



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

May 20, 2022

State Capitol Building, Room 152 and Zoom
Helena, Montana

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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 Sullivan (D)
Rep. Katie Zolnikov (R)

STAFF PRESENT:

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

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

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

CALL TO ORDER/ROLL CALL

09:01:24 Sen. Mary McNally called the meeting to order at 9:01 AM. The committee secretary noted the roll. [\(Attachment 3\)](#)

HIGH-PERFORMANCE BUILDING PROGRAM UPDATE (17-7-214, MCA)

Overview -- Russ Katherman, Department of Administration

09:02:12 Mr. Katherman. [\(Exhibit 1\)](#)

Public Comment

None

Questions from the committee

09:13:29 Sen. Ellis asked Mr. Katherman about recognition given for good work.

09:15:19 Rep. Galloway asked Mr. Katherman if departments try to utilize energy audits to take advantage of rebates companies offer.

09:16:41 Rep. Galloway asked Mr. Katherman if the Department of Administration is involved in leasing new facilities and about requirements for energy conservation when comparing leases or if each department is responsible for their own procurement.

09:17:26 Sen. McNally asked Mr. Katherman when the program started.

09:18:56 Recess

09:29:04 Reconvene

09:29:14 Sen. McNally said Dwight Rose, IBEW, has an update regarding the discussion on pensions from yesterday.

09:30:05 Sen. Ellis asked Mr. Rose if he is referring to union members only.

SJ 3: NUCLEAR ENERGY COSTS AND FINANCING

Introduction and Study Overview – Mr. Graff

09:30:42 Trevor Graff, research analyst, Legislative Services Division (LSD).

Dr. Mark Cooper, University of Vermont Law School

09:31:43 Dr. Cooper. [\(Exhibit 2\)](#) [\(Exhibit 3\)](#)

David Schlissel, Director of Resource Planning Analysis, Institute for Energy Economics and Financial Analysis

09:43:50 Mr. Schlissel. [\(Exhibit 4\)](#) [\(Exhibit 5\)](#)

Rusty Cannon, President, Utah Taxpayer's Association

10:03:25 Mr. Cannon.

Questions from the committee

10:09:55 Sen. Ellis asked Mr. Schlissel to provide information on two or three small modular reactors (SMR) projects the committee could track to see how projections on construction, timelines, and costs change overtime.

10:12:41 Sen. Ellis asked the other speakers to provide their input.

10:12:53 Dr. Cooper.

10:15:16 Sen. Ellis asked about costs and how long it will take for pilot projects to become commercially available.

10:16:32 Dr. Cooper.

10:18:25 Mr. Schlissel.

10:19:39 Sen. Gauthier asked Mr. Schlissel about using federal funding to help develop new technologies.

10:24:47 Dr. Cooper provided additional information.

10:27:09 Sen. Ankney asked Mr. Schlissel about the technology for battery storage.

10:30:27 Dr. Cooper provided additional information.

10:31:57 Sen. Ankney said the committee needs to look at a baseload power that will provide power all the time.

Matt Crozat, Executive Director of Strategy and Policy Development, Nuclear Energy Institute

10:33:33 Mr. Crozat. [\(Exhibit 6\)](#)

DOE Funding Programs

10:46:24 Ed Davis, Pegasus Group.

Public Comment [\(Exhibit 7\)](#)

10:53:00 Robert Balhiser, Helena.

10:56:25 Dwight Rose, IBEW Local 44.

10:58:00 Anne Hedges, Montana Environmental Information Center.

Questions from the committee

11:02:50 Rep. Hayman asked Mr. Cannon about the reason why municipalities withdrew from the program.

11:04:11 Rep. Hayman asked Mr. Cannon about the size of the population for the municipalities withdrawing.

11:05:07 Rep. Hayman asked Mr. Cannon about the economy of scale to make it economically viable.

11:07:22 Mr. Schissel provided additional information.

11:08:25 Rep. Sullivan said the current administration is putting billions of dollars into the technology and asked Mr. Davis about the swings in federal politics and the ability to rely on federal subsidies in the future.

11:10:34 Rep. Sullivan asked about projects in Utah and Wyoming and whether they take into consideration changes in support for projects on a federal level.

11:10:57 Mr. Cannon.

11:11:17 Mr. Crozat.

11:12:16 Sen. Gauthier asked Mr. Davis about help from the federal government for demonstration reactors.

11:14:16 Sen. Gauthier said he believes if Montana qualified for a demonstration reactor the cost could be covered by the Department of Energy and private investors. He said he supports the idea of a ratepayer cap.

11:15:28 Sen. Ankney commented on the need for baseload energy.

11:17:03 Rep. Galloway asked about all available future options.

11:18:28 Dr. Cooper.

11:20:31 Mr. Crozat.

11:21:16 Sen. Ellis asked Mr. Cannon about tracking the process in Utah.

11:22:04 Rep. Sullivan asked Mr. Cannon about the differences in how the projects in Wyoming and Utah were set up.

11:23:33 Sen. McNally asked Mr. Schlissel about concern regarding firm, low carbon power. She also asked about the idea of having a regional SMR or nuclear center in Colstrip.

11:28:55 Sen. McNally thanked the presenters.

PUBLIC SERVICE COMMISSION OVERVIEW

Introduction – Mr. Graff

11:30:01 Mr. Graff.

Commission Update – James Brown, PSC chairman

11:30:35 Mr. Brown.

11:31:20 Mr. Brown provided information on the status of dockets, report on litigation and rulemaking update, and information the Public Service Commission (PSC) received on the Talen Energy bankruptcy. **(Exhibit 8)**

11:32:14 Mr. Brown discussed the PSC's rulemaking obligations.

11:35:07 Mr. Brown provided information on the Sleepy Hollow Oil and Gas bankruptcy.

11:39:26 Brad Johnson, vice-president, PSC, provided information on regional resource adequacy.

11:47:13 Dan Stusek, manager, Consumer Assistance Team, PSC, said he recently met with the Energy and Telecommunications Interim Committee (ETIC) staff and provided a list of clean up bills for the committee to consider.

11:51:06 Sen. McNally asked Mr. Graff about the list of bills for consideration.

11:51:19 Mr. Graff said the agency bill process will be discussed at the next ETIC meeting.

Public Comment

None

Questions from the committee

11:53:05 Sen. Ellis asked Mr. Brown about the bills for which the PSC has delayed the rulemaking process.

11:54:09 Sen. Ellis asked Mr. Brown why the PSC has done scoping on whether to change its intervention rules for the way parties participate in the contested case process.

11:57:26 Rep. Hayman said the ETIC might want to discuss the makeup of the PSC. She asked Mr. Brown for his opinion.

12:00:04 Sen. McNally said the ETIC did a general study about the PSC during the last interim.

12:00:25 Rep. Hayman said it may warrant more discussion because of how things are changing.

12:00:49 Rep. Galloway asked Mr. Brown about having an adequate number of staff.

12:03:09 Rep. Galloway asked the utilities to comment on the number of PSC staff.

12:03:25 David Hoffman, NorthWestern Energy.

12:03:50 Doug Hardy, Montana Rural Electric Cooperatives' Association.

12:04:13 Sen. McNally said it is important to have people with expertise and a regional perspective.

12:04:32 Mr. Brown commented on the challenge of finding employees.

12:05:08 Sen. McNally asked Mr. Brown about the PSC's budget request during the next legislative session.

12:05:40 Rep. Olsen asked Mr. Brown about the discovery process.

12:08:18 Rep. Olsen asked Mr. Brown to keep the ETIC updated.

12:09:10 Rep Olsen asked Mr. Brown about discovery and the party intervention rules.

12:10:07 Rep. Galloway asked Mr. Johnson about preparations the PSC is making to face potential shortfalls in baseload capacity.

12:13:39 Rep. Zolnikov asked Mr. Brown about Sleepy Hollow Oil and Gas.

12:15:11 Sen. McNally asked Mr. Brown about the PSC's role in Talen Energy's bankruptcy and the impact for ratepayers.

12:16:56 Recess

13:01:08 Reconvene

13:01:12 Sen. McNally said the committee will not be receiving an update from the Environmental Quality Council and asked Mr. Graff to explain why.

SJ 33: FUTURE LOAD GROWTH IMPACTS

Introduction and Study Overview – Mr. Graff

13:02:11 Mr. Graff.

Brian Dekiep, Energy Analyst, Northwest Power and Conservation Council

13:02:47 Mr. DeKiep.

Doug Hardy, Montana Rural Electric Cooperatives

13:17:12 Mr. Hardy.

NorthWestern Energy

13:25:33 Steve Schmitt, manager, Energy Supply Planning, NorthWestern Energy (NWE).

Public Comment

13:27:47 Diego Rivas, Northwest Energy Coalition.

Questions from the committee

13:33:21 Rep. Hayman asked Mr. DeKiep about the Council's plan for the next year.

13:36:14 Rep. Hayman asked Mr. DeKiep if the Council is working with NWE to put together a plan in preparation for the potential closure of Colstrip.

13:37:16 Rep. Galloway asked Mr. DeKiep if the Council considers pollution from home emergency backup generation sources that run on natural gas, diesel, or gasoline versus from Colstrip when doing its studies and analysis.

13:40:11 Sen. Ellis asked Mr. DeKiep about the Council's authority.

13:41:52 Sen. Ellis asked Mr. Dekiep if the Council ever looks back to see how much of its plan is used by utilities.

13:43:16 Rep. Galloway asked Mr. DeKiep about issues related to removing dams and how it would affect their model.

13:45:26 Sen. Ellis asked Mr. Schmitt about NWE's load growth forecasting.

13:47:47 Sen. Ellis asked Mr. Schmitt if microgrids fit into the planning process.

13:49:12 Rep. Galloway asked Mr. Schmitt, and other audience members, if there are any stumbling blocks in Montana's legislation or ruling making that prevent the ability to provide affordable and reliable electricity.

13:50:20 Rep. Sullivan asked Mr. Hardy about proposals from Bitcoin and data mining.

13:52:32 Mr. Graff said the 2021 power plan is posted on the committee website.
(Exhibit 9)

ADMINISTRATIVE RULE REVIEW

13:53:18 Jameson Walker, staff attorney, LSD, provided information on the rule review report. (Exhibit 10)

13:55:06 Mr. Walker discussed the recent court decision regarding 350 Montana and three other individual plaintiffs. (Exhibit 11)

Questions from the committee

14:04:54 Rep. Hayman asked Mr. Walker if the Beartooth battery energy storage project qualifies for the pre-approval process.

14:06:11 Sen. McNally said pre-approval was withdrawn for the Laurel gas plant.

14:06:22 Mr. Hoffman provided additional information.

14:07:47 Rep. Hayman asked Mr. Hoffman about the battery project.

Public Comment

None

PUBLIC COMMENT ON MATTERS WITHIN THE JURISDICTION OF THE ETIC

None

OTHER BUSINESS/INSTRUCTIONS TO STAFF

Review of July Meeting Items

14:09:51 Mr. Graff said the committee received a request to pass along information regarding biomass generation. (Exhibit 12) He said the committee can decide whether to add it to the July meeting agenda.

14:11:03 Mr. Graff provided information on the agenda items for the July meeting.

14:12:10 Mr. Graff discussed the SJ33 study.

14:13:17 Mr. Graff discussed the SJ3 study.

14:14:08 Sen. Ellis asked Mr. Graff about getting information on rate caps for subsidies.

14:15:07 Sen. McNally asked if the committee had any questions about the regulations.

14:15:30 Rep. Sullivan said she recommends looking at what other states are doing to prepare their regulation for incoming small modular nuclear facilities.

14:15:43 Sen. Ankney said he recommends continuing the study on statewide regulation.

14:16:08 Sen. Gauthier said he agrees with the previous comments regarding regulatory commission and asked about reaching out to stakeholders that may be interested in investing in small nuclear reactor technology.

14:17:01 Mr. Graff said it may not be part of the committee's role to find prospective investors.

14:17:41 Sen. Gauthier commented on interest from potential investors.

14:17:58 Sen. McNally said it is not part of the study bill and is not in the purview of the ETIC.

14:18:19 Mr. Graff said he can put a call out for potential investors.

14:18:56 Rep. Galloway said he recommends looking at legislation that opens the door for investors.

14:20:09 Rep. Olsen said she recommends looking at how to make transitions for the community of Colstrip and commented on looking at regulatory structure.

14:21:35 Sen. McNally said looking at regulatory structure was part of the study bill.

14:22:51 Rep. Olsen commented on finishing the study and looking at regulatory structure.

14:23:11 Rep. Galloway said not everyone agrees that nuclear power is too expensive.

14:24:06 Sen. McNally said part of the study is to gather all available information.

14:24:39 Sen. Ellis asked about regulatory structure. Mr. Graff provided information.

14:26:22 Sen. Ankney said it would be proactive and responsible for the committee to look at regulatory proposals from other states.

14:27:42 Sen. Ellis asked Mr. Graff about staff capacity to look at what other states have done.

14:28:35 Sen. McNally said the U.S. Nuclear Regulatory Commission has baseline requirements.

14:28:56 Sen. Ellis commented on the ability to do a statewide survey.

14:29:45 Sen. Ellis said she would be interested in finding out where the federal government's process ends and what the states need to do to fill in gaps.

14:30:13 Mr. Graff agreed and said the committee will get a better look at the national process and what other states have decided is important to fill in gaps.

14:30:56 Sen. McNally commented on the grid study and trying to look at administrative or regulatory parameters the committee might want to consider.

14:31:48 Mr. Graff provided a summary of items for discussion at the July meeting.

14:32:20 Mr. Graff asked about Rep. Hayman's request to look at the makeup of the PSC and pre-qualifications for commissioners.

14:33:15 Rep. Hayman said the PSC needs the capability to hire and keep staff and the committee may want to play a role in setting basic criteria.

14:35:27 Rep. Galloway provided his recommendation.

14:36:41 Sen. Ellis asked Mr. Graff about the information presented in the study during the last interim.

14:37:56 Sen. Ankney said the committee can have a discussion, but it will probably be a subject for legislation next session.

14:39:16 Sen. McNally said the study was a comparison of how PSCs are constituted in different states and it might be helpful to look at the models again. She asked about a bill during the last legislative session and a different way of constituting the PSC.

14:40:04 Mr. Graff provided information about the bill.

14:40:28 Rep. Hayman asked Sen. Ankney about efforts to bring a bill next session.

14:41:52 Sen. McNally commented on the ability for the committee to come up with a recommendation. She asked Mr. Graff to provide copies of the study that was done last interim. [\(Exhibit 13\)](#)

14:42:20 Sen. Ellis said she recommends getting an update on the Talen bankruptcy at the next meeting.

14:42:55 Mr. Graff said it is part of the committee's oversight role.

14:43:34 Mr. Graff said the next meeting is scheduled for July 19-20.

Review of Committee Budget

14:43:40 Mr. Graff.

14:44:14 Sen. McNally thanked the committee and staff.

ADJOURNMENT

14:44:35 Sen. McNally adjourned the meeting at 2:44 p.m.