@yahoo.com]
Sent: Friday, August 28, 2009 10:41 AM
To: Nowakowski, Sonja
Subject: Energy and Telecommunications Committee

Dear Sirs, I wanted to comment on the above with regards to how Montana will approach Transmission and Energy Development in the future. It is important first to Maximize the potential of the transmission lines we have in place, as well as focus on energy savings. When additional lines are needed, they should be placed to facilitate renewable energy growth in the state, while minimizing environmental disturbances to wildlife and wetlands. Upgrading present transmission lines, or piggybacking new ones with old in place lines, seems to be the most cost effective with least disturbance to the land.

Montana has wonderful potential for renewable energy development, and it can be done with minimal harm to the beauty and wildlife that makes living in Mt so special. It will also help protect and preserve what we have. We do need to make choices, and plan for the future. New Transmission lines will be needed, and placement of them to utilize our renewable resources will not only facilitate their development, but provide jobs and income to areas that sorely need them.

Thanks for listening to my concerns,
Roy O'Connor
401 Valley of the Moon Rd
Clinton, Mt 59825

Nowakowski, Sonja

From: Arlo Skari [askari@3riversdbs.net]
Sent: Friday, August 28, 2009 2:38 PM
To: Nowakowski, Sonja
Subject: State Energy Policy

The Energy Committee of the state of Montana,

I support this rule that Transmission Lines should come under the Major Facility Siting Act and be aware of impacts to wildlife, Ag operations, landscapers and property values. The new Transmission Lines should facilitate the development of wind energy using existing generation differently. Montana could prioritize using existing generation to integrate wind, natural gas and hydroelectric while researching the new technologies, especially experimenting with compressed air and off storage of water.

There is much more I could add but we are harvesting and it's time to get back on the combine. As a farmer, I am well aware of the effects of Global Warming down the pike and we can't waste more time in pondering over the threat of GW.. Technology got us into this mess and technology could get us out of it if the nonscientific people in the US would finally realize that GW is a fact. Our educational system is not working well in this respect.

Sincerely,

Arlo Skari
PO Box 296
Chester, MT 59522

Nowakowski, Sonja

From: Kelly McCarthy [kelly@bigskytech.net]
Sent: Sunday, August 30, 2009 10:45 AM
To: Nowakowski, Sonja
Subject: Energy Policy Input

First of all, thanx for asking. So often these issues are fought out between competing special interest groups with little input from the citizenry. I have just three simple thoughts.

- 1) Our states natural resources belong to all citizens both current and future. We don't have a right to deplete a resource and leave our children with a mess to clean up as was done in the early part of this century. All policy must be sustainable and renewable and leave the landscape the way we found it if not better.
- 2) Paramount to sustaining a healthy system of trade and capitalism is respect for individual property rights. Imminent domain cannot be used to confiscate land to benefit a private enterprise under the guise of creating a greater tax base. This is a move toward communism (not trying to be invective here, but it is reality) where the individual really owns something until the state wants it.
- 3) I've heard arguments against wind energy stating that wind farms are unsightly, but I have yet to see a wind farm that was nearly as unsightly and environmentally damaging as a coal fired power plant. If we need energy (and we do) please favor the least damaging to the environment and landscape.

Thanx,

Kelly McCarthy
625 Yellowstone Ave
Billings, MT 59101
(406)839-0071

Nowakowski, Sonja

From: vj watson [h2oshed1@hotmail.com]
Sent: Saturday, August 29, 2009 11:50 AM
To: Nowakowski, Sonja; h2oshed1@hotmail.com
Subject: Comments on Montana Energy Policy

To: Montana Energy & Telecommunications Interim Committee

I would like to submit these comments on Montana Energy Policy to the Energy and Telecommunications Interim Committee (Energy Committee) which will be revising the State's energy policy.

Energy from State Lands

Montana should prioritize development of clean renewable energy sources, so as to protect its environment & public health and to take advantage of the growing demand for such sources.

However state trust lands should only be used for energy development after considering all environmental, cultural, & social impacts and showing that adverse impacts will not be significant or can be mitigated until they are not significant.

Energy development should not be given a higher priority on state lands than other beneficial uses, including maintaining the land in a natural state to provide critical ecosystem services and enjoyment to future generations of Montanans.

Encourage Wind Energy through careful planning

By siting new wind development around the state in areas with different wind regimes, wind's variability can be smoothed out, making it a more viable source. Transmission lines should be sited with this in mind.

In addition use of existing sources (hydro, natural gas) and new sources (compressed air storage) should be integrated with wind, to the maximum efficiency of all the sources.

Transmission Lines -- construction, extension, rebuilding

These lines should be regulated by the Major Facility Siting Act -- siting decisions should consider impacts to agriculture, wildlife, property values and the MT landscape.

New lines should help to support renewable energy development, and should be pursued only after all options for upgrading the existing system are considered

The Energy policy of the state of Montana should be first & foremost to promote energy efficiency and conservation and to manage production and consumption so as to minimize adverse impacts to society and our shared environment, now and in future.

Thank you for your public service.

Vicki Watson, Montana resident and voter
509 Daly, Missoula, MT 59801

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Nowakowski, Sonja

From: Charlene Woodcock [charlene@woodynet.net]

Sent: Friday, August 28, 2009 4:36 PM

To: Nowakowski, Sonja

Subject: TO: Energy and Telecommunications Interim Committee: Comments on Montana energy policy

I strongly urge the committee to make energy efficiency, energy conservation, and renewable energy development the foundation for new energy policy for the state. This will result in lower and much more predictable future energy costs and health benefits for Montanans. It is clear that Montana can support wind farms and encourage residential solar energy as well as locally-produced and -used biofuels on farms and ranches. All of these would be vastly less harmful to the state, its residents, and its economic future than to continue coal and coalbed methane development, with their devastating effects on Montana's land and water and their unacceptable contribution to the problems associated with climate change.

To formulate an intelligent plan it is essential to factor in the many unacknowledged costs associated with fossil-fuel-based energy (harm to land, water, wildlife, health, and the future economy) and commit to developing lower-cost, renewable alternatives that benefit all Montanans and do not contribute to climate change.

Sincerely,

C. M. Woodcock
37 West Main St. #D
Bozeman, MT 59715

Nowakowski, Sonja

From: Chris @ the Oasis [info@OasisMontana.com]
Sent: Monday, August 31, 2009 9:19 AM
To: Nowakowski, Sonja
Subject: MT Energy Policy

Hello:

I am hoping that there will be greater investment in transmission lines from potential wind farm locations in the eastern part of Montana. The potential for wind power in Montana is second only to Texas, and we can still graze cattle and grow crops near these bohemoths.

Too many times there has been an attitude of corporate exploitation that has left Montanans to foot the bill for environmental disasters; it's time to promote clean green alternatives. As the owner of a business that offers renewable energy power systems, I can assure you that Montanans and Americans in general, want green power.

Regards,

Chris Daum
Oasis Montana Inc.
436 Red Fox Lane
Stevensville, MT 59870
406-777-4309
406-777-0830 fax
www.oasismontana.com

www.grid-tie.com

www.PVsolarpumps.com

www.eco-fridge.com

www.LPappliances.com

Nowakowski, Sonja

From: Sarah Merrill [samerrill@live.com]
Sent: Tuesday, September 01, 2009 6:59 AM
To: Nowakowski, Sonja
Subject: Energy Policy Comments

Dear Energy and Telecommunications Interim Committee:

Regarding Montana's energy policies:

Clean, renewable energy should be a priority, but new facilities should not be approved unless they are in appropriate sites and all potential impacts have been addressed. New transmission lines should NOT be a priority, but if absolutely necessary should be appropriately sited and impacts explored; the lines should be governed by the Major Facility Siting Act.

When state lands are being considered for any energy development, it is of the utmost importance that the development be thoroughly evaluated for potential adverse impacts to tourism, recreation, wildlife, agriculture, water and air. Our state lands are frequently most valuable to us and future Montanans in an undeveloped state -- this should be kept in mind when energy development is proposed.

Sincerely,

Sarah Merrill

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Nowakowski, Sonja

From: mo y [iamsodeep@yahoo.com]
Sent: Tuesday, September 01, 2009 1:02 AM
To: Nowakowski, Sonja
Subject: new state energy policy

Sonja,

I believe that mining coal for the sake of energy is destructive to the environment and to people's health. If conservation is at all a concern, coal and natural gas are the most ecologically expensive options. Please stop exploiting toxic resources so that we can all breathe.

Thanks,
Monique

Nowakowski, Sonja

From: badroute@midrivers.com
Sent: Monday, August 31, 2009 9:59 PM
To: Nowakowski, Sonja

Fear has always motivated mankind; whether the fear is real or unfounded.

When there is debate to the benefits of power transmission to our quality of life; we then need to examine the facts. Let's just say; that everything we do requires electrical energy: lighting, air conditioning, pumping water or communications like, TV, radio, telephone and internet; even the printing or sending of this letter by email. Just how fundamental electricity is becomes clear when we lose it during a system failure or weather-related outage.

For virtually every person in our developed world, transmission lines provide the path of the energy for our daily use. Whether this power is generated by coal, gas, nuclear, wind or hydro; the only way to move this energy of power is to create these networks of transmission lines.

In some cases, this has become the cheaper and safer option for utilities and fulfils the environmentalists' desire for cleaner energy.

Almost everyone agrees that some form of state, regional or federal program for building and determining the locations of new transmission facilities is critical to creating new and sustainable sources of power (energy) in the future. Just how to get there, remains a mystery.

States don't want the federal government telling them where to build their grids, utilities or facilities; quite often our state utilities commissions have too much authority in these decisions; plus they don't want the feds looking over their shoulders.

Complicating the matter further; is the private landowner with private property rights; that doesn't want the invasion; doesn't get fair compensation; (in the form of either an annual payment, usage fee, toll fee or royalty payment): can be forced into condemnation (Eminent Domain).

What about the private landowners rights, such as more disclosure required by the entity who has been given the power to condemn or to have independent testing done on a sample of the product that is flowing through a crude oil pipeline; and then to top it all off; we are told that it might keep our utility costs from increasing.

So there lies the mystery; how do we obtain the balance needed to satisfy everyone involved; even us private landowners.

Sincerely,

Christie Liles

Nowakowski, Sonja

From: badroute@midrivers.com
Sent: Monday, August 31, 2009 9:56 PM
To: Nowakowski, Sonja

To Whom This May Concern,

The near future holds the pictures in my mind of the Keystone XL Pipeline Project proposed by a Canadian Company (Trans Canada LP); probably the first of several energy related projects that will forever impact property, families and development.

Utility lines require perpetual easements that restrict a landowner's use of the land ,and therefore impacts the property value.

Concerns have been raised about these power (energy) sources; its environmental impacts, expansion potential, safety, of communication and landowner compensation.

We as private landowners have been powerless with our concerns and complaints of the political powers these companies possess within our country.

"We have no authority; they have Eminent Domain and state support."

Our concerns as landowners are substantial in reference to project (Keystone XL Pipeline)

We landowners have a quiet, deep pride in our lands; many of our families have been caretakers of this land for more than a century. We have roots in this land that date back over 100 years, and we are sick that on our WATCH these things are going on.

The impact of the Keystone XL Pipeline project goes far beyond us landowners; this affects the communities in Eastern Montana long-term.

This project is not just about losing this year's crop; it's about losing our private property rights as a landowner; so the big companies can use condemnation (Eminent Domain).

Everyday for the rest of our lives, we have to wake up and wonder if there is a black lake covering our lands.

Its costing landowners all over this nation; either in time spent or money to insure that their lands are protected. You: as an integral part of the State Utilities Commissions; CAN HELP US.

Landowners want to be treated fairly; we want fair compensation (royalty payment; because the giant company Trans Canada LP is going to make big money on this pipeline for possibly 40 to 50 years). We landowners need more disclosure from these entities that can use the power of condemnation to use, occupy, possess and control our lands; Landowners want a sample of the product that flows through the pipeline for independent study (why can't they provide this)

There are numerous issues in reference to locating sustainable energy for power transmission that the private landowner has; somebody just needs to listen.

Thank You,

Kent
Liles

Nowakowski, Sonja

From: Jim Roach [jimbobmt@gmail.com]
Sent: Monday, August 31, 2009 8:42 PM
To: Nowakowski, Sonja
Subject: Renewable and Sustainable Energy

Regarding the siting of new transmission lines

- do not disrupt ecosystems or roadless areas
- place them in areas of maximum wind resource
- place them where they can tie in with national trans. corridors
- Make them high voltage to reduce line loss

Regarding maximizing wind potential

- site trans. lines in widely diverse areas throughout the state
- actively promote the development and placement of storage capacity
- minimize impacts of energy development on fish, wildlife, aesthetic value, and agricultural and vocational endeavors

Don't promote increased coal development. Renewable energy is where the future lies. The cost of coal use is too high.

Nowakowski, Sonja

From: Treasa Glinnwater and John Espy [esph2o@ronan.net]
Sent: Monday, August 31, 2009 6:48 PM
To: Nowakowski, Sonja
Subject: wind energy

To Whom it may concern:

Montana has a rich resource in wind energy. Please do everything possible to develop this resource including building factories here in Montana to produce the wind turbines. It's a win-win situation for everyone.

Thank you,

Treasa Glinnwater
33300 Glinnwater Lane
Ronan, Mt 59864

Nowakowski, Sonja

From: Pat Simmons [psimmons@imt.net]
Sent: Monday, August 31, 2009 4:46 PM
To: Nowakowski, Sonja
Subject: State Energy Policy

The policy of the State is "to 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."

This policy above is very good. I'm glad it says energy efficiency and conservation first in the sentence. That should be our priority because it is cheaper and has the least impact on our environment. Upgrade the commercial and residential building codes in Montana to require modern energy efficient building material and installation techniques. And enforce these codes. We would be far better off to invest in education programs for citizens and businesses on how to be more efficient, provide more tax credits and other incentives, pay for more building code officials, hold training classes to teach contractors how to improve their installation techniques.

The next priority should be alternative, renewable energy sources. They should be installed only where it makes sense. Is there a demand in Montana for this energy; will it have a minimal impact on wildlife habitat, the people's right to a clean and healthy environment, and protection of our wild, natural lands. These energy sources should be near transmission lines make sense. But transmission lines are also a major issue and should not be taken lightly. The State's Major Facility Siting Act rules must be applied to these installations.

The last choice should be petroleum and coal based fuels, and only if we don't have other less impactful sources. If they are needed, again the State's Major Facility Siting Act must apply, and the full cost must be accounted for. These include the health impacts of air and water pollution. The State's natural resources, its land and waters and wildlife are a precious asset that must be protected for an eternity. All costs should be calculated over the long term.

Thank you.
Pat Simmons
1123 Woodland Drive
Bozeman, MT 59718
psimmons@imt.net

Nowakowski, Sonja

From: Katherine Kelly [kadydid_k@yahoo.com]
Sent: Monday, August 31, 2009 3:22 PM
To: Nowakowski, Sonja
Subject: Energy Policy

I am life long Montanan who whole heartedly opposes new coal fired generation in Montana. Focus our energy policy on lowering energy costs to Montanans thru conservation and efficiency. Consider global warming and the true cost of fossil fuels to Montana's air and water. Please promote opportunities for small community energy projects.

Thank you
Katy Kelly
615 S 9th St
Livingston MT 59047
406 579 5546

Nowakowski, Sonja

From: Anne Middleton [anne.middleton@gmail.com]
Sent: Thursday, August 27, 2009 12:01 PM
To: Nowakowski, Sonja
Subject: comments on clean energy

Please examine the following comments when considering the future of Montana's energy and environment, especially related to the ACES Act. Thank you, Anne Middleton, 59102

1. Rebuilding and Extending Transmission Lines

Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.

Building new transmission lines should be a last resort after other options for upgrading the energy system.

New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.

Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.

Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.

The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.

The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.

State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Nowakowski, Sonja

From: Matthews, Jonathan [jmatthew@carroll.edu]

Sent: Thursday, August 27, 2009 12:30 PM

To: Nowakowski, Sonja

Subject: Comments on MT Energy policy

Please accept my comments regarding Montana's energy policy:

The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses. The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets. The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans. State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated. State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

Thank you,

Jonathan Matthews, PhD

1633 Flowerree St.

Helena, MT 59601-5903

Nowakowski, Sonja

From: bruce hunner [bruce_hunner@yahoo.com]

Sent: Thursday, August 27, 2009 1:50 PM

To: Nowakowski, Sonja

Subject: state energy policy

Public Comment:

Regarding your 3 focus issues at the Sept. 24 2009 meeting:

1) extended transmission lines should not degrade (in any way) the view sheds of any wilderness area or of any of our national or state parks. Asthetics and wildness are what seperate this state from the other 48 and represent one of the top virtues leading to exceptionally high land values.....do not degrade this with power lines.

2) if there is any maximizing of state lands for energy generation then it should be green energy generation. Green energy generation will generate jobs in perpetuity and not defile the landscape/habitat. Coal and gas production offer only transcient work while leaving behind well known impacts.

Thank you for not degrading our state.

8/27/2009

Nowakowski, Sonja

From: Linda Schure [lhs@blackfoot.net]
Sent: Tuesday, September 01, 2009 8:10 AM
To: Nowakowski, Sonja
Subject: The Energy and Telecommunications Interim Committee

Hello Committee Members:

The following are my points and comments on energy policy.

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
- New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

- The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.
- State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.
- State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Sincerely,

Linda Holding Schure

P.O. Box 812

Arlee, MT 59821

Nowakowski, Sonja

From: Emily Peters [eapetersyo@gmail.com]
Sent: Tuesday, September 01, 2009 9:28 AM
To: Nowakowski, Sonja
Subject: State Energy Policy comments

September 1, 2009

Dear Sonia,

I am a thirty year old Montana resident and have earned a Bachelor of Science degree in biology and a Master of Scientist degree in Economics. I would like to add the following comments to the public record regarding amending sections 90-4-1001 and 90-4-1003, MCA, and repealing section 90-4-1002.

90-4-1001 MCA Section 1. (2)(b):

I recommend the following language change "... so that Montana's energy strategy will use resources responsibly and sufficiently to maintain a sustainable environment; and." I do not believe that a "viable economy" in our present day is necessarily a lawful right that we are entitled to pursue at the resource depletion cost of future generations. We should be responsible to meet the energy demand of Montana residents, but the State legislature is not obliged to dictate the sale and development of Montana resources to out of state interests at costs not yet understood.

90-4-1003 MCA Section 2. (2)(b):

(i) Increasing the supply of low-cost electricity with coal-fired generation;

A market should dictate the decision to increase the supply of electric energy from coal-fired generation, not the State legislature. Coal-fired generation is not necessarily "low-cost," carbon dioxide and heavy metal emission costs are not yet included, and the high volume of clean water necessary to process coal is seldom considered.

(ii) Rebuilding and extending electric transmission lines;

We generate ample electric energy to meet the needs of Montana residents. Existing transmission infrastructure should be updated to expand capacity to allow for the transmission of the rising demand for renewable generation.

(iii) Maximizing state land use for energy generation;

We do not need to “maximize state land use for energy generation.” We currently generate sufficient electric energy for Montana residents. State lands have intrinsic values if left undeveloped; for plant and wildlife habitat, human recreation, and carbon sequestration, to name only a few.

(iv) Increasing energy efficiency standards for new construction;

I would like to see additional language added to include, “increasing energy efficiency standards for new construction; and supporting the education and training to ensure that we can implement and enforce those standards;”

(v) Promoting conservation;

No comment

(vi) Promoting conservation;

I would like to see this statement amended to read, “promoting energy efficiency incentives to responsibly invest in the infrastructure for future generations;”

(vii) Promoting alternative energy systems;

Please replace the term “alternative” to “renewable” or drop this statement entirely. The market is demanding the transition from fossil fuels to wind, hydro, biomass, and solar through our current values. Legislative language specific to the current decade’s energy generation preference is excessive, and will later be outdated.

(viii) Reducing regulations that increase ratepayers' energy costs;

This statement should be removed. Policy should not include language to reduce regulation. It is contradictory to the process, setting policy to reduce policy. The legislature shall either set more or less regulation as seen fit.

(ix) Integrating wind energy.

This statement should be removed for the same reasons listed above, the market, which reflects current consumer values, should determine development of any specific electric energy generation.

Thank you Sonia and the Energy and Telecommunications Committee for considering these comments.

Emily Peters

810 West Silver Street

Butte, Montana 59702

406.599.2280

To: Energy & Telecommunications Interim Committee
From: Montana Small Independent Renewable Generators (MSIRG)
Date: September 1, 2009
Re: Comments on Energy Policy for September 24, 2009 Meeting of the ETIC

Introduction:

MSIRG is a group of small renewable power generators owning and operating wind and hydroelectric projects in Montana. From our perspective, Montana's energy policy and laws as currently written do not need amendment. The law requires Montana's regulated utilities, chiefly NorthWestern Energy, to purchase power from small-scale renewable projects (known as qualifying facilities or "QFs", see attached fact sheet) at rates at or below what the utility would otherwise pay for power. In this way, the renewable producers have a guaranteed buyer, and the utility has a power source that will never, as a matter of law, cost more than what it would otherwise pay on the open market. The difficulty we face in developing more projects, and the difficulty faced by Montana as a whole in developing its potential as a wind-producing state, is the implementation (or lack thereof) of the written law. Therefore, any statutory changes suggested or supported by MSIRG would be to strengthen the implementation and compliance sections of the existing laws. Those are issues for later discussions.

For purposes of the September 24 meeting's focus on (1) transmission, (2) wind integration, and (3) state land siting, MSIRG takes a conservative approach to amending or adding to existing state policy.

Issue 1. Rebuilding and Extending Transmission Lines

Small-scale energy producers do not have the economies of scale or revenue stream to afford to sell outside of the state, and therefore have little to no need for merchant transmission lines. Instead, the main transmission-related problem encountered by small-scale developers is in negotiating interconnection agreements with NorthWestern Energy ("NWE") to connect their projects to NWE's intra-state transmission lines. Interconnection agreements set forth the projected costs of system upgrades and construction of facilities needed to connect the project to the transmission network, assign those costs, and dictate the terms of repayment of costs. Under Montana's existing rules, the power producer is assigned only the costs that its interconnection will directly *cause*, and these costs are not reimbursed by the utility. Under FERC policy, by contrast, a small-scale generator must pay a share of local or regional transmission system upgrades, even where its specific project does not *cause* the need for the upgrade so long as the project will make use of those upgrades, and the project is then reimbursed by the utility for those payments. In recent months, NWE has proposed a new "QF Interconnection Agreement" model in which the energy producer must pay for system-wide upgrades (as in the FERC interconnection agreement), but these costs are not reimbursed. MSIRG sees this new model as violating the logic of both the FERC policy and the Montana Rules. As a result, some small renewable generators have been presented with interconnection agreements that require them to pay literally millions of dollars for system upgrades for which they are not responsible, with no possibility of repayment. Such a policy (as yet untested before the PSC or a Montana court) would render many small-scale projects completely financially unfeasible.

Recommendations: Since a strict adherence to Montana’s existing interconnection rules would rectify the above problem, no change is needed in the governing statutes or rules. However, as a matter of a policy statement regarding the expansion and construction of transmission lines, it might be prudent to include that, however transmission is developed, it must be done in a way that fairly apportions the costs of development to those who cause the need for such development. This is less an issue for large-scale developers who can more easily shoulder the up-front costs of interconnection and who can afford to pay “pancaked” transmission rates to sell out of state. If Montana wishes to promote not only large commercial production but also small, intrastate renewable production – renewable energy by and for Montanans – it must consider the disparate impacts of its policy on small-scale developers. While MSIRG certainly supports the development and incentivizing of transmission lines as a general matter, we must keep a firm eye on who will ultimately bear the costs of those upgrades, and what effect those costs will have especially on small-business renewable developers.

Issue 2. Integrating Wind Energy

There is no dispute that wind power is intermittent; it requires other power sources to “firm” it up in periods of low output. On a system-wide scale, many variables affect the ultimate costs of firming up wind power, including the size of wind projects, their geographic dispersion, and the sources of firming power, whether utility-owned or purchased on the spot market. Much of the discussion on firming wind has focused on the calculations of the integration cost, with the latest notice from NorthWestern Energy declaring its 2008 costs at \$5.19/MWH. However, one issue that is not often discussed and is in fact often misinterpreted, is who exactly pays for the cost of integrating wind. In fact, in contracts between small-scale qualifying facilities and NorthWestern Energy, it is the qualifying facility that pays the cost of integrating its power. This cost born by the qualifying facility either by providing its own firming resources, or more typically, by a per-MWH reduction in the power purchase price paid by NWE. It is *not*, as is often assumed and implied, the end consumer or the utility itself that bears that cost of firming wind. Reaching a consensus on what sort of resources are to be used in providing regulating resources, and how integration costs are to be calculated is thus a vitally important issue for both small-scale producers and the utility.

Recommendations: Since the renewable developers are the ones ultimately paying the price for firming their product, Montana’s new Energy Policy should reflect a commitment to providing the lowest-cost firming resources available in order to encourage renewable development. The Energy Policy should also reflect the fact that the costs of integration change as new generators come on line and others fall offline, and as new firming resources are acquired or their contracts end. Therefore, the Energy Policy should incentivize and promote systematic and ongoing study of integration costs, to keep the costs assigned to renewable generators consistent with actual costs of integration born by the utility.

Issue 3. Maximizing State Land Use for Energy Generation

MSIRG takes no position on this issue.

We look forward to discussing these issues further with the ETIC on September 24.

Contact Information: Attorneys for MSIRG: Suzanne Bessette, Michael Uda. E-mail: sbessette@doneylaw.com; Work phone: (406) 443-2211



August 31, 2009

Energy and Telecommunications Interim Committee
Montana Legislative Services Division
PO Box 201706
Helena, MT 59620-1706

TransCanada Corporation
450 - 1st Street S W
Calgary, Alberta, Canada T2P 5H1

John Dunn
tel 403 920 5566
fax 403 920 2340
email john_dunn@transcanada.com
web www.transcanada.com

Dear Madam Chair and Members of the Energy and Telecommunications Interim Committee,

On behalf of TransCanada's Chinook Power Transmission Project (Chinook), we thank you for the opportunity to provide our thoughts and comments on Montana's Energy Policy. Your efforts will impact Montana's role in America's energy future. We appreciate and support your work.

The Chinook Power Transmission Project is a proposed 1,000-mile 500 kV high-voltage, direct current electric transmission line originating near Harlowton and terminating in the Eldorado Valley south of Las Vegas, Nevada. Chinook will be capable of transmitting 3,000 MW of primarily new wind generation in Montana to markets in the Southwestern US. It is expected to be operational in 2014 and estimated to cost \$3 billion.

Before offering comments on a new energy policy, it is important to note the significance of Montana's efforts in 2007 to provide lower taxable value rates for new transmission facilities. The lower tax rates will allow Chinook to offer transmission rates to future Montana electric generators that will make those projects more competitive in regional electricity markets.

Transmission is the highway needed to move Montana's renewable energy to regional markets. Montana's energy policy should recognize the immediate need for the advancement of transmission infrastructure for new renewable electricity generation to significantly build on Montana's current position as a net exporter of electricity.

New transmission to carry renewable generation provides the following benefits for Montana:

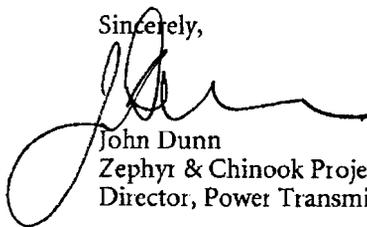
- an opportunity to be leader in providing environmentally-beneficial renewable energy to the Western United States and making a major contribution to reducing the overall carbon emissions in the West;
- enhanced job opportunity for Montanans;
- increased local government property tax bases;
- long-term economic growth for rural communities;
- markets for Montana's value-added products; and
- an opportunity to make a significant contribution toward regional efforts to meet states', or possibly federal, renewable portfolio energy standards.

Montana's energy policy should encourage a framework of measures that will enhance the development of new transmission facilities that will bring Montana's remote renewable generation to regional markets. Without major transmission, all of Montana's potential for wind development will be stranded within the state's borders, and Montana will be unable to take advantage of this major clean energy source and its associated benefits it could bring to the State. Examples of appropriate incentives for construction of a transmission facility include:

- priority permitting and an efficient and certain permitting process;
- federal and state programs to assist with financing;
- benefits to landowners for providing right-of-way easements; and
- tax credits or tax deferrals for transmission developers (particularly in the first three years of operation when expected lower utilization of transmission assets will further challenge project economics).

The state energy policy should also advance the use of high voltage direct current (HVDC) transmission lines for long distance transportation of Montana's renewable generation. HVDC lines are more efficient in moving electricity long distances and are environmentally preferred. They also provide greater capacity with a narrower right of way, fewer lines and a much lower EMF concern. Montana's energy policy should include incentives to encourage HVDC lines.

Sincerely,



John Dunn
Zephyr & Chinook Project Manager
Director, Power Transmission

cc: Hank Petranik
cc: Alan Davis

Nowakowski, Sonja

From: Dick Haney [richardmhaney@cs.com]
Sent: Tuesday, August 25, 2009 10:07 AM
To: Nowakowski, Sonja
Subject: Re: Energy Policy

Ms. Nowakowski,

Thanks for your consideration... and good luck with the energy effort; it's an admirable task for Montana to take on.

-Dick-

-----Original Message-----

From: Nowakowski, Sonja <snowakowski@mt.gov>
To: Dick Haney <richardmhaney@cs.com>
Sent: Mon, Aug 24, 2009 4:36 pm
Subject: RE: Energy Policy

Mr. Haney,

Thank you for taking the time to comment. It is much appreciated. I will make sure your comments are shared with the Energy and Telecommunications Interim Committee.

Sonja Nowakowski

From: Dick Haney [richardmhaney@cs.com]
Sent: Monday, August 24, 2009 2:53 PM
To: Nowakowski, Sonja
Subject: Energy Policy

Hello Ms. Nowakowski:

I learned of Montana's call for public comment on the state's pending energy policy update via Russ Fletcher's MATR (Montana Associated Round Tables).

If allowed, since I no longer live in Montana, I'd like to respectfully offer a few public comments regarding the energy policy update for the following reasons:

- o My wife and I are Montana ex-pats (Great Falls and Bozeman) and we maintain close contact with Montana through in-state family, business

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colleagues, university connections, friends and almost yearly visits;

o I graduated from MSU (in the last century) and am currently on the advisory board for the Electrical and Computer Engineering department at MSU;

o I have been involved in the high-tech industry for the past 30 years here in Silicon Valley (Palo Alto, CA) and have experience, interest and contacts within the energy technology field;

o My work these days is to help technology companies develop 'innovative' viewpoints for their products and services. Consequently, I have been chatting with people and companies about various energy ideas oriented around the home, the power distribution systems, electric vehicles and various home/facility energy control systems.

o I was impressed by the very wise proclamation to have stakeholders and the public be involved with the Montana legislature in establishing energy goals. Marketing of the state's efforts will be an important part of achieving those goals. And with the public and stakeholders involved my experience leads me to believe that people will be talking about, thus shining a light on, Montana's energy efforts. Such a spotlight most likely will cause the state to become a more visible energy competitor (better yet - a collaborator) with the rest of the nation and potentially with other nations (esp. Canada, ND and WY);

o I try to be of help to my colleagues in Montana whenever I am able. I can't speak to Montana law regarding energy policy, but with regard to your specific operational issues:

* Rebuilding and extending transmission lines;

It's interesting to think beyond 'wires' (transmission lines) and see what other technologies and combination of technologies might be as, or, more, cost effective to 'move' energy from the various sources to the existing power grids.

* Integrating wind energy;

There are ways to integrate other readily available, Montana-local energy sources, as well as wind, into a cohesive energy resource that would conform to the state's energy policy. Montana is stunningly replete with new and old energy sources. And, people around the world are frantically working on

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pertinent energy technologies: e.g., solar, hydro, biomass, mechanical, coal, nuclear, nano-technology, etc. So, the technology may be available for innovative integrations in Montana.

...and

- * Maximizing the use of state land for energy generation.

Combining various energy sources (wind, solar, hydro, etc.) in optimally selected locations could increase the efficiency of generation at those locations; more bang-for-the-buck, so to speak.

Since many desirable energy sources are remote from existing power grids (especially in large states like Montana), 'innovative' solutions to move energy from these sources to the grids might allow alternatives to the construction and maintenance of power lines.

Energy storage technology can also help improve the efficiency of some energy source configurations. There's lots of interest and capital going into the R&D for energy storage mechanisms.

Also, the University system (most facilities on state land, as I remember) should be involved in these discussions because of the technical resources and contacts available within the system. I am not too familiar with UofM's efforts in the energy areas, but MSU does have several energy technology centers and professors doing some very interesting energy research. As you know, collaboration is so important in such an overarching technical, political and financial issue as energy.

I apologize for butting in as an outta-stater, but hope these thoughts add a few different operational viewpoints to consider while updating your energy policy.

I'm happy to chat more about these issues if you like .

Best Regards,

Dick Haney

CMT group

3275 South Court

Palo Alto | CA | 94306

(t) 650.494.1103

(c) 650.814.9291

8/27/2009

Nowakowski, Sonja

From: Tim Fisk [tbfisk@bellsouth.net]
Sent: Monday, August 24, 2009 6:55 PM
To: Nowakowski, Sonja
Subject: Energy Policy
Attachments: MSTI Letter.doc

Hello Sonja,

I am sending this email to provide input regarding "Maximizing state land use for energy generation". Specifically, I strongly oppose the use of private land for distribution of power and strongly support the use of public land for distribution of power. I have attached a letter I wrote to Tom Ring of the Montana Department of Environmental Quality. This letter specifically addresses the MSTI project and my reasons for opposing the routing of MSTI on private land and why I feel these lines should be on public land. Thank you for allowing my input.

Sincerely,

Timothy Fisk
1383 Humbug Spires Road
P.O. Box 129
Divide, MT 59727

1383 Humbug Spires Road
P.O. Box 129
Divide, MT 59727
August 17, 2009

Mr. Tom Ring
Montana Department of Environmental Quality
P.O. Box 200901
Helena, MT 59620

Dear Mr. Ring,

We own a ranch just north of Divide, MT, on the east side of I-15, west of the Humbug Spires Wilderness Area. Our ranch is directly in the proposed path, between Mill Creek and Divide, of the Northwestern Energy Mountain States Transmission Inter-tie power line. We would like to go on record as having filed the following objections to the proposed Northwestern Energy Mountain States Transmission Inter-tie project.

- 1) Our Ranch Manager, who lives on our ranch in Divide, has a defibrillator surgically implanted. The line as proposed will pose an extreme health risk to him. To manage the ranch, we require an on-site Ranch Manager. As a result, the proposed site of the power line would provide two choices for him – keep his job at the risk of his life or lose his job in order to save his health. Neither of those choices are what I would think the State of Montana would want for it's citizens as a result of this line's proposed site. Beyond this one individual health risk situation, I find it incredible that this power line site would be allowed on private land, risking all of the numerous illnesses and deaths that could result from its location, when alternative routes are available on public land that would not pose those health risks.
- 2) We are fortunate to have Native American historical sites on our ranch. There are a Native American ceremonial site, teepee rings, and graves located on this ranch. It is quite possible that these historical sites were put in place by Chief Joseph and the Nez Perce during their retreat to the Big Hole. The proposed location of the MSTI power line will cause destruction of these historical Native American artifacts.
- 3) We purchased this ranch specifically because of its location, with beautiful views of Fleecer Mountain and the Humbug Spires. That is Montana. That is an integral part of the quality of life we will have when we soon retire full time to the ranch. We like having space around us. We like being able to see the mountains, watch the wildlife, hike, fish, camp and photograph without interference. Putting up 125 to 185 foot towers, some with strobe lights, and heavy duty cables (not to mention proposed sub-stations and access roads) would destroy that quality of life.
- 4) We have worked very hard to be able to own our ranch. We are currently spending a very significant amount of money to build our dream home for our retirement on this ranch. That is after the purchase of the land about 2-1/2 years ago at "pre-power line" prices. We plan to retire to spend the rest of our lives here. Construction of towers, access roads, spreading of noxious weeds, and the taking of right-of-ways would destroy the very reasons we invested so much of our life savings in this ranch. This ranch is prime habitat for antelope, deer, elk, migratory birds, and a wide variety of other wildlife. We enjoy watching this wildlife on a daily basis. The power line would destroy that. Real estate people from this area state that

with the transmission line in place it would not matter what price we put on the property, that it would be “unsellable”. Quite a slap in the face to folks who have put a significant portion of their life’s blood, sweat and tears into a ranch to enjoy for the rest of their lives. To have so much of what we worked our whole life to achieve summarily taken away from us by Northwestern Energy is completely unacceptable. We vigorously protest being considered acceptable “collateral damage” in the pursuit of profit.

- 5) We take exception to the application filed by Northwest Energy in that the law requires a preferred and two alternate routes to be specified. In our area the three routes run right next to each other. Those do not qualify as alternates! Location of the power line to the west of Fleecer Mountain would be totally on public land, a shorter route and virtually out of view.
- 6) In 2006 the Federal Government sent a mandate to BLM, Forest Service and other agencies instructing them to create “National Energy Corridors” on public lands. The BLM has complied in creating at least some areas where land is set aside specifically for these projects. The Forest Service has not. It is unacceptable for Northwest Energy to simply accept that and destroy the lives and livelihoods of private land owners because it is “easier”.
- 7) Cell phone service is a necessity for communication on our ranch. The power company has clearly stated that the MSTI line will cause cell phone interference.

We understand and support the national push to upgrade the energy grid. We support the idea of generating green energy and creating green jobs in Montana. However, we take exception to sacrificing the health, lives, livelihoods, and assets of Montana landowners to do so. We are not suggesting that the MSTI project be stopped, but we are determined to see it moved to public land. As I mentioned above, location of the power line to the west of Fleecer Mountain would be totally on public land, a shorter route and virtually out of view. **Projects that serve the public good should be placed on public ground!**

It is our intention to fight the current siting with every bit of energy and resources that we possess. We intend to delay and interfere with this project (and upcoming projects that we have discovered are currently in process) until a corridor is established on public lands for this and future transmission lines. For Northwestern Energy it is a paycheck. For us it is literally our lives!

Respectfully,

Timothy B. Fisk

Barbara M. Fisk

cc: Mr. Paul Callahan, PBS&J

Nowakowski, Sonja

From: Russ Fletcher [russ@matr.net]
Sent: Wednesday, August 05, 2009 3:50 PM
To: Nowakowski, Sonja
Subject: Public Invited to Help Design Montana's Energy Future

Public Invited to Help Design Montana's Energy Future

I'd like to suggest that your committee consider using a Montana company to help develop a wide range of ideas that can be voted on by anyone visiting the site to help develop an idea of what Montanan's want. Very efficient software that should help the legislators come up with better solutions much faster. It takes the guesswork out of consensus. <http://www.grupthinkpro.com> Steven Sundheim is the CEO. steven@grupthink.com

The Montana Associated Technology Roundtables provide networking and information opportunities to the Entrepreneurs, Investors and Professionals of Montana and the Inland Northwest Region.

The MATR website is updated on a 24/7 basis and we provide a free compilation newsletter twice a week on Tuesday and Friday. You can view the most recent newsletter and sign up for it [here](#)

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While we do have Montana in our name, the [MATR website](#) focuses on regional economic activity in the Northwest and is updated continuously so check back for new ideas and success stories in any of our many focused categories. We also provide a growing list of [Companies and Resources](#) available in the Inland Northwest as well as an active [Events calendar](#). MATR is also posting career opportunities for a number of states with a focus on [Montana](#), [Utah](#), [Washington](#), [Idaho](#), [Wyoming](#), [Oregon](#), [North and South Dakota](#) and other "3rd Coast" States.

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If you're looking to begin a startup in Montana and you'd like some help or guidance, please send a post to russ@matr.net.

There is an extensive 8 year archive of articles about everything crucial to economic development in the "Read More About" section on the right side of the [home page](#) . Please share with the economic leaders in your community or state. We can all learn from the success of others.

8/27/2009

If your state or region is interested in having a newsletter focused on your economic efforts, please call me and I'll be happy to discuss opportunities.

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If you'd like to take advantage of the reach of MATR to advertise your company or organization, please see the opportunities available.

All the Best,

Russ Fletcher

"The State with the Best Education Wins!"

russ@matr.net

406-531-8119

Nowakowski, Sonja

From: Ellen Knight [mtstarrynight@gmail.com]
Sent: Sunday, August 30, 2009 8:47 AM
To: Nowakowski, Sonja
Subject: State Energy Policy

Dear Committee Members,

I understand that you are in the process of reviewing state energy policy. Many years ago I spent 10 years working seriously on regional energy issues for the League of Women Voters. I studied those issues hard at that time and although I no longer follow all the details, the over-all policy objectives of the Northwest Power Planning and Conservation Act remain as true today as then.

The objectives of that act were to provide power to the region using the following energy priorities, in order of preference:

1. Conservation
2. Renewable energy resources
3. Coal and fossil fuel resources
4. Nuclear

The statement of energy resource priorities represented ground-breaking work. Those priorities were correct in order to supply energy and to support the healthy workings of the Northwest environment and the earth, too. SB 290 says much the same thing, adding the development of energy resources that consider the health of the environment and social and economic considerations. Please keep those thoughts uppermost as you do your work.

Transmission Lines:

The primary objective should be to develop **DECENTRALIZED ENERGY RESOURCES, INCLUDING CONSERVATION**, so that new transmission lines are limited in number. I am dismayed that so little attention has been paid to this most logical approach. Please do your best to support conservation as a first line of defense. We still have a long way to go to obtain all the energy available through conservation.

However, when new lines are needed, it is so very important to keep environmental costs strongly in mind, and siting them so that wind energy and other alternative resources can be easily incorporated into the energy mix...and encouraged....jobs, jobs, jobs.

In this nation and across the world we really must get a handle on climate change. One good way to do this is to dramatically reduce our reliance on fossil fuels, coal especially. I understand fully that this state has lots of coal and that it would be an economic boon to develop that coal. But the sooner we make needed changes the better. For any of you who doubt the veracity of human caused climate change, may I suggest that the most conservative approach is to assume that the scientists may be correct, and if they are, making changes in our way of thinking and our actions now would be the best way not to be caught with our "pants down" later, so to speak....an "insurance policy" of a different kind. After all, if the scientists are correct (I fully believe they are) there are dire consequences which will affect the environment, global economics, and world-wide social structures. So, let's be conservative with the way we produce energy. Maybe that's a different perspective, but boy, as a student of energy and the environment, do I believe it.

8/31/2009

Best regards and do good work!

Sincerely,

Ellen Knight
5800 Rattlesnake
Missoula, MT 59802

--

ellen knight
Please note my new e-mail address:
mtstarrynight@gmail.com

Nowakowski, Sonja

From: Thompson Smith [trs@blackfoot.net]
Sent: Sunday, August 30, 2009 10:11 PM
To: Nowakowski, Sonja
Subject: comment on Montana energy policy

To the Energy and Telecommunications Interim Committee:

I am writing to comment on Montana's energy policy, and in particular the three issues on which you are seeking public comment.

At a general level, I hope that the Committee will pursue policies that address several needs: 1) the need for clean energy production; 2) the need for less energy consumption; 3) the need to protect Montana's environment and landscape; 4) the need to produce good long-term jobs. A successful policy will be one that achieves all those goals.

In regard to the specific issues on which the Committee is seeking comment:

1. Energy generation on state lands.

This must not be done in ways that do not sacrifice other values and benefits from these lands, or that place a higher value on energy compared to other uses and values. Before any such development is approved, there should be thorough study and analysis of potential environmental, cultural and social impacts, and a determination that no significant impacts will result from the proposed project. Clear priority should be given to clean energy generation.

2. Transmission lines.

The building of new lines should only be pursued if it has been proven that the use of existing lines, even with upgrading, is impossible. The focus should be on meeting the demand for the transmission of wind and solar energy; at the same time, this will be an opportunity to coordinate with the development of such sources of power to ensure that they are sited in areas with the least and fewest adverse environmental, cultural, and social impacts. Finally, the building of any new lines must and should fall under the Major Facility Siting Act.

3. Wind energy.

The key is planning ahead, as mentioned above under my comment on transmission lines, and ensuring that we minimize impacts from both the production and transmission of this kind of power. We have seen that the impacts at Judith Gap on birds and bats have been much higher than expected. Montana's policy should also incorporate the emerging new technologies for storing and transmitting wind power and combining it with other power sources.

Two final comments:

I am concerned that the Committee is not seeking comment on the issue of energy conservation. The fastest, cheapest, cleanest way to address our energy problems is to use less of it, and Montana could do a great deal more in that area -- as the recommendations of the Governor's committee on climate change made clear.

As a citizen member of the Flathead Basin Commission recently reappointed by Governor Schweitzer, I have seen first-hand the kind of unexpected negative side-effects that can result from our continued pursuit of coal. It has clearly hampered our efforts to seek permanent protection of the Canadian Flathead from the serious threat posed by energy development there (coal and CBM). The Canadians, with some justification, look at us and ask, who are you to ask this of us? We will be much more effective when we lead by clean example. And as today's report on Montana's wind energy made clear, the energy potential of wind dwarfs even that of coal.

We are at a critical moment in our history, not only in terms of energy, but in terms of the Montana we have known and loved. I hope we can meet this moment with wisdom, foresight, and a sense of what

we should hand down to all the generations yet to come.

Sincerely,

Thompson Smith
53950 Marsh Creek Road
Charlo, MT 59824
406-644-2547
trs@blackfoot.net

**Victor F. Nettles and Charlotte F. Quist
P.O. Box 109
Dillon, Montana 59725
406-835-2163**

August 24, 2009

Ms. Sonja Nowakowski
Legislative Services Division
P.O. Box 201704
Helena, Montana 59620-1704

Subject: Energy Policy

Dear Ms. Nowakowski:

It was recently announced in the *Dillon Tribune* that the state Energy and Telecommunications Interim Committee is going to review the state's Energy Policy on three specific issues:

1. Rebuilding and extending transmission lines;
2. Integrating wind energy; and
3. Maximizing the use of state land for energy generation

For background, we reside on the west side of I-15 on Willow Creek between the Glen and Birch Creek Exits in Beaverhead County. This area, as well as many other private properties on the I-15 corridor, is being considered as a route for the Mountain States Transmission Intertie (MSTI) 500 KV power line. We retired from Georgia in 2001 to reside full time in Montana and are living our dream of moving to an ideal location in the last best state. Now, with the MSTI threat looming over our heads, we are concerned that we will be living a nightmare! We fear that the value of our largest retirement asset is going to be degraded by some really warped interpretation of "the public good." We also have concerns for our health and our many neighbors who will be affected by the current plan.

We would ask the Committee to review and take measures to clarify Montana's policies regarding the siting process for transmission lines and other utilities that impact upon private landowners. In our personal campaign against routing MSTI on private property, we contacted the Governor's Office in October 2008 and received a memo from Mr. Richard Opper, Head of the Montana Department of Environmental Quality (DEQ). In Mr. Opper's response, he cited 75-20-301 (h) MCA "*that the use of public lands for location of the facility was evaluated and public lands were selected whenever their use is as economically practicable as the use of private lands.*" We learned via subsequent correspondence with Mr. Opper that this Major Facility Siting Act forced DEQ to follow a mandate that allows degradation of private property and financial loss by Montana citizens **IF** the alternative power line route on public land would be more costly to the

power company. This is absurd to us! This mandate to the DEQ seems in conflict with the current state energy policy which states: *“to 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.”*(90-4-1001 MCA) We much prefer the latter policy, which puts the interests of Montana citizens first.

From what has been explained to us about MSTI, the power company is not even using the line to sell power to Montana citizens. Instead, it will be a supply conduit to send wind power to distant states as a source of profit for NorthWestern Energy. NorthWestern Energy is hardly a local enterprise composed of Montana citizens but a corporation with headquarters in South Dakota and only 2 of 8 Board Members residing in Montana.

The deliberation over MSTI has given us insight on some important aspects of your issues nos. 1-3 above. They are as follows:

1. The first responsibility that the government of the State of Montana has is to its people. Whatever values that are derived from expansion of wind energy (or any other type) should not cause unnecessary loss of property value by Montana citizens for the benefit of corporations, business, and individuals in other states. Where benefits of wind energy are primarily exported, public land (i.e., BLM, USFS) use should be the preferred route, **regardless of cost**. Individual landowners in Montana should not take losses to subsidize electricity users in other states. Public land is more appropriate because out-of-state beneficiaries of the wind energy at least have some ownership stake in the impacted public land.
2. The cost of electricity should never be greater to Montana citizens adjacent to a transmission site than the cost to persons outside Montana who are receiving electricity from the same facility.
3. Private, for-profit utility corporations should be allowed to use State Lands for transmission lines in preference to private land. Use of State Lands to site generation facilities for utility corporations should not be allowed unless said facility is serving Montana citizens.
4. The State of Montana should provide language into policy statements on routing of transmission lines that would stress the importance of protecting private land holdings to ensure the future growth of the state. For example, a proposed route for MSTI along the I-15 corridor from Butte southward crosses some of the most valuable properties in the area. Almost by definition, these lands have the best soils, most water, trees, scenic views and easy access. This makes the corridor lands valuable real estate, either for agriculture or as in our case, for a homesite when we moved into this state. Higher up the sides of the valley are vast acreages of public land, much of which is rocky, marginal grazing land at best. The word “growth” is standard platitude in any political arena, and like it or not, growth truly is coming for Montana. A substantial amount of this growth

will come from "refugees" who are looking for more room, more peace, and a better place to live. They will not want to live near a huge power line, especially when there is a chance that the entire area will look like an industrial zone in the future. Having a residence on public land is not an option! So, the point is that a huge power line on prime private land is not a preferred option for growth in Montana.

5. Montana should take a conservative stance against the health hazards of high voltage transmission lines. There is a large body of epidemiologic evidence which associates exposure to high voltage transmission lines with greater prevalence rates of certain kinds of cancer and with general health problems.

6. Montana should immediately work on a comprehensive distribution plan for electrical energy of all types that would designate low impact corridors for future power line development. It is our understanding that the major federal land agencies have determined some alternatives which have not been used to date.

We trust that these comments will be considered and will be helpful in the Committee's deliberations.

Sincerely yours,



Victor Nettles



Charlotte Quist

Governor Schweitzer
Lieutenant Governor Bohlinger
Mr. Richard Opper
Mr. John Vincent, Montana Public Service Commission
Mr. Brad Molnar, Montana Public Service Commission
Ms. Deborah Barrett, Montana State Senator
Mr. Jeffery Wellborn, Montana House of Representatives

Nowakowski, Sonja

From: Jennifer and Will Swearingen [parkside@bigsky.net]
Sent: Monday, August 31, 2009 7:47 PM
To: Nowakowski, Sonja
Subject: Energy Policy Comments

To the Members of the Interim Energy Committee:

I strongly concur with the recommendations outlined by MEIC--particularly the point that *the State of Montana should pursue those projects that have the least environmental cost and the greatest long-term benefit to Montanans.*

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
- New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

- The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.
- State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects

can be mitigated.

- State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Nowakowski, Sonja

From: DAVE RYAN [drpe@msn.com]
Sent: Monday, August 31, 2009 12:19 PM
To: Nowakowski, Sonja
Cc: Emily Peters
Subject: Comments on State Energy Policy

Hi Sonia

I am a registered professional engineer in Montana, and I have been dealing with energy issues my entire career, over 27 years. I thank the Committee for allowing me the opportunity to comment on the following aspects of energy policy in Montana.

- Increasing the supply of low-cost electricity with coal-fired generation;
 - We do not know the cost of electricity generated by burning coal. No one has quantified all of the costs, and I doubt that the costs will ever wholly be quantified. We have lived with acid rain damaging our forests, our buildings, and our lawns and gardens, none of this damage has ever been paid for and has scarcely been acknowledged. We live with mercury in our lakes; we are warned about the dangers of eating fish that grow in these lakes, but we do not even talk about what costs are incurred as a result of this contamination. Coal fired power plants emit more radioactive uranium than nuclear power plants. According to the Oak Ridge National Laboratory, "Americans living near coal fired power plants are exposed to higher radiation doses than those living near nuclear plants that meet government regulations". No one knows what the costs of this. The real danger is that the coal company economists simply say "if we can't determine a cost for something, then the cost must be zero". We need to identify the sources of the hidden costs of coal fired electricity before we have a rational discussion about what the cost of coal fired electricity is. Until we do this, we cannot say the coal fired generation is low cost.
- Rebuilding and extending electric transmission lines;
 - The electric transmission and distribution system must be made to be as efficient as possible economically. This means upgrading aging facilities, increasing voltage levels wherever possible, and using existent rights-of way for transmission line construction. We need to recognize the costs of transmission line upgrades and factor these into the equation when comparing alternatives like energy efficiency and distributed generation.
- Maximizing state land use for energy generation;
 - We need to be sure not to exclude other revenue streams that might be erased by energy development on state lands. Energy development is not the only game in town, and we need to be careful not to destroy state lands in order to generate energy.
- Increasing energy efficiency standards for new construction;
 - We need to keep up with the International Energy Codes, as we have been doing. What we really need to do is be sure that *existing* codes are being enforced.
- Promoting conservation;
 - Conservation is the least cost energy resource. Conservation provides jobs as well as saving energy. We should promote conservation at every opportunity.
- Promoting energy efficiency incentives;
 - The biggest barrier to energy conservation is the first cost of installing energy conservation measures. We need to provide incentives to people, especially low income people, to install conservation measures. We need to educate people as to the methods of energy efficiency and the benefits of those methods.

- Promoting alternative energy systems;
 - We need to promote *renewable* energy systems. We need to help people understand the benefits of *renewable* energy and how to take advantage of *renewable* energy. If enough people installed renewable energy generation and energy efficiency measures, we wouldn't need new transmission lines or coal fired power plants.
- Reducing regulations that increase ratepayers' energy costs;
 - There is a reason for regulation. How about we make a regulation that decreases ratepayers energy costs by decreasing the profit of the coal fired generation plant? The second biggest barrier to conservation and renewable energy in Montana is the low cost of electricity and natural gas in this state. Let's make smart regulation that helps people to be more efficient and to generate their own energy, in the long run that will be the least cost path to take – in contrast to the "dig it all up and burn it as quickly as possible" mentality.
- Integrating wind energy.
 - We need to look into more alternatives to help to integrate wind energy. So far it seems that the only alternatives investigated are hydroelectricity and natural gas fired turbine generators. We need to investigate and develop demand side resources like smart metering. We need to implement better rate structures that reflect actual costs, including time of use rates. Energy customers in Montana should be made aware of where the energy they use is coming from at any given time, and what the cost (both in dollars and in environmental impact) of that energy really is. We need to encourage people to invest in energy storage and to install renewable energy generation that generates on utility peak.

Thanks again, for the opportunity to comment on these important issues.
Best Regards,
David Ryan PE

David Ryan PE 2910 Floral Blvd Butte, MT. 59701 406 494 0930 h/o 406 490 6233 cell

Nowakowski, Sonja

From: Nellieisrael@aol.com
Sent: Saturday, August 29, 2009 11:54 AM
To: Nowakowski, Sonja
Subject: Montana's energy policy

Please take into account the following points:

1. Rebuilding and extending transmission lines

- * Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- * Building new transmission lines should be a last resort after other options for upgrading the energy system.
- * New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- * Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- * Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- * Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. **Maximizing State Land for Energy Generation**

- * The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- * The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- * The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.
- * State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.
- * State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Sincerely,

**Nellie Israel
PO box 76
Joliet, MT 59041
406.962.3530**

Nowakowski, Sonja

From: Kathy Lloyd [drakekath@hughes.net]
Sent: Saturday, August 29, 2009 8:32 AM
To: Nowakowski, Sonja
Subject: state energy policy

August 29, 2009

Dear Decision Makers,
We have comments in the following three categories:

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
- New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

- The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.
- State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

- State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Thanks.

Kathy Lloyd and Drake Barton
503 State Street
Helena, MT 59601
406-449-6586

Nowakowski, Sonja

From: Guy Bateman [gdbateman@yahoo.com]

Sent: Sunday, August 30, 2009 4:57 AM

To: Nowakowski, Sonja

Subject: Energy Policy

I would like to comment on three energy policy issues:

1. Rebuilding and extending transmission lines

- * Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, recreational opportunities, and property values.
- * Building new transmission lines should be a last resort after other options for upgrading the energy system.
- * New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- * Transmission and renewable energy development should be linked, because there will not be renewable energy development without new transmission. Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- * Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- * Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on the transmission system. Montana should prioritize using existing energy sources (natural gas and hydroelectric) to integrate wind power, while pursuing new technologies for energy storage.

3: Maximizing State Land for Energy Generation

- * The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- * The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- * The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other

beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans (e.g., hunting, fishing, hiking, etc.).

* State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land. Mitigation is not a viable option.

* State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land. Mitigation is not a viable option.

Thank you.

Guy Dean Bateman, Ph.D.
P.O. Box 144
Pablo, MT 59855
406-550-9450

Nowakowski, Sonja

From: Gil Jordan [ontherun@aboutmontana.net]

Sent: Friday, August 28, 2009 10:11 AM

To: Nowakowski, Sonja

Subject: comments on energy policy

As members of Montana Conservation Voters, we support their positions as follows:

1. Rebuilding and extending transmission lines

- * Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- * Building new transmission lines should be a last resort after other options for upgrading the energy system.
- * New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- * Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

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- * Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

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- * The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
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beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.

* State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

* State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

Thank you,

Gil Jordan & Kimberly Pinter
Coram, Montana 59913

Nowakowski, Sonja

From: Doug Soehren [dsoehren@bresnan.net]
Sent: Friday, August 28, 2009 12:16 PM
To: Energy; and; Telecommunications; Interim; "Committee <snowakowski@mt.gov>
Subject: Comments on revising Montana's energy policy

Dear Energy Committee,

Joetta and I want to thank you for seeking our comments on this very important issue you are addressing. We wholeheartedly support MEIC's recommendations which we have outlined below. Please consider these very thoughtful comments:

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
- New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

- Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
- Using existing generation differently and developing new generation can help address wind's inherent variability and its effects on a transmission system. Montana should prioritize using existing energy sources to integrate wind (natural gas and hydroelectric), while pursuing new technologies such as compressed air storage.

3. Maximizing State Land for Energy Generation

- The State must evaluate the environmental, cultural, and social impacts related to energy development on state lands, including impacts to air, water, agriculture, as well as hunting, fishing, and other recreational uses.
- The state should prioritize development of clean renewable energy sources, which are an environmentally sensitive option and also are the preferred choice in many electric markets.
- The disposition of state land must be analyzed based upon a balancing test to ensure that energy development does not trump other uses. Energy development must not be given priority over other beneficial uses of state land, including maintaining that land in an undeveloped state for the future use and enjoyment of Montanans.
- State land should only be used for renewable energy development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.
- State land should only be used for oil and gas development if it can be demonstrated that there will be no significant adverse impacts to the land or the effects can be mitigated.

The law says that it is the policy of the State "to 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."

Peace,
Doug

8/28/2009

Nowakowski, Sonja

From: Wade Sikorski [wds@midrivers.com]

Sent: Sunday, August 30, 2009 6:11 AM

To: Nowakowski, Sonja

Subject: revising state energy policy

Members of the committee,

I understand you are revising energy policy. Please consider doing the following things:

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
- New electricity generation will follow transmission lines. New transmission lines should facilitate the development of clean renewable energy.
- Transmission and renewable energy development are linked (i.e., there will not be renewable energy development without new transmission). Renewable energy development must be responsibly sited.

2. Integrating Wind Energy

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Sincerely,

Wade Sikorski
1511 Hwy 7
Baker, MT 59313

8/31/2009

Nowakowski, Sonja

From: James Paulsen [jlpmsw1972tx@hotmail.com]
Sent: Saturday, August 29, 2009 10:18 AM
To: Nowakowski, Sonja
Subject: State Energy Policy

The below points I would like to emphasis as factors to seriously consider in the State Energy Plan, Thank you, James Paulsen, 2306 Locust St, Billings, MT 59101

Integrating Wind Energy

- Proper planning will enable the use of greater amounts of wind power. Siting transmission lines to assist in the development of wind energy can help place wind projects in diverse areas around the State with different wind regimes.
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Windows Live: Make it easier for your friends to see what you're up to on Facebook. [Find out more.](#)

Windows Live: Keep your friends up to date with what you do online. [Find out more.](#)

Nowakowski, Sonja

From: J. Paulsen [j-j714paulsen@bresnan.net]

Sent: Saturday, August 29, 2009 9:55 AM

To: Nowakowski, Sonja

Subject: State Energy Policy

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
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1628 38th St. So
Great Falls, Mt. 59405
Aug. 10, 2009

The Energy and Telecommunications Interim Committee
ATTN: Sonja Nowakowski
Box 201704
Helena, MT. 59620-1704

Dear Committee Members,

On a recent trip through Texas I was appalled to observe what I call unbridled proliferation of wind farms.

Let me set you straight, I am NOT against wind as an energy source. I am against the unregulated location siting , size and numbers of wind farms.

I have included photos I took of one of the areas observed in Texas. The photos were taken in the area of wind chargers near Hermleigh, Tx.. This field of chargers extended to between 75 and 100 miles in length and were visible to the horizon in any direction you looked. On our return trip another field that was about as large was located in the area north of Big Spring, TX. I am also aware of a field east of Fort Stockton, TX that extends for 50 miles on the north side of the highway.

Maybe in Texas they don't have much to look at or do not care but Montana is unique in many ways. Fields like this would impact not only our way of life but would damage the tourism industry and our reputation as a place to visit. With the newly approved electrical tie line to Canada from Great Falls that area is extremely vulnerable to such development. Would you want to see a wind energy field extending from Great Falls to Shelby? It could happen!

There must be some control over these fields in location and size and numbers in a given area! The argument that they provide "high paying jobs" doesn't wash. Those that construct them are generally from outside the area and their pay only counts until the field is developed. . Once up, maintaining them does not require very many people living in the vicinity. The profits are taken by companies from beyond Montana and even beyond the United States. Montana will not benefit directly from the electricity which will go to the populated areas of California, Arizona and Canada.

Is the amount of tax elicited from these fields enough to offset the grief caused when the technology changes, the equipment is worn out, not working and not replaced or the company goes broke and leaves the towers to be removed by the state?? Once they are in place, there is no changing the rules of installation.

Why should we be forced to look through and listen to these fields any more than we have to?

Please give this careful consideration in creating regulations concerning wind energy.

Sincerely,
Paul T. Snyder

ptsnyder2@msn.com
406-727-1551

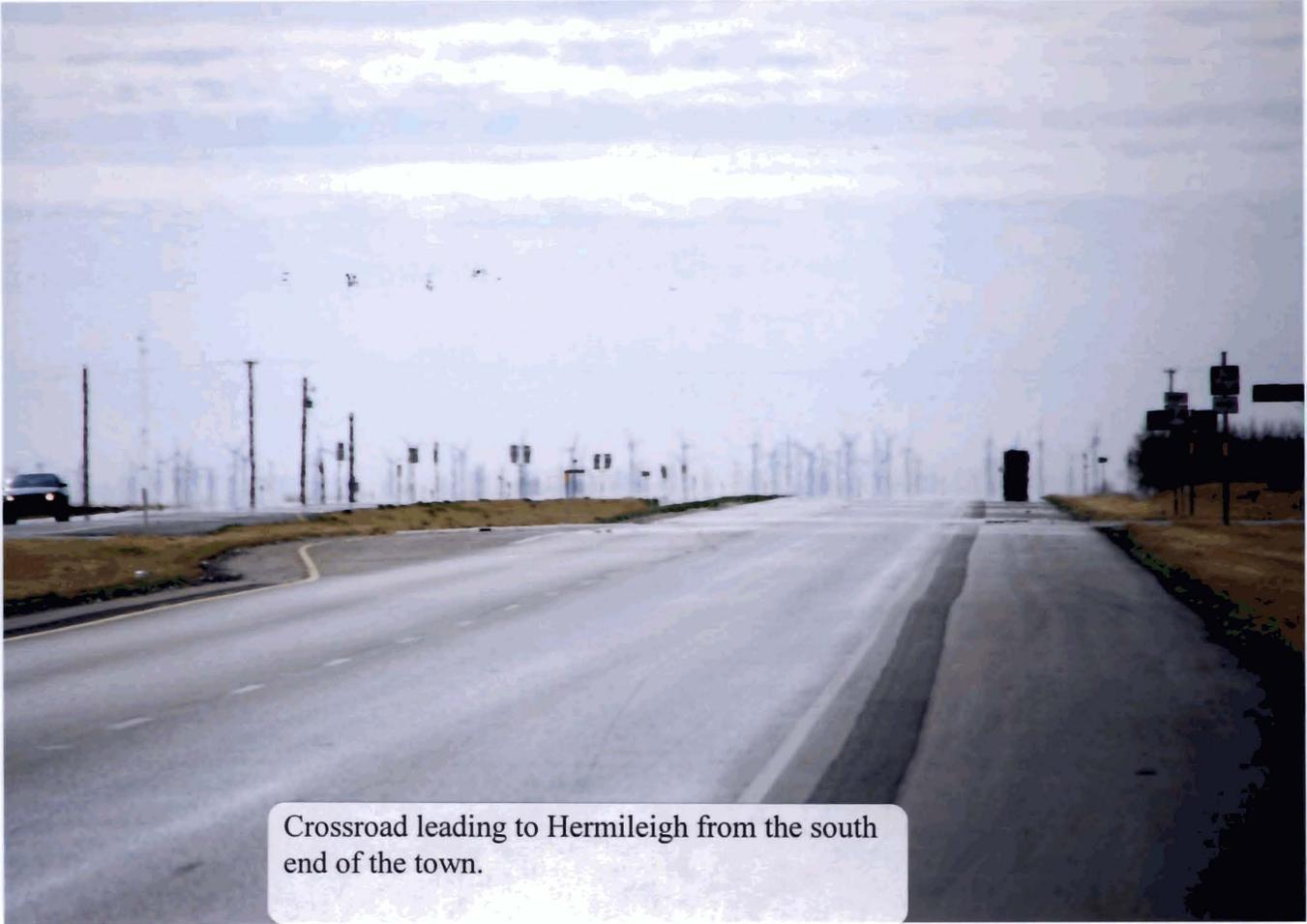




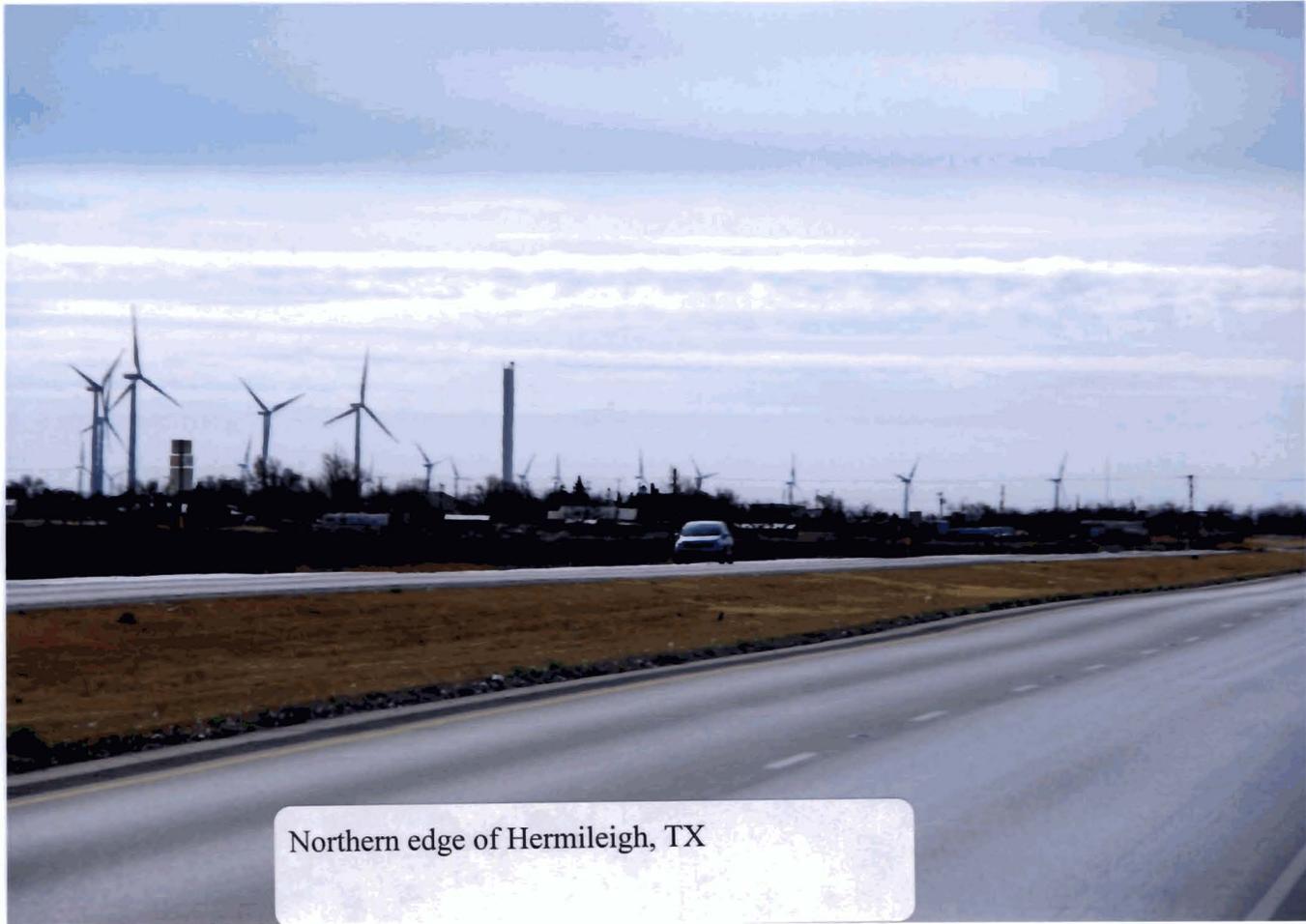








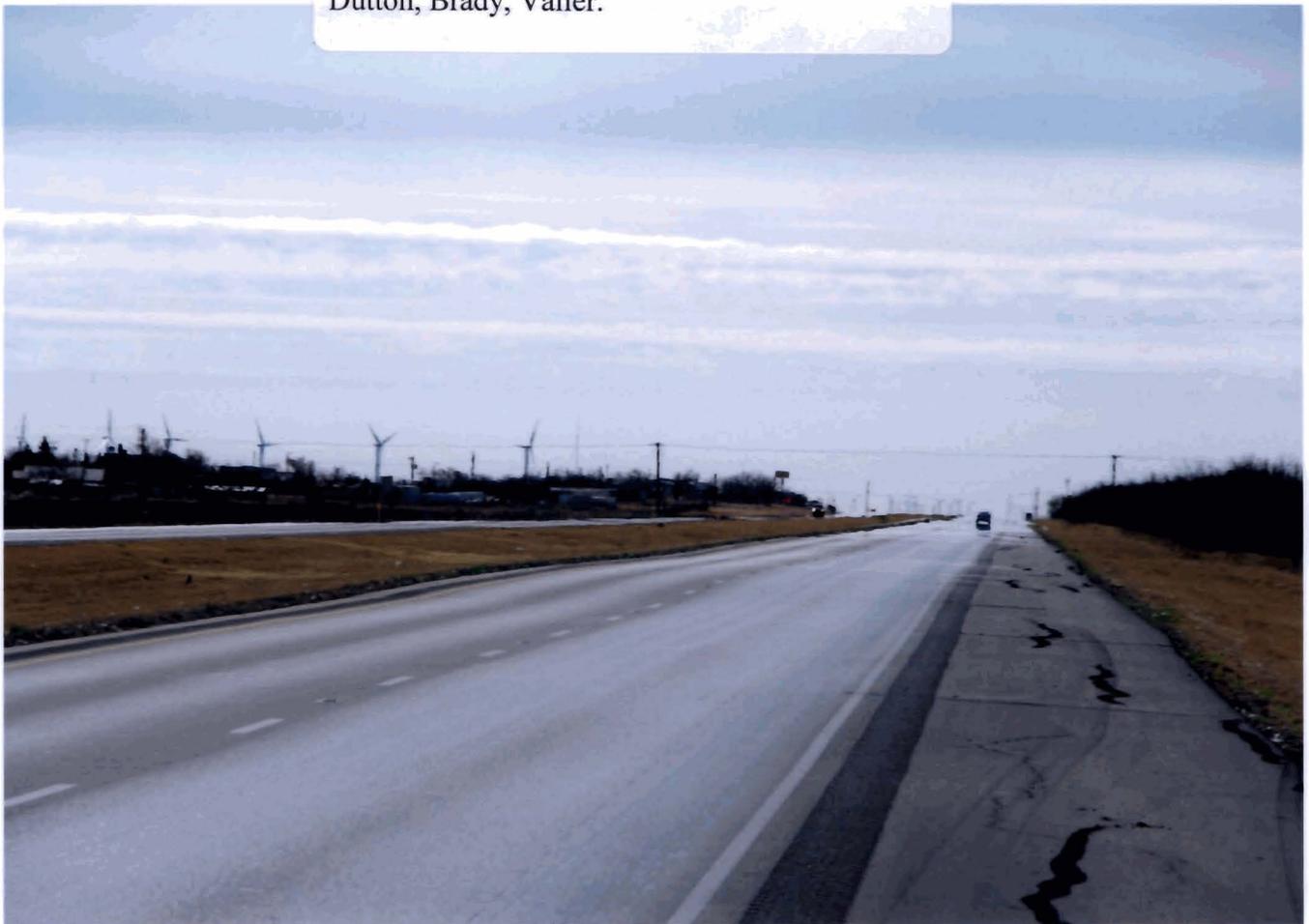
Crossroad leading to Hermileigh from the south end of the town.



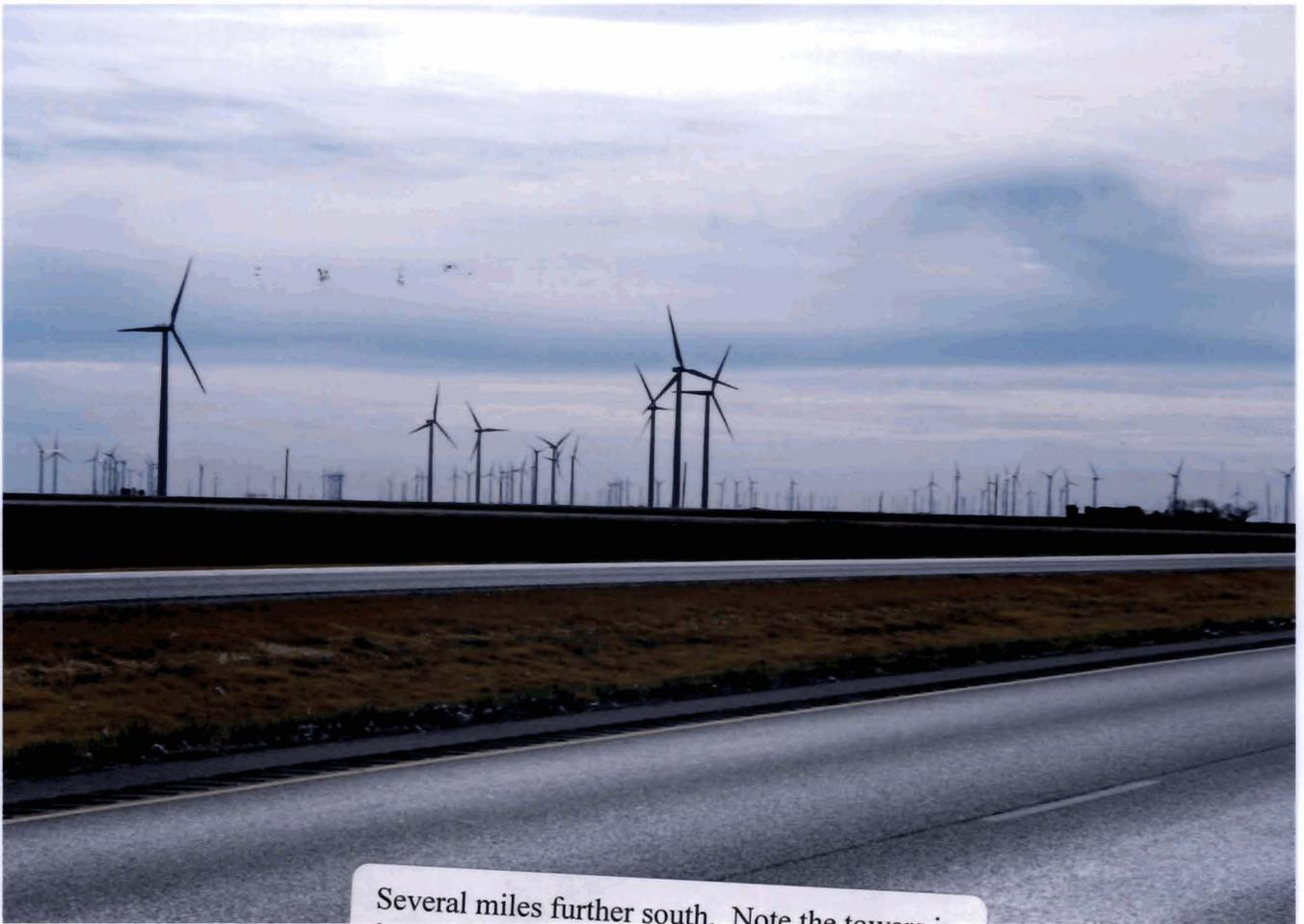
Northern edge of Hermileigh, TX



Hermileigh, TX. A town about the size of Dutton, Brady, Valier.

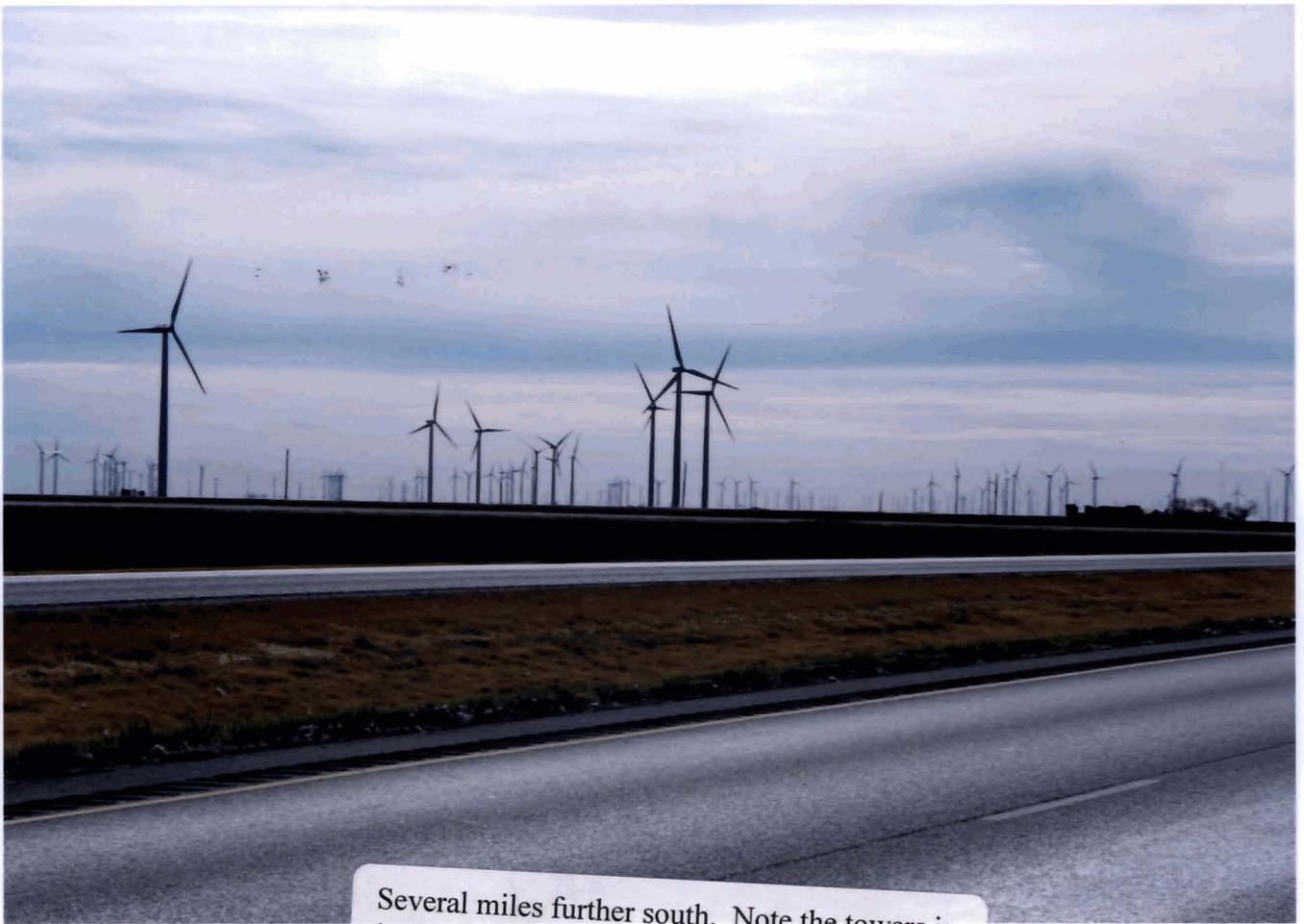






Several miles further south. Note the towers in the far distance.





Several miles further south. Note the towers in the far distance.





Alternative Energy Resources Organization

432 N. Last Chance Gulch

Helena, MT 59601

Phone: (406) 443-7272 / Fax: (406) 442-9120

Email: aero@aeromt.org / Web: www.aeromt.org

September 1, 2009

Energy and Telecommunications Interim Committee
Legislative Services Division, Attn: Sonja Nowakowski
P.O. Box 201704
Helena, MT 59620-1704

Dear Members of the Energy Telecommunications Interim Committee,

Thank you for considering our comments as you revise Montana's energy policy. AERO—Montana's Alternative Energy Resources Organization, is a membership driven 501(c)(3) non-profit that has been building community and promoting sustainable agriculture and energy solutions since 1974. AERO is supported by more than 800 household and business members around the state.

Enclosed you will find a copy of a report published in 2008 by AERO. The report, titled *Repowering Montana: A Blueprint for Home Grown Energy Self Reliance*, is a practical vision for how Montana can bolster the state's economy and fully meet our state's energy needs with conservation and clean renewable energy. We strongly suggest that you apply AERO's "Test Criteria for Energy Resources" on page 6 in determining a policy for how to use state land for energy generation. And please refer to Chapter 4 for a discussion of the other two issues on your docket for the next ETIC hearing: transmission and wind integration. *Repowering Montana* is also available online at: <http://www.aeromt.org/blueprint.php>.

Please consider these key points:

- ✓ Take advantage of the opportunity to avoid the overwhelming environmental and fiscal costs of new transmission by prioritizing acquisition of efficiency resources and distributed generation.
- ✓ Investigate and implement conservation, "smart-grid" technology, and pumped air storage to help integrate new wind generation.
- ✓ Encourage and incentivize new renewable power production at a scale that reasonably permits local ownership and self-reliance.
- ✓ Transmission line construction should be evaluated under the Major Facilities Siting Act.

We have reached a turning point where our economy, environment and communities require a fundamental shift in the way we generate and use energy. The finite supply of fossil fuels on which our entire economy is built will run out. Whether global energy production peaks and then begins declining in one year, 10 years or 100, society will be forced to transition to live with much less cheap energy in our gas tanks, illuminating our light bulbs, and fueling our home heaters. Dr. Fatih Birol, Chief Economist of the International Energy Agency anticipates oil production peaking in 2020, while other experts say the peak has already passed (some say July of 2008) and that oil production will never reach that volume again. Global coal supplies, once thought of as nearly infinite, are now being examined with the same critical eye. Recent research by Richard Heinberg (*Blackout: Coal, Climate and the Last Energy Crisis*) points to a peak in economically recoverable coal supplies within two decades.

Furthermore, Earth's atmosphere in which civilization has flourished over the last 10,000 years is being drastically and dangerously altered by the combustion of fossil fuels in our vehicles, industries and power plants, and "cleaning" fossil fuels simply is not economically viable, even if it were theoretically possible. Fossil fuels have been a tremendous resource, but continuing to mine and burn them is like heedlessly emptying a once vast savings account. We need to get back to meeting our needs with our income, which in energy terms means tapping into clean, renewable energy sources.

However, the prospect of replacing all of the fossil energy supply our world currently uses with solar, wind, flowing water, biomass and geothermal energy is far-fetched at best. We simply need to stop wasting energy—in whatever form; we need to do more with less. The good news is that we have all the tools close at hand to accomplish this.

As lawmakers, it is your responsibility to help Montana ease into the inevitable transition to a post-fossil fuel society, in order that generations to come may prosper and that the environment we depend on does not disintegrate further. It does not serve the future to drill and mine ourselves into a hole that is too deep to get out of when fossil fuels run dry. The cheapest and easiest path through this transition is simply to use less, and to produce what we do use closer to home from clean, renewable sources.

Once again, thank you for considering AERO's comments in your deliberation.

Best regards,

Ben Brouwer
Renewable Energy &
Conservation
Program Manager

Wilbur Wood
Energy Task Force Co-Chair
Roundup

Max Milton
Energy Task Force Co-Chair
Helena

Comments are submitted on behalf of AERO's Board of Directors (listed below) and members:

Jess Alger
Stanford

Judith Fraser
Hamilton

Shannon Hughes Moar
Helena

Sally Bostrom
Clancy

Jeffrey Funk
Bigfork

Jill Owen
Choteau

Barb Brant
Whitefish

Pam Gerwe
Whitefish

Bruce Smith
Glendive

Jacob Cowgill
Conrad

Kristina (Kiki) Hubbard
Missoula

Kate O'Brien
Whitefish

Pat Dopler
Cottage Grove, OR

Kate Malone
Bozeman

Linda Welsh
Whitehall

Nowakowski, Sonja

From: Karen Shores [kshores@3rivers.net]
Sent: Thursday, September 03, 2009 7:26 PM
To: Nowakowski, Sonja
Subject: Clean energy

Please consider more wind farms Judith Gap iss beautiful!

Encourage conservation..... Huge night lights in cities and towns esp. commercial -waste of energy.

develop solar

No more coal fired plants

Thank you for working carefully on this issue for the people of Montana.

Karen Shores
15 Carkeek Lane
Cameron, Mt. 59720

Nowakowski, Sonja

From: K.Gessaman [1kfalcon@gmail.com]
Sent: Sunday, September 06, 2009 2:45 PM
To: Nowakowski, Sonja
Subject: We Need A Clean Energy Future

Dear Energy and Telecommunications Interim Committee (Energy Committee),

MEIC has done an excellent job outlining points for the Energy Committee to consider when revising the State's energy policy. We have included a copy of MEIC's excellent work. We hope the committee includes these points when they revise the policy. We think when LED technology becomes the lighting source of choice for the majority of people, energy usage will continue to drop. We also hope that net metering will become an important factor in reducing large power plants and new transmission lines.

Thank you for accepting public input for your consideration.

Sincerely,

Ron and Kathleen Gessaman

We support the following MEIC points:

1. Rebuilding and Extending Transmission Lines

- Transmission lines should fall under the Major Facility Siting Act and be responsibly sited, taking into account impacts to wildlife, agricultural operations, landscape, and property values.
- Building new transmission lines should be a last resort after other options for upgrading the energy system.
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Don McDowell, Secretary/Treasurer – Powder River County
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Chad Fenner, Big Horn County

Energy, Telecommunications Interim Committee
September 4th 2009

Chair and Members of ETIC

The Montana Association of Oil, Gas and Coal Counties Inc. (MAOGCC INC.) would like to offer the following comments on the three issues that you have requested public comment on.

- rebuilding and extending electric transmission lines;
- integrating wind energy into the electric grid; and
- maximizing state land use for energy generation.

The first general comment we would like to make is that it should be the policy of Montana to involve the affected local governments in the early development stages of any projects that are being proposed. It is very important that the State cooperate and collaborate with local elected officials. Local officials can often provide input that would lessen the chances of opposition and litigation over a certain project as well as insure the projects conform to the counties growth policy or if necessary amend the growth policy to allow the development of a certain project before it gets to court.

We also believe very strongly that Montana needs to create an Energy Transmission Authority similar to that of our neighboring states, Wyoming in particular. They need to be able to provide financial help for feasibility studies, issue bonds if necessary to aid in building , rebuilding or extending transmission lines (electric, gas, oil and co2) as well as, to assist in planning coordinating and facilitating the development of energy infrastructure such as generation facilities, be it wind, gas, biomass or coal.

We also believe that public lands should be used as much as possible for transmission lines of any kind and private property owners should be duly compensated when crossing private property. As far as energy generation on state land it would be a benefit to the school trust., we feel that is in the best interest of all Montanans, however the current laws in Montana make it more difficult to develop on state lands because of the environmental groups ability to slow or even stop development on public lands.

Thanks again for allowing MAOGCC Inc. to comment and we look forward to working with the committee in updating Montana's energy policy.

William Duffield, Executive Director
Montana Association of Oil, Gas & Coal Counties Inc.

William Duffield, Executive director
Cell Phone 406-939-4443
E-mail whd@midrivers.com

Website: montanaenergy.org
Mailing address: PO Box 5009
Forsyth, MT 59327

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Testimony Before the
Energy & Telecommunications Interim Committee

September 24, 2009

by

Dan Flynn
Assistant Business Agent
IBEW, Local 44
Butte, Montana

Madam Chairman, Members of the Committee,

It doesn't make any difference which form of energy development one wants to talk about – natural gas, oil, hydroelectricity, coal, thermal generation, wind, solar, biomass, whatever – before there can be development, two things must be in place.

First, there must be a market for the energy product. Someone, somewhere, has to want to buy it.

And second, there must be a means of moving the energy product from the place of production to the market.

Montana is a large state in a geographic sense, but its population is small and so is the market for energy. We are already a net exporter of energy, and the future development of energy resources in this state depends on exporting energy products to out-of-state markets in places like Los Angeles, Las Vegas, Phoenix, the Bay Area, Denver, Portland, Seattle, and potentially back to the Midwest as well. And, to get the product there, investment in transportation infrastructure is mandatory.

Coal principally moves by rail. Some small shippers use highway transportation.

Natural gas requires pressurized pipelines.

Petroleum and its refined products use pipelines, railroad tank cars, and trucks.

Electricity requires transmission lines.

The members of IBEW 44 build, service and operate transmission lines. The power line running down the alley or across the south forty bringing electricity to the meter on your home is performing exactly the same function as the conductor suspended from a large steel lattice tower running between Colstrip and Spokane, that is, providing a highway over which the electricity can move. The only difference between power lines is their size. In Montana, lines with a voltage of 69 kilovolts (kV) and higher are called transmission lines and are used to move electricity over longer distances. Lines under 69 kV are called distribution lines and move power shorter distances through town or along rural roads to customers.

Power lines are everywhere. They are a taken-for-granted piece of everyday life. They are so common that no one really notices them unless a developer announces a plan to build a new one. Then, Katie bar the door, the world as we know it will now cease to exist. The truth is, transmission lines have relatively few adverse impacts. Those most frequently cited are:

1. Aesthetic effects. Some people object to the presence of a transmission line in their field of vision because, in their opinion, such facilities are ugly and harm scenic views.

If that is the case, then the way you maximize adverse visual effects is by locating the transmission line in virgin country, wild lands where the effect of corridor tree-cutting and the presence of the support towers is much more pronounced in the field of view.

The way to minimize visual effects is to locate new transmission line alongside other linear features, especially other transmission lines.

2. Land use conflicts. This is principally a problem in agricultural areas where transmission line support structures can disrupt agricultural planting and harvesting operations or the use of mechanical irrigation systems (wheel lines and center pivots). These conflicts can be almost universally mitigated by structure placement in road rights-of-way and along fence lines. Transmission lines built on grazing land do not adversely affect agricultural operations.
3. Road Construction. To build and maintain transmission lines, roads are needed. This requires disturbing the land through tree-cutting and cut-and-fill construction. Road construction increases the likelihood of erosion and sedimentation in streams. New roads can also open wild lands to more human use, with other possible environmental impacts. The obvious solution to this environmental issue is to minimize new road development by using existing facilities, that is, those which serve existing power lines.

Critics of new transmission lines also claim that the presence of transmission lines devalue nearby property. I've never seen any study done by a reputable independent party to demonstrate that that is true. Even if it were true, people with transmission lines located on their property receive an easement payment from the developer which can mitigate the potential financial burden.

One thing that I do know for sure is that lands without electrical services are worth much less than lands with electrical service on them or nearby. Even though high voltage transmission lines are not used to distribute power to residents and businesses, frequently the utility attaches a separate set of distribution lines to the structure to provide power to local landowners which can increase the value of their property.

Finally, critics of transmission lines frequently claim that the electrical force field (called EMF) which surrounds all electrical conductors and electrical appliances, be it an electric razor or a 500 kV transmission line, can cause cancer. Obviously, this is an issue the IBEW is vitally interested in because it affects the health of our members. We've not seen any valid studies to prove the case. Frankly, in my judgment, if EMF caused cancer, there wouldn't be a lineman alive over the age of 45 because we're in EMF fields every work day of our careers.

I would also like to mention that it is not currently cost effective to bury high voltage transmission lines, and the reason is very simple. The movement of electricity through a conductor produces heat, and on large transmission lines, the temperature of the conductor can reach several hundred degrees. Above ground, that heat is carried away by the air. Underground, the heat is trapped by the insulating effect of the soil, and it increases until the line fails. In order for a high voltage transmission line to be placed underground, it needs to be placed in a conduit through which some kind of a substance such as oil or a refrigerant is pumped to capture the heat which is then released into the atmosphere through large heat exchangers (i.e., radiators) every so many miles. This technology has been used on a very limited basis for very short lengths of transmission line. Trying to construct a high voltage transmission line underground would likely increase the cost of the facility five to ten times, and no one could afford to use the facility.