



## **ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE**

### **67th Montana Legislature**

#### **SENATE MEMBERS**

Duane Ankney  
Janet Ellis  
Terry Gauthier  
Mary McNally

#### **HOUSE MEMBERS**

Michele Binkley  
Steven Galloway  
Denise Hayman  
Andrea Olsen  
Katie Sullivan  
Katie Zolnikov

#### **COMMITTEE STAFF**

Trevor Graff - Research Analyst  
Nadine Spencer - Secretary  
Jameson Walker - Attorney

# **-MINUTES LOG**

September 23, 2021  
State Capitol, Room 137  
Helena, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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#### **MEMBERS PRESENT:**

Sen. Mary McNally, Presiding Officer (D)  
Sen. Terry Gauthier, Vice-Presiding Officer (R)  
Sen. Duane Ankney (R)  
Rep. Michele Binkley (R)  
Sen. Janet Ellis (D)  
Rep. Steven Galloway (R)  
Rep. Denise Hayman (D)  
Rep. Andrea Olsen (D)  
Rep. Katie Zolnikov (R)

#### **MEMBERS EXCUSED:**

Rep. Katie Sullivan (D)

#### **STAFF PRESENT:**

Trevor Graff, Research Analyst  
Nadine Spencer, Secretary  
Jameson Walker, Attorney

## **AGENDA** [\(Attachment 1\)](#)

## **VISITORS' LIST** [\(Attachment 2\)](#)

### **COMMITTEE ACTION**

The Energy and Telecommunications Interim Committee (ETIC):

- Voted to include a field trip to INL Energy Systems Laboratory in Idaho Falls in the work plan;
- Voted to adopt the ETIC work plan.

### **CALL TO ORDER/ROLL CALL**

09:01:01 Sen. Mary McNally called the meeting to order at 9:01 AM. The committee secretary took roll. [\(Attachment 3\)](#)

## **ADMINISTRATIVE MATTERS**

### **ETIC Final Work Plan**

09:02:42 Trevor Graff, research analyst, Legislative Services Division (LSD), said the committee received a copy of the work plan and decision matrix. [\(Exhibit 1\)](#) He said at the last meeting the committee voted to approve .015 FTE for statutory requirements and agreed to have a discussion on utility wildfire liability. He said the committee needs to determine how to split the remaining .8 FTE between SJ3 and SJ33 and discussed potential options.

### **Questions from the committee**

09:06:38 Sen. Gauthier said he is in favor of the work plan. He said taking a field trip to the Idaho National Laboratory will answer a lot of the committee's questions.

09:07:48 Sen. Ellis asked Mr. Graff about the committee budget and the amount of detail needed for the work plan.

09:09:03 Sen. Ellis asked Mr. Graff about the number of FTE needed for rule review.

09:10:48 Sen. McNally asked Mr. Graff about using Option B for rule review.

09:11:12 Sen. Ellis asked Mr. Graff about adding the field trip under Option B.

09:12:47 Sen. Ankney asked Mr. Graff about the cost for the field trip.

09:13:50 Sen. Ankney asked Mr. Graff about covering some of the cost and conducting one committee meeting on Zoom and to have committee members forego wages for that meeting.

09:15:06 Sen. McNally said the committee will have more information after staff investigates the cost. She said having committee members carpool will minimize the cost for mileage reimbursement. She said participation in the field trip will be voluntary.

09:16:01 Sen. Gauthier said there was not a discussion about whether an individual committee member who took their own car would be reimbursed for mileage. He said the field trip is a learning opportunity and encouraged committee members to participate.

09:17:03 Sen. McNally asked about making a motion to include the field trip in the work plan.

09:17:22 Sen. Ellis asked about public comment before voting on the work plan. Mr. Graff said the committee can vote before taking public comment.

### **Motion/Vote**

- 09:18:35 Sen. Ankney moved to include a field trip to INL Energy Systems in the work plan. The motion carried unanimously by roll call vote. [\(Attachment 4\)](#) Rep. Olsen and Rep. Sullivan voted aye by proxy. [\(Attachment 5\)](#)
- 09:19:38 Mr. Graff said there is a small number of FTE remaining for member topics and emerging issues.
- 09:20:18 Mr. Graff discussed the work plan options for SJ3.
- 09:21:45 Mr. Graff discussed the work plan options for SJ33.
- 09:23:09 Rep. Hayman asked Mr. Graff about the facial recognition study.
- 09:24:17 Sen. McNally asked Mr. Graff about the decision on the work plan options for SJ3 and SJ33. Mr. Graff said he will put .4 FTE on each of the studies.
- 09:25:08 Sen. McNally asked Mr. Graff about the amount of FTE remaining for other issues.
- 09:26:10 Sen. Ellis asked Mr. Graff if time has been included for a discussion on wildfire liability and utility lines.

### **Public Comment**

None

### **Adoption of Calendar**

- 09:27:35 Mr. Graff asked about the proposed ETIC meeting dates.
- 09:28:58 Sen. Ellis said she has a conflict on March 17 and May 19, 2022.
- 09:29:26 Mr. Graff said if the committee can agree on the meeting date for January 2022 he will work on the dates for March and May with the committee by email.
- 09:32:02 Sen. Gauthier said, without objection, the ETIC will keep the meeting date scheduled for January 18.
- 09:32:33 Mr. Graff said the committee needs to take a final vote on the work plan.

### **Vote**

- 09:33:06 Sen. Gauthier moved to adopt the ETIC work plan. The motion carried unanimously by voice vote. Rep. Olsen and Rep. Sullivan voted aye by proxy.
- 09:34:52 Recess
- 09:45:48 Reconvene

## **SJ33 MONTANA'S GRID CAPACITY: ENERGY MARKETS & RTOS IN THE WEST**

### **Western Energy Market Overview**

- 09:46:32 Mr. Graff said the committee received a fact sheet on electricity markets and Regional Transmission Organizations (RTO). [\(Exhibit 2\)](#)

### **RTO & Energy Markets Panel**

### **Renewable Northwest**

- 09:48:18 Robin Arnold, Markets and Transmission director, Renewable Northwest. [\(Exhibit 3\)](#)

09:50:20 Rep. Olsen entered the meeting.

**Questions from the committee**

10:15:32 Rep. Olsen said the Montana Consumer Counsel is the constitutionally mandated stakeholder for the state and asked Ms. Arnold why the governance structure puts it on the level of a non-profit or trade association.

10:16:52 Sen. Ellis asked Ms. Arnold about expansion by entities in Montana.

10:18:44 Sen. Ellis asked Ms. Arnold if electric cooperatives can join the RTO.

10:19:28 Rep. Hayman said several members of the western energy imbalance market want to buy green electrons and asked how NWE's mixed portfolio fits with its membership in the market.

10:22:45 Sen. McNally asked Ms. Arnold about the difference between an energy imbalance service (EIS) and an energy imbalance market (EIM) and the different levels of buy-in.

10:24:34 Sen. McNally asked Ms. Arnold about getting an overview and information regarding the study funded by the Department of Energy, and led by the Utah Office of Energy Development, looking at regional energy markets.

10:25:17 Sen. Gauthier asked Ms. Arnold about plans for future legislation.

10:26:19 Sen. Gauthier commented about the need for a subcommittee to delve into some of the newer issues.

10:27:17 Rep. Galloway said he is concerned about the increase in the number of people moving to Montana and asked Ms. Arnold if the state will be able to develop enough baseload for its own use.

10:29:44 Rep. Galloway asked Ms. Arnold about a funding source for development.

10:30:39 Rep. Ellis asked Ms. Arnold for the link to the Department of Energy study.

10:32:03 Sen. McNally asked the panelists to introduce themselves.

10:32:28 Mr. Graff provided an introduction for the presentation.

10:32:54 Joe Steinmetz, manager, Asset Optimization, NorthWestern Energy (NWE)

10:33:08 Mike Ross, senior vice-president, External Affairs and Stakeholder Relations, Southwest Power Pool (SPP).

10:33:22 Kara Fornstrom, director, State Regulatory Policy, SPP

10:33:41 Rebecca Sexton, Northwest Power Pool Western Resource Adequacy Program.

10:33:59 Stacey Crowley, vice-president, External Affairs, California ISO (CAISO).

**Southwest Power Pool**

10:34:54 Mr. Ross. [\(Exhibit 4\)](#)

10:43:16 Ms. Fornstrom.

**Questions from the committee**

10:57:07 Sen. Ellis asked about the maps used in the presentation. Ms. Fornstrom provided an explanation.

11:00:09 Rep. Hayman asked Ms. Fornstrom about the benefits for NWE to become part of the CAISO and about member voting.

11:02:21 Sen. Gauthier asked Mr. Steinmetz about plans for NWE to join the SPP.

11:03:45 Sen. Gauthier commented on the savings from the program.

11:04:05 Sen. McNally asked Ms. Fornstrom who will represent Montana on the regional state committee.

11:05:04 Sen. McNally asked Ms. Fornstrom if SPP will be integrated with the eastern RTO when it goes live in 2024.

11:05:47 Mr. Ross said power is transferred back and forth between the east and the west all the time.

11:06:10 Sen. Ankney asked if there will be money available from the Department of Energy to upgrade the Miles City DC Tie because it is limited on the amount of energy it can transfer east to west. Mr. Ross said they do not know.

11:07:18 Sen. Ankney asked Mr. Ross if the DC Tie will need to be upgraded in order to be able to transfer energy from east to west.

11:08:01 Ms. Fornstrom provided additional information about the Miles City DC Tie.

#### **Northwest Power Pool Resource Adequacy Program**

11:09:21 Ms. Sexton. [\(Exhibit 5\)](#)

#### **Questions from the committee**

11:27:44 Sen. Ankney asked Ms. Sexton about capacity and if there is an emphasis on making sure there is adequate baseload for all the different resources.

11:32:01 Rep. Hayman asked Ms. Sexton to explain how the EIM and the energy pool will work together to benefit energy consumption and reliability and what role each plays.

#### **CAISO Western Imbalance Market**

11:35:02 Ms. Crowley. [\(Exhibit 6\)](#)

#### **NorthWestern Energy**

11:54:17 Mr. Steinmetz.

#### **Questions from the committee**

12:02:19 Sen. Gauthier asked Mr. Steinmetz about the eventual loss of baseline generation from Colstrip and relying on the EIM to provide power to Montana.

12:04:51 Rep. Hayman asked Mr. Steinmetz about NWE's strategy for the EIM.

12:08:15 Rep. Hayman asked Mr. Steinmetz how ratepayers can track the benefit.

12:09:52 Sen. McNally asked Ms. Crowley about capacity requirements for new entities entering the EIM in the northwest.

12:11:25 Sen. McNally asked Ms. Crowley if the same is true for an independent system operator (ISO) and an RTO.

12:12:31 Sen. McNally asked Ms. Crowley about receiving updates.

12:14:36 Sen. McNally thanked the panelists for their participation.

#### **ARPA BROADBAND COMMISSION UPDATE**

12:15:34 Misty Ann Giles, director, Department of Administration, provided an update on the American Rescue Plan Act (ARPA) funding for broadband.

#### **Questions from the committee**

None

### **Public Comment**

12:25:47 Gary Weins, CEO, Montana Electric Cooperatives' Association, commented on the RTO.

12:30:27 Recess for lunch

13:26:49 Reconvene

### **ENVIRONMENTAL QUALITY COUNCIL UPDATE**

13:27:22 Joe Kolman, research staff, Environmental Quality Council (EQC); director, Office of Research and Policy Development, LSD, provided an update.

### **Questions from the committee**

13:33:10 Rep. Hayman asked Mr. Kolman about reorganization for the State Parks Division, Department of Fish, Wildlife, and Parks (FWP).

### **SJ3: ADVANCED NUCLEAR REACTORS**

13:35:01 Mr. Graff said his presentation will take some of the major concepts from the Massachusetts Institute of Technology (MIT) seminar and provide a framework for issues related to the SJ3 study. [\(Exhibit 7\)](#) He said the committee needs to develop a set of standard questions for the panel discussion in January.

14:07:36 Mr. Graff discussed next steps.

### **Questions from the committee**

14:10:38 Rep. Olsen said she recommends that the presentations focus on cost and waste management and the environmental impact. Mr. Graff agreed.

14:12:24 Sen. Ellis said she recommends getting information on water consumption requirements.

14:13:20 Sen. Gauthier said he would like information on the hypothetical costs to build a small modular reactor (SMR) and make it operational and the feasibility to power and run desalination plants where fresh water is a concern.

14:14:15 Rep. Hayman asked about the information the committee is hoping to get from the Wyoming pilot project. Mr. Graff said the technology is scalable.

14:16:10 Rep. Hayman asked Mr. Graff about the meaning of de-risking the project. Mr. Graff said he will find out.

14:17:03 Sen. Ankney said waste stream is an important issue. He said Montana is a major exporter of megawatts and that transmission lines are already in place. He asked if nuclear power is considered green energy in Oregon and Washington. He said because Wyoming is moving early it will be advantageous to Montana on getting an idea of actual costs and asked who will provide financing.

14:20:10 Rep. Zolnikov said she would also like to know if the states Montana exports energy to will be open to buying or accepting nuclear energy.

14:20:34 Sen. Gauthier said the INL project has the capability of building 12 SMRs targeting 77.0 megawatts each. He said they have elected to only build six and have private investors from local utilities. He said the longevity of the project is predicted to be 70 years and the reactors can be upgraded over time as technology changes.

### **Public Comment**

- 14:22:10 Randy Pinocci, commissioner, District 1, Public Service Commission (PSC), said he has some background in nuclear energy and can answer some of the committee's questions.
- 14:30:34 Robert Balhiser, Helena, commented on SMRs and said he wrote the SJ3 study resolution. He submitted a video on prism reactors in the waste stream.  
<https://www.youtube.com/watch?v=YeqeFvJXNs8&t=127s>
- 14:38:54 Dwight Rose, International Brotherhood of Electrical Workers, commented on SMRs and finding partnerships to fund nuclear energy.

Additional public comment received online ([Exhibit 8](#))

### **Questions from the committee**

- 14:42:29 Sen. McNally asked Mr. Graff about direction from the ETIC.
- 14:43:10 Sen. Ellis asked Mr. Graff about the difference between a demonstration project and a commercial project.
- 14:44:23 Rep. Hayman said she would like information on whether it will be cost effective to provide nuclear energy for only 400,000 ratepayers in Montana.
- 14:45:24 Rep. Galloway commented on having the right information for the study.
- 14:46:09 Sen. McNally asked about the scope of the study and whether to look at SMRs being developed in Wyoming and Idaho versus looking at a range of models already being used.
- 14:47:17 Mr. Graff said he choose the six reactor types because they are more advanced and asked about keeping the study broad.
- 14:48:25 Sen. McNally said the committee can continue to have the discussion online.
- 14:48:54 Sen. Gauthier said he recommends keeping the focus on Nuscale and TerraPower.
- 14:49:29 Sen. Ankney said he recommends keeping the focus as narrow as possible and having achievable goals the committee can agree on. He said he recommends keeping the focus on NuScale and TerraPower.
- 14:50:56 Sen. McNally asked Mr. Graff if he needed any further direction for the January meeting.
- 14:52:55 Sen. McNally said John Hines, NWE, will be available to answer any questions about NWE's plan to develop a natural gas-fired plant.

## **PUBLIC SERVICE COMMISSION OVERVIEW**

### **Commission Update**

- 14:53:41 James Brown, chairman, PSC, said John Hines and David Hoffman, NWE, are in the audience. He said the preapproval application is pending before the PSC and he is constrained on the comments he can make and directed committee questions directly to NWE.
- 14:54:55 Mr. Brown said Commissioner Pinocci is in the audience and introduced PSC staff Erik Wilkerson, executive director, Will Rosquist, Regulatory Division administrator, Lucas Hamilton, staff attorney, Chet McLane, CPA, and Ben Reed, chief legal counsel.
- 14:56:08 Mr. Brown provided an update on the PSC's internal strategic planning. He provided information on the five recommendations for improvements detailed by the Legislative Audit Division. ([Exhibit 9](#))
- 14:58:10 Mr. Brown discussed PSC case dockets. ([Exhibit 10](#))



15:02:31 Mr. Brown provided a summary of legal cases. [\(Exhibit 11\)](#)  
 15:05:04 Mr. Brown discussed agency rulemaking. [\(Exhibit 12\)](#)  
 15:06:31 Mr. Brown provided information on proposed rulemaking for HB 467 (2021).  
[\(Exhibit 13\)](#)  
 15:08:42 Mr. Brown provided information on HB 597 (2019).  
 15:09:32 Mr. Brown provided an update on NWE's participation in the western energy imbalance market.

#### **Questions from the committee**

15:14:16 Rep. Hayman asked Mr. Brown about HB 467 and requested that she be kept informed about rulemaking.  
 15:15:40 Rep. Hayman asked Mr. Brown if NWE can move forward on a natural gas-fired plant in the future.

#### **PUBLIC SERVICE COMMISSION OVERVIEW**

15:17:18 Mr. Pinocci provided information on an energy efficiency investigative docket enacted by the PSC on transmission and distribution power lines in Montana. [\(Exhibit 14\)](#)  
 15:22:34 David Townley, CTC Global, discussed the benefit of the high-performance conductor.

#### **Questions from the committee**

15:25:59 Sen. McNally said Mr. Pinocci can work with legislators to introduce legislation and requested he conclude his presentation.  
 15:26:33 Mr. Pinocci.

#### **NorthWestern Energy Docket**

15:28:59 Sen. McNally asked Mr. Hines about the decision to suspend the NWE docket on a natural gas-fired plant and not on the battery energy storage facility.

#### **Public Comment**

None

#### **Questions from the committee**

15:34:00 Sen. Ellis asked Mr. Brown about the difference between a regular rate case and the pre-approval process.  
 15:35:41 Sen. McNally said Mr. Graff can prepare a short outline comparing the two types of processes. Mr. Graff said he will do it as an information request.  
 15:36:19 Mr. Brown clarified that HB 467 has not gone to the Secretary of State's office for publication. He said the part relating to feedback from the bill sponsor regarding rulemaking and legislative intent was left blank.  
 15:37:16 Rep. Galloway asked staff about doing an informational request on how often existing powerlines need to be replaced, their life expectancy, and the cost difference.  
 15:38:01 Sen. Ellis said she would like to know what the PSC can require, versus a legislative committee, regarding the types of products that can be used for powerlines. Mr. Graff said he will find out.  
 15:39:16 Rep. Zolnikov asked Mr. Brown if he has an estimate for the litigation fund that the PSC will be requesting during the 2023 Legislative session.



15:39:54 Sen. McNally thanked the participants.

### **CONSUMER COUNSEL UPDATE**

15:40:32 Mr. Graff provided an introduction.

15:40:52 Jason Brown, Montana Consumer Counsel (MCC), provided an update.

### **Questions from the committee**

15:49:49 Rep. Olsen asked Mr. Brown about the benefit for the MCC to assert its constitutionally mandated status as a stakeholder and participate in regional planning committees in matters related to utilities.

15:52:17 Rep. Galloway asked Mr. Brown about the MCC's involvement to protect the consumer with regional markets.

### **Public Comment**

None

### **ADMINISTRATIVE RULE REVIEW**

15:56:36 Jameson Walker, staff attorney, LSD, provided information on the rule review memo regarding implementation of class B motor carriers. [\(Exhibit 15\)](#)

15:57:55 Mr. Walker provided information on HB 651 (2021) and the new process requiring interim committees to review ballot issues that are referred to them. [\(Exhibit 16\)](#)

### **Questions from the committee**

16:01:33 Sen. McNally said it would be helpful to have suggestions at the next meeting for making modifications.

16:01:43 Rep. Hayman asked Mr. Walker about HB 651.

16:03:14 Sen. Ellis said she thought the committee vote goes on the petition and not on the ballot.

### **Public Comment**

None

### **OTHER BUSINESS/INSTRUCTIONS TO STAFF**

16:04:43 Sen. McNally asked Mr. Graff about the ETIC meeting dates.

### **Review of January Meeting Items**

16:05:20 Sen. McNally asked Mr. Graff about the agenda for the January meeting.

16:06:07 Sen. McNally thanked Mr. Graff for his effort in putting together the panel discussion and for the summary of SMR's. She thanked the committee for its participation and input.

### **ADJOURNMENT**

16:06:50 Sen. McNally adjourned the meeting at 4:06 p.m.