

Public Comment:

03:08:11 Doug Hardy, MECA, said he was not aware of any reports submitted by any electric cooperatives.

Committee Questions and Discussion:

03:09:25 Rep. Pope asked Ms. Nowakowski what a REC looks like.
03:09:50 Rep. Pope asked Ms. Nowakowski if a generator of electricity using renewable sources would be generating a REC. Ms. Nowakowski said it would if the generation was used to meet a Renewable Portfolio Standard (RPS).
03:10:13 Rep. Pope asked Ms. Nowakowski if someone claiming to have generated a REC is a conceptual idea or if there is a bank where RECs are traded.
03:11:58 Sen. Ankney said Stoltz Lumber was guaranteed it would be able to sell its RECs for the renewables they were creating. He said that when they tried to sell them in Washington and Oregon the value had deteriorated because of all the green energy on the market.
03:13:00 Rep. Regier asked Mr. Schoenfeld if he thought the REC reporting should be discontinued.
03:13:39 Rep. Regier asked about directions for staff on continued reporting.
03:13:41 Sen. Connell said there is an overabundance of RECs in the state of Washington and they have legislatively refused to tolerate any RECs unless they are a home based REC.
03:14:09 Rep. Regier asked Mr. Schoenfeld how much time the department spends on RECs.
03:14:56 Sen. Larsen said he is concerned because it is a law and the law is not being reviewed effectively and the ETIC has the responsibility to do something.
03:16:20 **Motion:** Sen. Ankney moved to repeal the REC reporting requirement.

Discussion:

03:16:59 Rep. Regier
03:17:10 Rep. Pope
03:18:19 Sen. Larsen
03:19:13 Sen. Ankney withdrew his motion.
03:19:35 Rep. Regier
03:19:42 Ms. Nowakowski
03:20:01 Sen. Connell
03:20:25 **Motion:** Sen. Ankney moved to reinstate his previous motion.

Discussion:

03:20:36 Rep. Pope
03:21:28 Ms. Nowakowski
03:22:10 Rep. Regier
03:22:30 Sen. Larsen
03:22:38 Rep. Regier
03:23:19 **Vote:** The motion carried 6-2 by roll call vote. Rep. Steenberg and Sen. Driscoll voted no. Rep. Zolnikov voted by proxy. ([Attachment 7](#))

03:23:24 **Motion:** Sen. Larsen moved to create a study resolution that requires a review of RECs in Montana.

Discussion:

03:23:41 Ms. Nowakowski

03:23:54 Sen. Larsen

03:24:11 **Vote:** The motion carried 5-3 by roll call vote. Rep. Zolnikov, Sen. Connell, and Rep. Regier voted no. Rep. Zolnikov voted by proxy. **(Attachment 8)**

GEOHERMAL RESEARCH UPDATE (90-3-1301, MCA)

03:25:05 John Metesh, director, Montana Bureau of Mines and Geology (MBMG), provided an update on its geothermal research allowed under HB 333 (2009). **(Exhibit 12)**

03:28:00 Mr. Metesh discussed the MBMG Data Center.

03:31:00 Mr. Metesh discussed the analysis of geothermal in Montana.

03:31:40 Mr. Metesh provided an update on the geothermal system that was installed in the Natural Resource Building.

Public Comment: None

Committee Questions and Discussion:

03:32:57 Sen. Larsen commented on the field trip the ETIC took to the Orphan Boy Mine.

03:33:19 Sen. Connell thanked the MBMG for putting together the information that is protecting senior water rights throughout the state by identifying and quantifying them.

03:34:41 Sen. Connell said he would like to have more information on the implications on water in geothermal production.

03:36:17 Susan Petty, president and chief technology officer, AltaRock Energy, clarified the consumptive use of water for geothermal energy production.

03:37:31 Recess for lunch at 11:52 a.m.

04:45:31 Reconvene

Sen. Larsen left the meeting and gave his proxy to Sen. Driscoll. **(Attachment 9)**
Rep. Zolnikov returned to the meeting.

MARKETING MONTANA'S ENERGY RESOURCES

04:46:15 Carl Borgquist, Absaroka Energy, discussed the evolution of wind energy and the market for Montana's wind energy.

04:56:08 Todd O'Hair, senior manager, Government Affairs, Cloud Peak Energy, discussed coal in Montana and the market for Montana coal.

Public Comment: None

Committee Questions and Discussion:

- 05:15:07 Rep. Pope asked Mr. Borgquist about grid modernization as a key component to initiatives to market Montana's energy.
- 05:17:37 Sen. Ankney commented on legislation in the state of Washington and the ability to allow Montana's energy to be counted as a renewable resource. He suggested that Mr. Borgquist talk to Sen. Larsen about getting power into Washington and Oregon.
- 05:19:47 Sen. Ankney said there is a lot of support for the Millennium Terminal that is being proposed in Washington state and asked Mr. O'Hair if it will be permitted.
- 05:22:38 Sen. Ankney commented on bipartisan support for building the terminal. Mr. O'Hair said it would make a stronger statement if there was a larger delegation from Montana making the case.
- 05:24:38 Rep. Regier asked Mr. O'Hair how the quality of coal in Australia and Indonesia compares to the quality of coal in Montana.
- 05:27:13 Rep. Regier asked Mr. O'Hair if the quality of Montana's coal sells itself.
- 05:28:43 Rep. Regier asked Mr. Borgquist if having more transmission lines going south, instead of west, would help market Montana's wind energy.
- 05:30:42 Rep. Regier asked Mr. Borgquist if transmission challenges are suppressing wind development in the state. Mr. Borgquist said it is.

HYDROELECTRIC DEVELOPMENT UPDATE (85-1-501, MCA)

- 05:31:30 John Tubbs, director, Department of Natural Resources and Conservation (DNRC), discussed the potential for hydro power development on state projects. **(Exhibit 13)** He said Kevin Smith, bureau chief, Water Projects Division, DNRC, can provide information on state water projects.

Public Comment: None

Committee Questions and Discussion:

- 05:36:48 Sen. Connell commented on hydroelectric generation at Painted Rocks Reservoir and addressing safety issues.
- 05:38:29 Mr. Tubbs said that there is an early warning system for dam failure at Hyalite Reservoir that was mostly funded by Gallatin County and the city of Bozeman.

WRAP-UP OF NET METERING, NG911, AND OTHER DISCUSSION

- 05:41:44 **Motion:** Rep. Pope moved that the net metering cap for systems that benefit churches, schools, non-profit facilities, and other public owned buildings and facilities be raised to 250Kw.

Discussion:

- 05:42:15 Rep. Pope
- 05:43:47 Rep. Steenberg
- 05:44:52 Rep. Regier
- 05:45:02 Rep. Pope
- 05:45:15 Rep. Regier
- 05:45:26 Rep. Pope
- 05:45:37 Rep. Regier

05:45:45 Sen. Connell

05:47:04 **Vote:** The motion carried 5-3 by roll call vote. Sen. Ankney, Sen. Connell, and Rep. Regier voted nay. Sen. Larsen voted aye by proxy. **(Attachment 10)**

05:47:45 Rep. Steenberg thanked the stakeholders and staff for their work on next generation 9-1-1.

05:48:35 Ms. Nowakowski said that, without objection from the ETIC, she will work with Rep. Pope to capture the intent of his motion.

05:49:02 Sen. Driscoll recognized Sen. Connell's birthday.

05:49:22 Rep. Pope commented on the net metering discussion and the report that was prepared by staff. He presented a copy of his findings that could be included in the report. **(Exhibit 14)**

05:53:02 Ms. Nowakowski said the information would be incorporated in the SJ12 draft report under ETIC findings and recommendations and posted for public comment.

05:53:49 Sen. Connell said he recommends adding "interstate" before grid modernization and adding "the removal of interstate impediments to marketing our energy regionally."

05:54:57 Rep. Regier asked Sen. Connell about adding "interstate" before modernized grid on the second line.

05:55:19 Rep. Regier said that, without objection from the ETIC, the findings will be added to the draft report.

05:55:36 Ms. Nowakowski said she will incorporate the findings into the report and include the two changes by Sen. Connell.

05:55:48 **Motion:** Sen. Ankney moved to have staff draft committee bills to address the needs of the people in Colstrip affected by the closure of Units 1 & 2, remediation needs and plans, large customer needs, and potential employee needs.

Discussion:

05:57:10 Rep. Regier

05:57:25 Sen. Ankney

05:58:03 Rep. Regier

05:58:11 Ms. Nowakowski

05:58:36 Sen. Ankney

05:58:55 Ms. Nowakowski

05:59:02 Rep. Regier

05:59:08 Sen. Connell

05:59:17 Sen. Ankney

05:59:25 Rep. Pope

05:59:45 **Vote:** The motion carried unanimously by roll call vote. Sen. Larsen voted aye by proxy. **(Attachment 11)**

PUBLIC COMMENT ON MATTERS WITHIN THE JURISDICTION OF THE ETIC

None

OTHER BUSINESS

- 06:00:35 Rep. Regier opened discussion on instructions to staff for the September meeting.
- 06:00:41 Rep. Zolnikov said he would like to focus on Colstrip and details of the Washington legislation and remediation.
- 06:01:39 Ms. Nowakowski discussed the agenda for the September meeting and summarized the bill drafts requested by the ETIC.
- 06:03:46 Rep. Regier said the September meeting is scheduled for one day on Friday.
- 06:04:04 Sen. Ankney asked about having the meeting begin at noon on Thursday.
- 06:04:12 Ms. Nowakowski said she will find out if there is enough money in the budget for a two day meeting.
- 06:04:32 Sen. Connell commented on starting at noon on Thursday.

ADJOURNMENT

- 06:05:22 Rep. Regier adjourned the meeting at 2:20 p.m.

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