

**Energy and Telecommunications Interim
Committee
Final Draft Work Plan
2009-2010**

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Information about the 2009-2010 Final Draft Work Plan

Introduction

This is the final work plan for the Energy and Telecommunications Interim Committee (ETIC or Committee) for the 2009-2010 interim. In this document you will find:

- An explanation of how the ETIC plans its work.
- A description of potential work plan topics and the committee's plan for addressing those topics as discussed and tentatively agreed upon at the July meeting.
- A draft timeline for accomplishing the committee's tasks.

Members and Staff

Committee members

- Rep. Robyn Driscoll, presiding officer
- Sen. Jerry Black, vice-presiding officer
- Rep. Duane Ankney
- Rep. Tony Belcourt
- Rep. Harry Klock
- Sen. Ron Erickson
- Sen. Verdell Jackson
- Sen. Cliff Larsen

Staff

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How the ETIC Plans its Work

During the legislative interim, the ETIC typically focuses on the study topics it has been assigned while also maintaining oversight of programs and rulemaking activities of the Department of Public Service Regulation and the Public Service Commission. This interim the committee has increased statutory duties, with the passage of Senate Bill No. 290 by the 2009 Legislature -- requiring the ETIC to address nine, specific issues in a review of the state energy policy. The ETIC also may address issues and improve law as it deems in the best interest of the state. This interim Legislative Council did not assign the committee specific, formal studies in the form of bills or resolutions. Members suggested topics and reached a consensus on how much time to dedicate to each subject.

The primary constraint limiting the study agenda for the interim is the number of issues that can be effectively addressed within the available time and resources of the committee members and its staff. The ETIC's resources include .85 Full Time Equivalent, or an estimated 2,208 hours.

The *Draft 2009-2010 Work Plan* was used by the committee as a **decision-making tool** to help committee members work together efficiently to set priorities and decide how and where to spend the ETIC's limited time and resources. This final work plan sets out a strategy for fulfilling the ETIC's responsibilities.

At the end of the July ETIC meeting, committee members reached a consensus on topics to study during the interim and how much effort to place on each subject. This document summarizes that consensus. Again, this is a working document, and the committee may make changes as issues arise throughout the interim. The committee will adopt its final work plan in September.

This document is a blueprint for the 2009-2010 interim. A draft timeline illustrating the overall schedule that these work plans fit into in conjunction with the ETIC meeting schedule is presented at the end of this document. This work plan includes topics and agenda items suggested by committee members and statutory mandates.

Committee Procedures and Public Participation

The Energy and Telecommunications Interim Committee will operate under the Rules, Procedures, and Guidelines for Interim Committees adopted by the Legislative Council.

As required by law, 10 day advance public notice will be given for all meetings and the public will be given an opportunity to comment on any matter that is within the jurisdiction of the committee. The Chair may establish time limits for public comments, if necessary.

Interested persons may be added to the mailing list by contacting Dawn Field at 444-3073, or the Legislative Services Division Office at 444-3064.

Agendas, memos, links and other information can be found on the Energy and Telecommunications Interim Committee Website : www.leg.mt.gov/etic. By visiting the Website, interested persons also may sign up for electronic notification.

Work Plan Topics

ETIC STATUTORY DUTIES AND OBLIGATIONS

The ETIC draws its statutory responsibilities from four sources.

I. Source/authority: 5-5-215, MCA. General duties of all interim committees.
5-5-230, MCA. ETIC oversight

"The energy and telecommunications interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the department of Public Service regulation and the Public Service Commission."

As applied to the ETIC, statutes require the Committee to:

1. **Conduct interim studies** as assigned. The Committee may recommend to the Legislative Council that an interim study be assigned to another interim committee or not be conducted.
2. **Review administrative rules** of the Department of Public Service Regulation (DPSR) and the Public Service Commission (PSC).
3. **Review legislation** proposed by DPSR or the PSC. Bills requested by an individual member of the Legislature are not subject to this requirement.
3. **Complete additional statutory duties** including reviewing and revising the state energy policy, reviewing universal system benefits programs and receiving a report on geothermal activities in Montana.
4. **Monitor the operation of the DPSR and PSC** with specific attention to the following:
 - a. identification of issues likely to require future legislative attention;
 - b. opportunities to improve existing law through the analysis of problems experienced with the application of the law by the agency; and
 - c. experiences of Montana's citizens with the operation of the agency that may be amenable to improvement through legislative action.
5. **(Committee driven):** Prepare bills and resolutions that, in the Committee's opinion, the welfare of the state may require for presentation to the next regular session of the Montana Legislature.
6. **(Committee driven):** Compile, analyze, and furnish information bearing upon the Committee's assignment and relevant to existing or prospective legislation that the Committee determines to be pertinent to the adequate completion of its work.

II. Source/authority: 90-4-1003, MCA.
SB 290, 2009 and HB 199, 2005

Requires the ETIC to "review the state energy and recommend potential changes to the state energy policy" each interim. In 2009, Sen. Verdell Jackson sponsored SB 290, which changes the ETIC's statutory duties for the 2009-10 interim, as well as future interims.

During the 2009-10 interim, the Committee is required by law to consult with "a broad representation of stakeholders, including the public and state agencies" and revise the energy policy. Each biennium, the ETIC must develop a proposed, revised state energy policy, if necessary, in the form of legislation, to present to the full Legislature.

In 2005 HB 199 transferred this function from the Environmental Quality Council to the ETIC. The statute stated that due to "limited state resources and the need to focus intensive effort on specific issues of importance, the development of a comprehensive state energy

policy must occur on an incremental basis." It directed the Department of Environmental Quality, "as the need arises, [. . . to] identify and recommend to the committee specific components of a state energy policy for development." If and when the DEQ identified such issues, the ETIC was then required to create a "working group," which the DEQ assisted in terms of staffing and administration. With the passage of SB 290, the DEQ is largely removed from the process and the review and update is in the hands of the ETIC.

III. Source/authority: 69-8-402, MCA.
HB 27, 2009

Requires the ETIC to "review the universal systems benefits programs, and, if necessary, submit recommendations regarding these programs."

Public utilities and cooperative utilities are required to submit an annual summary report of universal system benefits programs to the ETIC for review. The electric universal system benefits proposal was poised to sunset in 2009, however the 2007-08 ETIC requested HB 27, sponsored by Rep. Brady Wisemen that eliminated the sunset and clarified the ETIC's role in reviewing the program.

IV. Source/authority: 90-3-1301, HB 333, 2009

Requires the Bureau of Mines and Geology, prior to each legislative session, to update the ETIC on geothermal research conducted by the Bureau and funding received by the Bureau for geothermal research.

Committee Action: The committee is allocating a total of **.66 FTE** to its statutory duties. The committee allocated the largest portion, **.60 FTE**, to revising Montana's energy policy. The ETIC will address nine specific topics, as outlined in S.B. 290, with a focus on:

1. increasing the supply of low-cost electricity with coal-fired generation;
2. rebuilding and extending electric transmission lines;
3. maximizing state land use for energy generation;
4. increasing energy efficiency standards for new construction;
5. promoting conservation;
6. promoting energy efficiency incentives;
7. promoting alternative energy systems;
8. reducing regulations that increase ratepayers' energy costs; and
9. integrating wind energy.

Interested persons, stakeholders, and state agencies will be invited to participate and comment on issues in these nine areas. Brief background reports on the nine areas will be provided by staff, and the ETIC will develop a potential energy policy, with findings and recommendations in those nine areas.

The ETIC dedicated **.02 FTE** to reviewing administrative rules, noting that the PSC does not intend to engage in a great deal of rulemaking over the next year. An additional **.005 FTE** was dedicated to reviewing agency legislation and **.01** to monitoring PSC activities. The PSC will present an overview of its activities at each ETIC meeting. An additional **.02 FTE** will be spent on the USB issue. On the topic of USB, the committee will review utility reports and collect public comment on USB. The committee allocated **.005** to reviewing geothermal research, as required by H.B. 333.

ETIC Educational Publications

Background: The Environmental Quality Council has historically produced objective, nonpartisan, educational publications related to energy issues in Montana. These educational publications are well regarded and are regularly requested by the general public, legislators, state and federal agencies, other states, and industry and conservation groups. While the EQC in the past has developed these educational tools, the ETIC chose, as it did last interim, to oversee updates to the following documents:

☆ *The Electricity Law Handbook: A Montanan's Guide to Understanding Electricity Law (produced 2002; updated 2004, 2008)*

Explanation: This handbook was originally produced by the EQC during the 2001-03 interim. The EQC felt that given the magnitude of the issues surrounding electricity and especially electricity deregulation in the state, that an educational publication was needed to help Montanans sort out the morass of laws that deal with electricity. During the 2007-08 interim, the ETIC revised this handbook and updated it to reflect major changes in Montana's energy policy, including a step back from utility deregulation.

☆ *Understanding Electricity in Montana: A Guide to Electricity, Natural Gas and Coal Produced and Consumed in Montana (produced 2002; updated 2004)*

Explanation: This guide was produced by the Department of Environmental Quality energy staff for publication by the EQC. It provides statistical and explanatory information on electricity supply, demand, and transmission and information on coal and natural gas supply and demand.

These publications often become outdated every interim as a result of legislative changes or administrative changes in the particular areas of law or rule that the publication addresses. Sometimes the updates require minimal time and effort, but some updates require a more intensive effort.

Committee Action: The committee allocated **.05 FTE** to publications. The "Electricity Law Handbook" will be minimally updated and reprinted. Staff also has been authorized to work with state agencies to update "Understanding Electricity in Montana", which has not been updated since 2004. The ETIC will review and approve the updated publications.

ETIC MEMBER SUGGESTED TOPICS

Review Federal Greenhouse Gas Reduction Programs

Background: This topic was suggested in an effort to review or track certain issues, primarily related to proposed, federal greenhouse gas cap and trade programs, raised in SJ 36, which was contemplated by the 2009 Legislature. SJ 36, which died on a tie vote in House Federal Relations, Energy and Telecommunications, was brought in response to the federal government moving forward with the development of national programs to reduce greenhouse gas emissions. The design of such a program could require individual state responsibilities in certain areas, and the overall goal of the study was to analyze the potential impacts of such a program on Montana's environment and economy.

Committee Action:

The ETIC dedicated **.08 FTE** to this study. The committee will track federal legislation related to greenhouse gas reduction efforts.

Included in this study will be an overview of Montana-specific issues and impacts related to potential federal greenhouse gas reduction programs, including a carbon tax and/or cap and

trade. A panel discussion that includes industry representatives, greenhouse gas reduction program specialists, and state agency personnel currently tracking federal legislation will be planned for early 2010.

Deliverables will include a white paper including an update on federal legislation, with the Montana-specific overview, and potential legislation.

Track Transmission Line Development

Background: This topic was suggested in an effort to track the progress and development of transmission lines proposed in Montana. Last interim the Committee allocated .03 FTE to this topic. The ETIC could continue to track the progress of transmission projects proposed in Montana and receive regular reports from the Energy Infrastructure Promotion Division.

Committee Action: The committee dedicated .02 FTE to this issue. The committee will be updated on transmission line development through updates provided by the Department of Commerce Energy Promotion and Development Division. Transmission line developers also will be invited to present to the committee. Deliverables include potential legislation to enhance or improve upon transmission in Montana.

Monitor Implementation of Carbon Sequestration Legislation

Background: With the passage of Senate Bill 498, "An Act Regulating Carbon Sequestration", the Board of Oil and Gas was granted rulemaking authority to pursue primacy over such a program. While the Board of Oil and Gas, under the umbrella of the Department of Natural Resources and Conservation, reports to the Environmental Quality Council, the 2007-08 ETIC dedicated the largest chunk of its time to studying carbon sequestration.

Committee Action: The committee allocated .02 FTE to tracking the implementation of S.B. 498. The committee will hear reports from the Board of Oil and Gas concerning development of potential rules to implement S.B. 498. In addition, the committee will track federal carbon sequestration legislation and rules. A discussion of the composition of the Montana Board of Oil and Gas, as it relates to carbon sequestration regulation is planned for early 2010.

Study Climate Change -- Energy Supply Focus

Background: This proposal would look at the Montana Climate Change Action Plan (Nov. 2007), with a focus on potential legislative proposals related to distributed generation and increasing the efficiency of the energy production and distribution systems. The Montana Climate Change Action Plan describes benefits, costs and barriers connected to increasing efficiency and conservation measures and with developing renewable energy. During the 2007-2008 interim, the EQC dedicated .4 FTE to reviewing the recommendations included in the "Montana Climate Change Action Plan: Final Report of the Governor's Climate Change Advisory Committee." The Council did not specifically look at the energy supply recommendations. This study would focus on:

ES-1 Environmental Portfolio Standard (Renewables and Energy Efficiency).

ES-2 Renewable Energy Incentives (Biomass, Wind, Solar, Geothermal).

ES-3 Research and Development for Energy Storage and Advanced Fossil Fuel Technologies.

ES-4 Incentives and Barrier Removal (including interconnection rules and net metering arrangements) for combined heat and power and clean distributed energy.

ES-6 Efficiency improvements and repower of existing plants.

ES-7 Demand-side management.

Committee Action: The committee allocated .02 FTE to this topic. The ETIC will be provided with an overview of the Energy Supply recommendations included in the Montana

Climate Change Action Plan. A Panel discussion to review the energy supply recommendations, which will include various stakeholders, will also be included.

2009-10 Timeline

Date	Activity	Tasks/Policy Decisions
July 10, 2009	<ul style="list-style-type: none"> ▶ Organizational ▶ Agency Monitoring ▶ Assigned Studies ▶ Other Issues 	<ul style="list-style-type: none"> ◇ Elect officers ◇ Review, adopt work plan ◇ Review, adopt meeting dates ◇ Report from PSC ◇ Discuss study topics ◇ Information on Executive Energy Policy
September 24, 2009	<ul style="list-style-type: none"> ▶ Organizational ▶ Agency Monitoring ▶ Studies ▶ Other issues 	<ul style="list-style-type: none"> ◇ Adopt final work plan ◇ Review budget, revise meetings if necessary ◇ Rule review ◇ PSC update ◇ Energy Policy <ul style="list-style-type: none"> ● State land use ● Transmission lines ● Wind integration ● DEQ, DOC, Consumer Counsel ◇ Transmission line update ◇ QFs in Montana ◇ NSCL/PNWER update

Date	Activity	Tasks/Policy Decisions
November 9-10, 2009	<ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Studies ➤ Other issues 	<ul style="list-style-type: none"> ◇ Rule review ◇ PSC update ◇ USB discussion <ul style="list-style-type: none"> ● 2008 reports ● Public comments ◇ Energy Policy <ul style="list-style-type: none"> ● Customer's rates ● Promote alternative energy ● Coal's role ◇ Federal greenhouse gas reduction efforts tracking <ul style="list-style-type: none"> ● Panel Discussion ◇ Native American Resource Partners ◇ TransCanada Pipeline ◇ Handbook finalized
January 14, 2010	<ul style="list-style-type: none"> ➤ Agency Monitoring ➤ Studies ➤ Other issues 	<ul style="list-style-type: none"> ◇ Rule review ◇ PSC update ◇ Summary USB comments ◇ Energy Policy <ul style="list-style-type: none"> ● Energy efficiency ● Efficiency in construction ● Promote conservation ◇ Federal greenhouse gas reduction efforts tracking <ul style="list-style-type: none"> ● Update on federal legislation ◇ Climate Change -- Energy Supply <ul style="list-style-type: none"> ● Panel discussion ● Regulatory framework ◇ Update on EQC biomass efforts

Date	Activity	Tasks/Policy Decisions
May 13, 2010	<ul style="list-style-type: none"> ▶ Agency Monitoring ▶ Studies ▶ Other issues 	<ul style="list-style-type: none"> ◇ Rule review ◇ PSC presentation ◇ Review draft Energy Policy <ul style="list-style-type: none"> ● Legislative preferences ● Public comment ◇ Federal greenhouse gas reduction efforts tracking, review, and discussion <ul style="list-style-type: none"> ● Legislative preferences ● Public comment ◇ SB 498 implementation and BOG composition ◇ Big Sky Carbon Sequestration Partnership
July 29 & 30	<ul style="list-style-type: none"> ▶ Agency Monitoring ▶ Studies ▶ Other issues 	<ul style="list-style-type: none"> ◇ Rule review ◇ PSC presentation ◇ Finalize Energy Policy <ul style="list-style-type: none"> ● Proposed draft legislation ◇ Finalize federal greenhouse gas reduction efforts tracking <ul style="list-style-type: none"> ● Proposed draft legislation ◇ Finalize all other proposed draft legislation ◇ Hydropower in Montana <ul style="list-style-type: none"> ● PPL Montana ● Small Hydro ◇ Transmission line update ◇ Geothermal report

Date	Activity	Tasks/Policy Decisions
September 10	<ul style="list-style-type: none"> ▶ Agency Monitoring ▶ Studies ▶ Other issues 	<ul style="list-style-type: none"> ◇ Rule review ◇ PSC presentation ◇ Review agency legislation ◇ Proposed Energy Policy legislation ◇ Other legislation ◇ Selection of bill sponsors ◇ Strategy development

Summary of Issues Reviewed by the 2007-08 Energy and Telecommunications Interim Committee

Study	Status
Study Carbon Sequestration	Report "An Analysis of Geologic and Terrestrial Carbon Sequestration Regulatory and Policy Issues" September 2008.
Study Public Power	Report "Perspectives on Public Power" September 2008.
Evaluate Costs/Savings of Wind Power	White paper January 2008.
Evaluate Energy Transmission Systems	Summary June 2007. Updates provided to Committee.
State of Telecommunications in Montana	May 2008 Panel Discussion
Coal Gasification/Liquefaction water usage	Summary November 2007.