

**Environmental Quality Council
Energy Policy Subcommittee**

**2001-2002
Work Plan**

September 25, 2001

1. Introduction

The Environmental Quality Council (EQC) is a seventeen member bipartisan interim committee of the Montana Legislature. The EQC has agreed on a work plan for the 2001-2002 interim between legislative sessions and has appointed a seven person Energy Policy Subcommittee to address policy issues. This work plan sets forth the Subcommittee's strategy for fulfilling its responsibilities during the 2001-2002 interim.

The work plan includes the following sections:

1. Introduction
2. Work Plan Process Steps
3. Energy Policy
4. Timeline

Basic background information, goals, and tasks are outlined for the energy policy topic. The work plan includes a projected subcommittee timeline. The purpose of the workplan is to provide a basic framework that will assist the subcommittee and staff in conducting its work and producing tangible results given the time and resources available to the subcommittee. The work plan is a flexible document. The Subcommittee will refine goals and tasks as information is gathered and evaluated. Key decision making points are highlighted in the timeline and under each topic. The Subcommittee will make recommendations to the full EQC for any actions that it feels need to be taken such as proposed legislation, recommendations for agency action, and/or development of educational materials.

Subcommittee members include:

Rep. Monica Lindeen, Chair
Sen. Walt McNutt, Vice Chair
Rep. Doug Mood
Ms. Ellen Porter

Rep. Paul Clark
Sen. Ken Toole
Rep. Don Hedges

Subcommittee staff:

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2. Work Plan Process Steps

The EQC and its subcommittees generally follow five common steps to ensure a

successful interim:

1. *Subcommittee/EQC Training and Information Gathering*
2. *Information/Issue Analysis*
3. *Subcommittee Findings and Conclusions (if any)*
4. *Subcommittee Recommendations (if any)*
5. *Full EQC Adoption or Modification of any Subcommittee Recommendations*

At the heart of any successful EQC interim activity is a constant and active solicitation by the EQC of public, regulated community, and agency comment and involvement.

3. Energy Policy Development

Background information

The Council may, as the need arises, maintain a continual process to develop the components of a comprehensive state energy policy. The Council is also required to review and evaluate the Montana Department of Environmental Quality (DEQ) research reports on renewable energy sources and development programs. The Council expended a significant amount of effort in the 1993-94 interim in developing a state-wide energy policy statement. The 1995 Legislature enacted the EQC's recommendations. During the 1995-96 interim the EQC assigned a broad-based working group of stakeholders to make recommendations on transportation energy policy and on alternative transportation fuels. Again, the 1997 Legislature adopted the EQC's recommendations. Since that time, there has been little activity in terms of energy policy development. The EQC monitored and received updates on electric industry restructuring during the 1997-98 and 1999-2000 interims. EQC staff also staffed the Transition Advisory Committee on Electric Industry Restructuring during the 1997-98 and 1999-2000 interims.

During the 2001 Legislative Session, energy issues took center stage. Policy issues involving high electricity costs, consumer protection, utility financial stability, environmental issues, and Montana's evolving landscape of electric industry restructuring converged. Fifty bills were introduced and hotly debated and scrutinized. The Legislature passed a package of bills that, in general, created tax incentives for energy production, exempted certain the energy facilities from the siting process, modified the MEPA review process, extended the transition dates for customer choice, created a state power authority, extended the universal system benefits program, defined the cost recovery process for the

default supplier, and set up a process for the default supplier to procure electricity.

These energy issues have created a groundswell of interest among legislators and the public across the State of Montana. In May of 2001, the EQC, under its energy policy statutory authority, assigned a 7 person subcommittee to evaluate energy policy issues. The Subcommittee met briefly for an organizational meeting. The members of the Subcommittee expressed a great interest in obtaining base line information on the energy situation in Montana. The Subcommittee directed staff to develop a draft work plan with potential draft goals and tasks. Those draft goals and tasks are set out below.

Subcommittee Goals

- ? Develop an understanding of energy law, demand, supply, litigation, transmission, conservation, and price within Montana and the Northwest Region.
- ? Develop an easy to understand handbook on Montana energy law.
- ? Develop a state of the state report on the energy picture (supply, demand, transmission, conservation, and price) in Montana for the 2003 Legislature.
- ? Determine if existing Montana energy policy statement is adequate.
- ? Develop an understanding of Montana rural electric cooperatives.

Energy Policy Subcommittee Tasks

1. Gather information on energy laws and policies in Montana.
 - a. Staff review of historical EQC involvement in energy policy development.
 - b. Staff memorandum on the statutory responsibilities of the EQC and the Transition Advisory Committee.
 - c. Staff presentation on the electric industry restructuring laws.
 - d. Staff summary of selected energy legislation enacted during the 2001 Legislative session.
 - e. Staff overview of the various players involved in energy policy development and implementation in Montana.
 - f. Other information needed?

Who: Staff reports. Subcommittee reviews or hears reports, requests additional information or actions, if desired.

Timeline: September and December Subcommittee meetings.

- ___ 2. Gather information on regional and federal laws and policies that impact Montana's energy .
 - a. Staff report and inventory of federal laws and policies that impact Montana's energy landscape.
 - b. Possible panel discussion involving federal and regional authorities and their respective roles.

Who: Staff report. Subcommittee reviews and hears staff report/panel discussion, requests additional information or actions, if desired.

Timeline: December Subcommittee meeting.

- ___ 3. Gather information through oral and written reports from acknowledged experts on energy supply, demand, price, litigation, transmission, and conservation in Montana and the Northwest region.

Who: EQC staff, Consumer Counsel Staff, DEQ Staff, PSC Staff, NWPPC staff, Other Experts, etc.

Timeline: December Subcommittee meeting.

- ___ 4. Develop and produce handbook on energy law in Montana

Who: EQC staff and Subcommittee

Timeline: Draft completed by May 8, 2002, Subcommittee Meeting.

- ___ 5. Develop and produce a factual state of the state report on the energy picture (supply, demand, transmission, conservation and price) in Montana for the 2003 Legislature.

Who: Subcommittee, EQC staff and other contributors of information.

Timeline: Draft completed by May 8, 2002, Subcommittee Meeting.

- ___ 6. Analyze the adequacy of Montana's current energy policy statement.
 - a. Review energy policy statement in light of information gather on the part of the Subcommittee.
 - b. Seek public comment on the adequacy of the statement.
 - c. Make an adequacy determination.

Who: Subcommittee.

Timeline: February Subcommittee Meeting.

- ___ 7. Develop benchmark dates and timeline for major energy issues and decisions.

Who: EQC staff, PSC, NWPPC, and DEQ staff

Timeline: Draft completed by December 10, 2001, Subcommittee meeting.

- ___ 8. Analyze public power in other states.

Who: EQC staff and NCSL staff.

Timeline: Report completed by February 7, 2002 Subcommittee meeting.

- ___ 9. Analyze the availability of resources for energy planning studies.

Who: EQC staff.

Timeline: Report completed by February 7, 2002 Subcommittee meeting.

- ___ 10. Report to Legislature if needed.

Who: Subcommittee. EQC staff.

Timeline: Completed by September 15, 2002. If public comment desired, a draft report will be circulated by June 17, 2001.

5. Timeline

2001

- Sept. 10 Subcommittee meeting, Colstrip**
- ? Staff review of historical EQC involvement in energy policy development.
 - ? Staff memorandum on the statutory responsibilities of the EQC and the Transition Advisory Committee.
 - ? Staff summary of selected energy legislation enacted during the 2001 Legislative session.
 - ? Subcommittee approval of draft work plan.
- Sept. 10 EQC meeting, Colstrip**
- ? Subcommittee report to EQC.
 - ? EQC approval of draft subcommittee work plan
- Dec. 10 Subcommittee meeting**
- ? Staff presentation on the electric industry restructuring laws
 - ? Staff overview of the various players involved in energy policy development and implementation in Montana.
 - ? Staff report and inventory of federal laws and policies that impact Montana's energy landscape.
 - ? Possible panel discussion involving federal and regional authorities and their respective roles.
 - ? Reports on energy demand, supply, price and conservation in Montana
 - ? Report on the status of the transmission system in Montana and the Northwest Region
 - ? Review outline of Energy Law Handbook
 - ? Review draft timeline of issues.
- Dec. 11 EQC meeting**
- ? Subcommittee report to EQC.

2002

- Feb. 7 Subcommittee meeting**
- ? Review preliminary draft of Energy Law Handbook
 - ? Review adequacy of energy policy statement and seek public comment.
 - ? Review outline of the factual state of the state report on the energy

picture (supply, demand, transmission, conservation and price) in Montana for the 2003 Legislature.

- ? Hear reports on any other additional information that the Subcommittee has requested
- ? Formulate any draft options or proposals.
- ? Hear report on availability of resources for energy planning studies.
- ? Hear report on public power in other states.

Feb. 8 EQC meeting

- ? Subcommittee report to EQC.

May 8 Subcommittee meeting

- ? Subcommittee decision on draft options or proposals, if needed.
- ? Final decision to circulate draft reports, handbook, or legislative proposals, if desired.
- ? Subcommittee decision on draft proposals, if any.

May 9 EQC meeting

- ? Subcommittee report to EQC.

**May 13-
June 14** Last dates to revise draft reports, handbook, and concepts for proposed legislation (if any) for public review and comment, if desired.

June 17 Draft documents (if any) distributed to public for review and comment.

July 10 Deadline for public comment on draft documents (if any).

July 12 Compile and distribute comments on draft documents (if any) to Subcommittee members.

July 25 Subcommittee meeting

- ? Final Subcommittee decision on any recommendations to EQC for proposed legislation or other recommendations on or before this date.
- ? Finalize draft documents based on public comment.

July 26 EQC meeting

- ? Subcommittee briefs EQC on any potential EQC legislative proposals.
- ? Subcommittee presents recommendations to EQC.

Sep. 12-13 EQC meeting

- ? Final decision by EQC on content of proposed legislation, if any.
- ? Selection of bill sponsors.

