



Energy and Telecommunications Interim Committee
63rd Montana Legislature

SENATE MEMBERS
CLIFF LARSEN--Chair
EDWARD BUTTREY
ROBYN DRISCOLL
ALAN OLSON

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MIKE LANG
MARY MCNALLY
TOM STEENBERG

COMMITTEE STAFF
SONJA NOWAKOWSKI, Lead Staff
TODD EVERTS, Staff Attorney
JOY LEWIS, Secretary

Chairman Brenden,

During the Energy and Telecommunications Interim Committee's July meeting, members learned more about the proposed Environmental Protection Agency rules requiring states to reduce carbon dioxide emissions in the power sector by about 30 percent below 2005 levels by 2030. The Environmental Quality Council received a similar update at its July meeting.

While the ETIC recognizes that it cannot set the agenda of future interim committees, the ETIC would respectfully request that the 2015-16 EQC consider establishing a subcommittee of EQC and ETIC members to learn more about these proposed rules and to oversee their implementation. To that end, the ETIC, with your approval, would like to request that the Legislative Council, in developing its preliminary budget package, plan appropriately for the creation of this subcommittee. This planning takes place in September 2014.

The ETIC proposes a subcommittee with equal representation from both the EQC and ETIC and both parties. The subcommittee would consist of a House and Senate Democrat and a House and Senate Republican from the ETIC and the EQC for a total of eight members. Because the EQC and ETIC generally meet during the same week every other month, the subcommittee could meet in that timeframe to reduce additional costs. The Legislative Financial Office estimates this subcommittee could meet six times and operate on a budget of about \$10,000.

The Department of Environmental Quality has indicated that the rule will affect about a dozen sources in Montana, including coal and natural gas fired power plants, as well as some petroleum refining facilities. The DEQ has until 2017 to develop a plan for Montana to meet the federal target. The federal rule indicates that each state will be granted a great deal of flexibility in implementing the rule.

The EPA's draft rule has the potential to significantly impact Montana's economy--specifically energy generation across the state. It also could change the way Montana's utilities and rural electric cooperatives do business. It is critical that Montana's Legislature play a key role in shaping any rules that are proposed to meet the federal mandate. It is equally critical that a subset of legislators invest the time to become experts on this subject. The work of the subcommittee would be narrow in scope and focus on the rule and how Montana can best position itself to implement a final rule. The subcommittee itself would set out its specific interim work plan.

Thank you for your time and consideration.

ETIC Chairman Cliff Larsen

ETIC Vice-Chairman Keith Regier

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While the ETIC recognizes that it cannot set the agenda of future interim committees, the ETIC is requesting the 2015-16 EQC consider establishing a subcommittee of EQC and ETIC members to learn more about these proposed rules. To that end, the ETIC requests that the Legislative Council, in developing its preliminary budget package, plan appropriately for the creation of this subcommittee. The EQC does not meet until September 10-11. Staff will provide a prompt update to the Legislative Council concerning the EQC's decision on the matter.

The ETIC proposes a subcommittee with equal representation from both the EQC and ETIC and both parties. The subcommittee would consist of a House and Senate Democrat and a House and Senate Republican from the ETIC and the EQC for a total of eight members. Because the EQC and ETIC generally meet during the same week every other month, the subcommittee could meet in that timeframe to reduce additional costs. The Legislative Financial Office estimates this subcommittee could meet six times and operate on a budget of about \$10,000.

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Thank you for your time and consideration.

ETIC Chairman Cliff Larsen

ETIC Vice-Chairman Keith Regier

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