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Energy and Telecommunications Interim Committee

64rd Montana Legislature

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May 22, 2015

TO: Energy and Telecommunications Interim Committee (ETIC) Members
FR: Sonja Nowakowski, ETIC staff

The ETIC, at its first meeting of the interim, is required to review the state energy policy and determine if future meetings should be dedicated to revising the policy and then recommending changes to the 2017 Legislature.

During the June 5 meeting in Helena, the ETIC will accept public comment about the energy policy and determine if the committee should, at future meetings, discuss issues to be included in a revised policy.

Montana's energy policy is established in 90-4-1001, MCA and includes a wide range of goals. A copy of the policy is attached. If you have questions, please feel free to contact me anytime.

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- 90-4-1001. State energy policy goal statements.** (1) It is the policy of the state of Montana to:
- (a) promote energy efficiency, conservation, production, and consumption of a reliable and efficient mix of energy sources that represent the least social, environmental, and economic costs and the greatest long-term benefits to Montana citizens;
 - (b) enhance existing energy development and create new diversified energy development from all of Montana's abundant energy resources;
 - (c) promote development of projects using advanced technologies that convert coal into electricity, synthetic petroleum products, hydrogen, methane, natural gas, and chemical feedstocks;
 - (d) increase utilization of Montana's vast coal reserves in an environmentally sound manner that includes the mitigation of greenhouse gas and other emissions;
 - (e) increase local oil and gas exploration and development to provide high-paying jobs and to strengthen Montana's economy;
 - (f) expand exploration and technological innovation, including using carbon dioxide for enhanced oil recovery in declining oil fields to increase output;
 - (g) expand Montana's petroleum refining industry as a significant contributor to Montana's manufacturing sector in supplying the transportation energy needs of Montana and the region;
 - (h) develop biomass plants to generate heat for industrial use, electricity, or both, and as a means to manage Montana's forests;
 - (i) promote the generation of low-cost electricity with large-scale utility wind generation and small-scale distributed generation;
 - (j) build new transmission lines in the state, while noting that the need for new transmission lines may be mitigated by focusing on energy efficiency, distributed energy, demand response, and smart grid technologies;
 - (k) increase the capacity of existing transmission lines in existing corridors and maximize the potential of existing transmission lines;
 - (l) develop new transmission lines, pipelines, and other energy infrastructure in Montana by working closely with all affected stakeholders, including local governments, in the preliminary stages of development;
 - (m) address the interests of property owners and property rights as soon as practicable when developing a project to provide time to consider a variety of options as easements are secured;
 - (n) ensure that the costs of transmission lines that allow for the export of Montana-generated electricity are borne by those who will benefit from the lines in order to protect Montana's ratepayers from the costs of serving others;
 - (o) strengthen Montana's level of participation in regional transmission efforts and organizations, recognizing that endeavors to improve the management of the transmission grid often require a broad, regional approach;
 - (p) use new and innovative technologies, such as compressed air energy storage, batteries, flywheels, hydrogen production, smart grid, smart garage, and intrahour balancing services to

address wind integration;

(q) utilize modeling and high-capacity computer technology to quantify the benefits of geographic diversity and for regional planning in the siting of future wind development facilities in order to optimize usable power generation and mitigate firming needs;

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

(s) develop contracts between qualifying small power production facilities, as defined in [69-3-601](#), and utilities, which facilitate the development of small power production facilities by identifying fair and reasonable costs for integration of their power;

(t) monitor existing energy incentives to determine if they are cost-effective, noting that incentives are a temporary tool to implement and promote:

(i) new technologies;

(ii) new fuel sources;

(iii) efficiency and conservation; and

(iv) energy diversity;

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

(v) develop and use best management practices for energy development on state lands;

(w) develop and emphasize building performance standards for efficiency as an alternative to prescriptive standards in order to encourage innovations that may result in more comfort for the property owner and less energy use at a lower cost; and

(x) ensure that adequate amounts of the electrical energy produced at the lowest cost in this state are reserved for Montana's families, businesses, and industries.

(2) In pursuing these goal statements, it is the policy of the state of Montana to:

(a) consider that the state's energy system operates within the larger context of and is influenced by regional, national, and international energy markets;

(b) develop Montana's existing and new, diversified energy resources to provide low-cost electricity, gas, and liquid fuels needed to drive economic growth and self sufficiency;

(c) reduce the nation's reliance on foreign oil that often comes from unfriendly countries around the world;

(d) consider reviewing these energy policy statements and any future changes pursuant to [90-4-1003](#) so that Montana's energy strategy will provide for a balance between a sustainable environment and a viable economy;

(e) adopt a state transportation energy policy as provided in [90-4-1010](#) and an alternative fuels policy and implementing guidelines as provided in [90-4-1011](#); and

(f) consider revisions to the state transportation energy policy and the alternative fuels policy and implementing guidelines, if necessary.

History: En. Sec. 1, Ch. 242, L. 1993; amd. Sec. 1, Ch. 311, L. 1995; amd. Sec. 1, Ch. 454, L. 2009; amd. Sec. 1, Ch. 385, L. 2011.