

Energy and Telecommunications Interim Committee

June 5

2015

To plan its work and establish goals, the ETIC starts the interim by mapping out its priorities. The work plan can provide an outline of what the ETIC will work on throughout the interim and how much effort will be placed on each subject. It should provide guidance to the committee over the next 15 months and serve as a blueprint for the interim.

Draft
Work
Plan for
2015-16
Interim



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Introduction

This is the draft work plan for the Energy and Telecommunications Interim Committee (ETIC) for the 2015-2016 interim. In this packet under Tab 3 of your binder, you will find:

- A description of potential work plan topics and options for addressing those topics.
- Information on programmatic evaluation opportunities and a list of programs for review.
- A work plan decision matrix to examine options for study side-by-side.

Committee Procedures and Public Participation

The ETIC 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 Presiding Officer may establish time limits for public comments, if necessary. Interested persons may be added to the mailing list by visiting the ETIC website. By visiting the website, interested persons may sign up for electronic meeting notifications. Agendas, memos, links and other information can be found on the ETIC website: www.leg.mt.gov/etic.

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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 maintaining oversight of programs and rulemaking activities of the Public Service Commission. It also may address issues and improve law as it deems to be in the best interest of the state.

The Legislative Council assigned the Committee three studies in the form of joint study resolutions ranked by legislators. The Committee was assigned Senate Joint Resolution No. 12, a study of Montana's net metering laws, House Joint Resolution No. 7, a study of enhanced 9-1-1 in Montana, and House Joint Resolution No. 16, a study of ridesharing in Montana. In May, staff also requested ETIC members provide potential study topics for discussion at the June meeting. Keeping statutory assignments and the assigned studies in mind, it will be up to the committee to chart its work for the coming months.

The ETIC establishes its work plan at the beginning of the interim. 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.

This Draft 2015-2016 Work Plan is 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. The work plan sets out a strategy for fulfilling the ETIC's responsibilities throughout the 2015-2016 interim.

Once the ETIC collectively makes a decision on the work plan, it will become a blueprint for the interim. Staff will develop detailed work plans and timetables for each major study. The Draft ETIC Work Plan Decision Matrix, a separate document, is a way to look at topic options side by side and allocated staff time according to member priorities. The matrix includes estimates for total staff time available to the ETIC, but keep in mind that many topics also require meeting time for updates, panel discussions, and ETIC debate.

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Potential Work Plan Topics

Study Bills assigned to the ETIC by the Legislature

1. Senate Joint Resolution No. 12: Study Net Metering Costs and Benefits

Legislative Poll Ranking: #2

Background: During the 2015 Legislature, net metering was at the forefront of the energy policy debate. Throughout the session, questions were raised concerning how to account for the benefits of net metering and how to determine the costs of net metering. The Legislature passed SJ 12 requesting an interim committee review a lengthy list of policy matters ranging from the economic impacts of net metering to the cost shifts, if any, between net-metering customers and customers who do not net meter. Montana’s net metering statutes, enacted in 1999, are codified in Title 69, chapter 8, part 6.

Option A	Option B	Option C	Option D
<p>.6 FTE</p> <ul style="list-style-type: none"> ◦ Option B ◦ Expand analysis to include various sized systems ◦ Review methods used in other states for valuing net metering ◦ Visit sites ◦ Quantify Montana specific costs and benefits with analysis of avoided energy purchases, cost shifts, transmission and distribution matters, and business impacts <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Interim report ◦ Legislation 	<p>.4 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ Multiple panel discussions from stakeholders ◦ Analysis of impacts to utility operations, operating costs and supply resource impacts ◦ Limited review of system stability issues and safety issues ◦ Analysis of subsidies, economic development impacts <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.2 FTE</p> <ul style="list-style-type: none"> ◦ Panel discussion with utilities, cooperatives, and net metering industry ◦ Engage stakeholders in analysis and information gathering ◦ Summary of costs and benefits based on panel discussion <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary of costs and benefits ◦ Legislation 	<p>No Action</p>

2. House Joint Resolution No. 7: Study Next Generation 9-1-1 in Montana

Legislative Poll Ranking: #3

Background: Next-generation 9-1-1 can enhance public safety in Montana, however, next-generation 9-1-1 continues to evolve with technological advances. There are a multitude of state and federal regulatory policies that also will guide the implementation of next-generation 9-1-1 and financial planning will also be critical. The implementation, management, and operation of next-generation will be highly complex and require stakeholders to reach a consensus on critical issues in Montana.

Option A	Option B	Option C	Option D
	<p>.15 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ Evaluate next-generation 9-1-1 programs and efforts in neighboring Western states ◦ Analysis of options to further the implementation and operation of next-generation 9-1-1 in Montana <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.05 FTE</p> <ul style="list-style-type: none"> ◦ Review how Montana is implementing and promoting next-generation 9-1-1 ◦ Assess state and federal regulatory framework for next-generation 9-1-1 ◦ Panel with stakeholders to solicit suggestions for further efforts <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary of findings ◦ Legislation 	<p>No Action</p>

3. House Joint Resolution No. 16: Study Ridesharing in Montana

Legislative Poll Ranking: #11

Background: With the passage of Senate Bill No. 396, Montana law provides a legal framework for ridesharing. A regulatory structure is in place and includes requirements for insurance and certification. The Montana Public Service Commission will continue to regulate, to a very limited degree, other motor carriers. SB 396, however, moved toward deregulation. A remaining issue is the regulation of rates.

Option A	Option B	Option C	Option D
	<p>.025 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ Evaluate ridesharing laws in neighboring Western states ◦ Analysis of options to further refine Montana’s ridesharing laws <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.002 FTE</p> <ul style="list-style-type: none"> ◦ Receive updates from the PSC on implementation of SB 396 ◦ Panel with stakeholders to solicit suggestions for further changes in law <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Legislation 	<p>No Action</p>

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Additional Topics for ETIC Study

1. 111d EPA Rulemaking Subcommittee

Authority: Included in House Bill No. 2

Background: Based on requests from the 2013-2014 ETIC and EQC, the Legislative Services Division budget included additional funding for a joint subcommittee of the ETIC and EQC to track the proposed Environmental Protection Agency rules requiring states to reduce carbon dioxide emissions in the power sector by 2030. The funding was line-item vetoed from House Bill No. 2. The federal rulemaking is referred to as the 111d rule. The ETIC and EQC will need to determine if they would like to form the subcommittee and fund it with existing budgets. 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.

Option A	Option B	Option C	Option D
	<p>.1 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ Committee discussion of EPA proposals and legislation in other states ◦ Updates and overview from DEQ <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.002 FTE</p> <ul style="list-style-type: none"> ◦ Receive updates at each meeting from subcommittee members ◦ Summary of subcommittee findings and recommendations <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary ◦ Legislation 	<p>No Action</p>

2. Programmatic Review

Authority: 5-5-230, MCA. ETIC oversight

Background: Interim committees are tasked with evaluating various programs, and the options below allow the ETIC to formalize that process. The ETIC’s statutory duties allow for an in-depth overview of programs, including laws, rules, budget, and on the ground implementation. Because the ETIC oversees one agency, the committee has an opportunity to focus more specifically on a particular subject that the PSC administers. An overview of those subjects is attached, and ETIC members would need to select a subject from the list for the programmatic review and then select a level of review.

Option A	Option B	Option C	Option D
<p>.2 - Available FTE</p> <ul style="list-style-type: none"> ◦ (See attached documents for full menu) ◦ Option B ◦ Multiple staff reports on subject ◦ Multiple agency presentations ◦ In-depth review of subject ◦ Possible subcommittee effort <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.06 - .2 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ (See attached documents for full menu) ◦ History and overview of applicable statutes ◦ Staff interviews with program personnel ◦ Staff summaries of related audit and fiscal work and any court decisions ◦ Additional staff research ◦ Legal review of specific subjects ◦ Multiple regulated community panels <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Staff report ◦ Legislation 	<p>.02 - .06 FTE</p> <ul style="list-style-type: none"> ◦ (See attached documents for full menu) ◦ Staff summary of program ◦ Agency presentation ◦ Bibliography of related materials including audits or fiscal analysis, including court cases ◦ Regulated community panel <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary with potential recommendations ◦ Legislation 	<p>No Action</p>

3. Marketing of Montana’s Energy Resources

Authority: Suggested by Representative Keith Regier

Background: This study would identify Montana’s energy resources and their potential for marketing. It would identify states or countries with needs that Montana energy resources could meet. The study would also identify obstacles to marketing Montana’s energy resources and analyze potential solutions.

Option A	Option B	Option C	Option D
	<p>.05 FTE</p> <ul style="list-style-type: none"> ◦ Option C ◦ Assessment of Montana’s energy resources and the financial impacts of improved marketing ◦ Analysis of options to better market Montana energy resources <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ White paper ◦ Legislation 	<p>.005 FTE</p> <ul style="list-style-type: none"> ◦ Presentation by energy stakeholders ◦ Overview of resources and obstacles with points for further review by committee <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary ◦ Legislation 	<p>No Action</p>

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ETIC Statutory Duties and Obligations

Statutory Duties and Obligations

The ETIC draws its statutory responsibilities from six 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 a study be assigned to another 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.
4. **Complete additional statutory duties** including reviewing and revising the state energy policy, reviewing universal system benefits programs, receiving an update on hydroelectric power development, receiving a report on the use of renewable energy credits in Montana, receiving a report on geothermal activities in Montana, and receiving a report on high-performance buildings.
5. **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; and
 - c. experiences of Montana's citizens with the operation of the agency that may be amenable to improvement through legislative action.
6. **(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.
7. **(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.

Requires the ETIC to "review the state energy policy and, if determined necessary by the committee, discuss at future meetings issues to be included in a revised policy and recommend potential changes". The evolution of the ETIC's involvement in energy policy began in 2005. In 2005 HB 199 transferred the energy policy review function from the Environmental Quality Council to the ETIC.

The statute has seen a number of changes in the last 10 years. In 2009, the Legislature passed and approved SB 290, which required the ETIC to review the state's energy policy in-depth and examine nine specific topics. The ETIC completed its work but did not approve energy policy recommendations for consideration by the 2011 Legislature. The committee, however, did propose legislation that was passed and approved to change the process for

reviewing the energy policy. That legislation, SB 65, requires the ETIC, at its first meeting of the interim, to review the energy policy and determine if potential revisions should be discussed at future interim meetings. The 2011 Legislature also ultimately updated and revised the state energy policy through adoption of SB 305.

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

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 2009 Legislature approved HB 27 that eliminated the sunset and clarified the ETIC's role in reviewing the program. The 2015 Legislature expanded this authority by adopting SB 312. The changes in statute require the ETIC to review large customer reports and compare that information to utility reports to address potential discrepancies in reporting.

IV. Source/authority: 90-3-1301, MCA.

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.

V. Source/authority: 85-1-501, MCA.

Requires the Department of Natural Resources and Conservation, prior to the end of each interim, to update the ETIC on studies it has done to review the economic and environmental feasibility of constructing and operating small-scale hydroelectric power generating facilities on each of the water projects under its control.

VI. Source/authority: 69-3-2010, MCA.

Requires public utilities, rural electric cooperatives, competitive electricity suppliers, or owners of a renewable electrical generation facility to file a report with the ETIC each interim concerning the purchase or sale of renewable energy credits within Montana. The ETIC reviews the reports and, if necessary, submits recommendations regarding the use of renewable energy credits in Montana. The first reports were due in March 2013.

VII. Source/authority: House Bill No. 464, 2015.

Requires the Department of Administration in conjunction with the university system to update the ETIC on the use of the high-performance building program. The report must include an overview of use of the voluntary program and actual or estimated savings.

Statutory Duties and Obligations		
Review State Energy Policy	<p style="text-align: center;">0.25 FTE</p> <ul style="list-style-type: none"> ◦ In-depth review of energy policy and discussion of changes to policy ◦ Involve public and agencies in reviewing specific aspects of existing energy policy or additional policy areas <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Report discussing specific aspects reviewed by committee ◦ Potential legislation 	<p style="text-align: center;">0.002 FTE</p> <ul style="list-style-type: none"> ◦ Review existing energy policy as required by statute. Provide for public input on policy <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Summary of public comment received and of ETIC discussion
Review Administrative Rules	<p style="text-align: center;">0.03 FTE</p> <ul style="list-style-type: none"> ◦ Staff provides ETIC copies of notices for the adoption of rules on all ETIC subjects (Members to inform staff or Chair if they want more information) ◦ Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for ◦ Committee attorney monitors and provides synopses of rules or subjects 	<p style="text-align: center;">0.02 FTE</p> <ul style="list-style-type: none"> ◦ Staff provides ETIC copies of notices for the adoption of rules on certain ETIC subjects (Members to inform staff or Chair if they want more information) ◦ Committee requests that it be copied on notification letters that the DPSR and/or PSC is sending to legislators who were primary sponsors of laws that the agency is now promulgating rules for
Review Agency Legislation	<p style="text-align: center;">0.005 FTE</p> <ul style="list-style-type: none"> ◦ Committee reviews proposals from the DSPR and/or PSC and decides if staff should draft legislation for preintroduction 	
Monitor PSC activities	<p style="text-align: center;">0.05 FTE</p> <ul style="list-style-type: none"> ◦ Monitor or investigate aspects of PSC programs 	<p style="text-align: center;">0.03 FTE</p> <ul style="list-style-type: none"> ◦ Monitor or investigate aspects of a program, if and when ETIC chooses
Review Utility USB Reports	<p style="text-align: center;">1 FTE</p> <ul style="list-style-type: none"> ◦ All of Option B ◦ Analysis of USB program ◦ Panel discussions <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Potential legislation ◦ Final report with alternatives and recommendations 	<p style="text-align: center;">0.03 FTE</p> <ul style="list-style-type: none"> ◦ Committee reviews utility reports and decides if any comments on compliance are needed and if staff should assist ◦ Collect public comment <p>Deliverables:</p> <ul style="list-style-type: none"> ◦ Potential legislation

Statutory Duties and Obligations	
Review REC reports	0.002 FTE ° Committee reviews renewable energy credit reports and decides if any changes, in terms of legislation should be proposed to the 2017 Legislature
Review Geothermal Research	0.002 FTE ° Committee reviews Bureau of Mines and Geology reports and decides if any comments are needed and if staff should assist
Review Hydroelectric Projects	0.002 FTE ° Committee reviews DNRC reports related to hydroelectric potential at state-owned facilities
Review High-Performance Building Program	0.002 FTE ° Committee reviews DOA reports related to the use of the high-performance building program

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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 may choose, as it did during the last four interims, to oversee updates to the following documents:

☆ *A Citizen's Guide to Montana Energy Law* (produced 2002; updated 2004, 2008, 2010, 2012, 2014)

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. With the passage of a new energy policy for Montana and the enactment of changes to permitting requirements related to energy generation and transmission line siting in Montana in 2011, this publication was substantially rewritten and reorganized in 2012. It was updated in 2014.

☆ *Understanding Electricity in Montana: A Guide to Electricity, Natural Gas, Coal, Petroleum, and Renewable Energy Produced and Consumed in Montana* (produced 2002; updated 2004, 2010, 2014)

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, natural gas, petroleum and renewable energy. In the 2009-10 interim, ETIC staff and the DEQ completed a significant update. In 2014 this publication was completely redesigned and rewritten. A new section on renewable energy was also added. DEQ annually updates energy statistics, as provided by the Energy Information Administration and posts them to the agency's website.

Option A	Option B	Option C	Option D
<p>.25 FTE</p> <ul style="list-style-type: none"> ◦ Complete overhaul of both <i>The Citizens Guide to Energy Law</i> and <i>Understanding Electricity in Montana</i> ◦ ETIC reviews and approves updates 	<p>.1 FTE</p> <ul style="list-style-type: none"> ◦ Minimal updates to <i>The Citizens Guide</i> ◦ Update statistics, with DEQ assistance in <i>Understanding Electricity in Montana</i> ◦ ETIC reviews and approves updates 	<p>.02 FTE</p> <ul style="list-style-type: none"> ◦ Minimal updates to <i>The Citizens Guide</i> ◦ Link to DEQ's updated statistics to <i>Understanding Electricity in Montana</i> ◦ ETIC reviews and approves updates 	<p>No Action</p>

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Draft 2015-2016 Work Plan Timeline

This draft timeline provides a framework so the ETIC can complete its work on time. It is subject to final approval by the ETIC.

June 5, 2015	ETIC Meeting. Interim work plan prioritization and ETIC organizational meeting. Selection of studies and topics.
September 11, 2015	ETIC Meeting. Adoption of detailed work plans for each selected study or topic.
January 15, 2016	ETIC Meeting.
March 11, 2016	ETIC Meeting. If public comment is desired on an ETIC report, the contents of the <i>draft</i> report should be determined by this date.
May 12-13, 2016	ETIC Meeting. Last date to suggest revisions to a <i>draft</i> document if a 30 day public comment period is desired. Comments received from the public will be compiled by staff and distributed to the EQC 1-2 weeks before the July meeting.
July 14-15, 2016	ETIC Meeting. Decision on recommendations, any proposed legislation, final report contents.
September 9, 2016	ETIC Meeting. Final approval of recommendations, reports, proposed legislation. Select bill sponsors. Develop strategy. Review agency bill draft requests.

Committee interim work must be completed September 15, 2016.