



Energy and Telecommunications Interim Committee

64th Montana Legislature

SENATE MEMBERS

CLIFF LARSEN--Vice Chair
DUANE ANKNEY
PAT CONNELL
ROBYN DRISCOLL

HOUSE MEMBERS

KEITH REGIER--Chair
CHRISTOPHER POPE
TOM STEENBERG
DANIEL ZOLNIKOV

COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff
TODD EVERTS, Staff Attorney
NADINE SPENCER, Secretary

MINUTES LOG

May 13, 2016

Flathead Electric - 2510 U.S. Highway 2 East
Kalispell, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

REP. KEITH REGIER, Chair
SEN. CLIFF LARSEN, Vice Chair

SEN. DUANE ANKNEY
SEN. PAT CONNELL
SEN. ROBYN DRISCOLL

REP. TOM STEENBERG

COMMITTEE MEMBERS EXCUSED

REP. CHRISTOPHER POPE
REP. DANIEL ZOLNIKOV

STAFF PRESENT

SONJA NOWAKOWSKI, Lead Staff
TODD EVERTS, Staff Attorney
NADINE SPENCER, Secretary

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

COMMITTEE ACTIONS

The Energy and Telecommunications Interim Committee (ETIC):

- Voted to put the HJ 7 study report and bill draft LCET04 out for public comment.

DEPART ON FIELD TRIP

- Landfill Gas to Energy Project, Disposal Road, Kalispell
- Flathead Community Solar Project, 1840 Whitefish Stage Road, Kalispell

Due to technical difficulties, the audio recording from the beginning of the meeting is not included.

CALL TO ORDER AND ROLL CALL

Rep. Regier called the meeting to order at 10:25 a.m. The secretary called the roll.

(Attachment 3) Rep. Pope was excused and gave his proxy to Sen. Larsen. Rep. Zolnikov was excused and gave his proxy to Rep. Regier. **(Attachment 4)**

OTHER BUSINESS

Ms. Nowakowski said that the ETIC has spent half of its budget prior to the meeting today and that it is unclear whether there will be money left for a June meeting during the next interim.

- 00:00:00 Ms. Nowakowski said that under its work plan the ETIC had tentatively discussed moving the meeting in July to eastern Montana and asked if the committee was still interested in doing so. She said that some of the statutory duties assigned for July include a USB report and an overview from the Department of Revenue, a renewable energy credit report, a possible hydropower report from the Department of Natural Resources and Conservation (DNRC), and draft legislative proposals from the Public Service Commission. She said at the March meeting it was suggested that Carl Borgquist attend in order to discuss the Gordon Butte Project and that Orion Renewable discuss a wind development proposal in the Colstrip area. She asked the ETIC if it wanted to add any other agenda items.
- 00:01:47 Sen. Ankney said he recommends that the meeting be held in Helena and asked that the CEO's, or their representatives, from Puget Sound Energy and Talen Energy attend to discuss their plans for Colstrip Units 1 and 2.
- 00:03:11 Sen. Connell said he also recommended holding the meeting in Helena.

- 00:03:57 Rep. Regier said a decision can be made this afternoon regarding final plans for the July meeting and asked Ms. Nowakowski if the meeting is scheduled for one or two days. Ms. Nowakowski said she recommends the ETIC meet for two days.
- 00:04:45 Sen. Larsen said he recommends discussing whether or not the committee will create any study bills. Ms. Nowakowski said the ETIC needs to have some discussion at this meeting so staff can begin the drafting process and to allow time for a 30-day public comment period.
- 00:06:18 Rep. Regier said the ETIC can continue the discussion later today.

COMMUNITY SOLAR IN MONTANA

- 00:06:46 Ms. Nowakowski discussed the morning tours and thanked Flathead Electric.
- 00:07:07 Ms. Nowakowski said the ETIC would hear from NorthWestern Energy about a solar project it is working on. **(Exhibit 1)** She said that community solar was not included as a topic for SJ 12, and she did not plan to include it in future agendas. She instructed the committee to let her know if it wanted to have additional discussion.
- 00:08:38 Jonathan Shafer, automation technology engineer, NorthWestern Energy, provided information on its partnership with the city of Bozeman on a community solar pilot project.
- 00:11:57 Mr. Shafer discussed the project overview.
- 00:14:20 Mr. Shafer discussed solar impacts on the grid and referred to the solar generation profile.
- 00:18:17 Mr. Shafer discussed the rural micro-grid project.
- 00:19:33 Mr. Shafer discussed the information submitted by Pat Corcoran, NorthWestern Energy, which provides an update on the net metering policy discussions between NorthWestern Energy and the Montana Renewable Energy Association (MREA). **(Exhibit 2)**

Public Comment:

- 00:21:15 Alicia Pettys, Northern Plains Resource Council (NPRC), commented on why NPRC supports community solar and wind power.
- 00:24:38 Ms. Pettys provided information on Beartooth Electric Cooperative's policy on community solar interconnection. **(Exhibit 3)**
- 00:26:21 Ben Brouwer, Montana Renewable Energy Association, commented on NorthWestern Energy's community solar project and provided a copy of a quick reference guide from the Interstate Renewable Energy Council (IREC) about shared renewable energy programs and how to include low-to-moderate income customers. **(Exhibit 4)**

Committee Questions and Discussion:

- 00:28:40 Sen. Connell asked Mr. Shafer if management of the grid also includes managing output of the project based on load and demand. Mr. Shafer said it does.
- 00:30:48 Sen. Connell asked Mr. Shafer about energy distribution and the need for inverter control for industrial demand.

- 00:32:11 Sen. Connell asked Mr. Shafer about the impact to the grid if there is an outage and the line management doesn't have the control to sequentially bring the inverter back on line.
- 00:35:40 Sen. Connell asked Mr. Shafer about the process of reenergizing after an outage, and if there is a challenge to try and maintain voltage reliability and the consistency of the frequency synchronization.
- 00:36:37 Sen. Connell asked Mr. Shafer if the Public Service Commission (PSC) is taking into consideration the cost of the effort attached to the Bozeman project. Mr. Shafer deferred any questions regarding how the project is being paid for to Mr. Corcoran.
- 00:37:29 Sen. Larsen asked Ms. Pettys about community solar and who furnishes the capital to create the tax credits. Ms. Pettys said the up-front capital would come from the private developer.
- 00:38:41 Sen. Larsen asked Ms. Pettys about tax credits.
- 00:39:04 Sen. Larsen asked Ms. Pettys if any other cooperatives have engaged in community solar interconnection agreements. Ms. Pettys said there have not been any in Montana.
- 00:39:42 Rep. Regier asked Mr. Shafer if the project is still expected to be completed by September 9. Mr. Shafer said it is.
- 00:40:13 **Motion:** Sen. Connell moved that staff draft legislation for LC10 and LC11.
- 00:41:15 Rep. Regier requested that the motion be deferred until after the next agenda item. Sen. Connell agreed to defer the motion.

SJ 12: STAKEHOLDER UPDATE AND LIABILITY, PROPERTY TAX FOLLOWUP

- 00:41:41 Ms. Nowakowski said the ETIC received information about liability and indemnification that the committee requested in March on net metering and interconnection agreements. [\(Exhibit 5\)](#)
- 00:45:07 Ms. Nowakowski said after receiving an update from Mr. Brouwer and reviewing comments submitted by Mr. Corcoran [\(Exhibit 6\)](#), staff would like direction on how the committee wants to proceed on the SJ 12 study and report.
- 00:48:38 Ben Brouwer, Montana Renewable Energy Association (MREA), provided an update on discussions with NorthWestern Energy regarding SJ 12 and potential net metering legislation. He provided that update and he discussed a joint statement from MREA and NorthWestern Energy. [\(Exhibit 7\)](#)

Public Comment:

- 00:55:28 Gary Forrester, Montana Dakota Utilities (MDU), commented on the request that the ETIC begin consideration of a bill draft for the July meeting made by NorthWestern Energy and MREA and said that MDU would like to look at the request before the ETIC directs staff to draft legislation.

Committee Questions and Discussion:

- 00:57:14 Sen. Connell said he supports the efforts by MREA and NorthWestern Energy and asked Mr. Brouwer if they are suggesting that interconnection policy be made by the PSC and not the Montana Legislature. Mr. Brouwer said that there needs to be clear statutory guidelines for interconnection related to net metering systems.
- 00:59:29 Sen. Connell said he agrees that the legislature should consider a net metering policy.
- 01:00:14 Sen. Ankney asked Mr. Brouwer why MDU was not included in the discussion regarding draft legislation, and if the legislation should move forward. Mr. Brouwer said the letter is an update of MREA's negotiations with NorthWestern Energy, and that they can take what they have to other stakeholders.
- 01:02:31 Sen. Ankney asked Mr. Brouwer about the liability issue and if it needs to be dealt with by the legislature.
- 01:04:50 Sen. Ankney asked about draft legislation.
- 01:05:09 Rep. Regier asked Ms. Nowakowski to clarify if what she is working on would affect MDU. Ms. Nowakowski said that Montana's net metering statutes only apply to NorthWestern Energy and not MDU.
- 01:06:34 Rep. Regier asked Mr. Forrester to comment on involving MDU to help draft legislation.
- 01:08:55 Rep. Regier asked Mr. Forrester if MDU was asked to be a part of the stakeholder group. Mr. Forester said he was not asked and did not know if any other members of the lobbying team were asked.
- 01:09:09 Rep. Regier asked Mr. Forrester if MDU would be interested in being a part of the stakeholder group now. Mr. Forrester said it would be.
- 01:09:36 Sen. Connell said that there needs to be a clear goal on any legislation that is given to staff.
- 01:11:00 Rep. Regier asked Mr. Brouwer about involvement by MDU. Mr. Brouwer said their original plan was for MREA and NorthWestern Energy to work out their differences and then take their ideas to other stakeholders.
- 01:12:30 Rep. Regier asked Mr. Brouwer if it would be difficult to include MDU now. Mr. Brouwer said it would not.
- 01:12:41 Sen. Larsen asked how the original tariff and oversight of MDU by the PSC came about. Todd Everts, staff attorney, Legislative Services Division, said MDU exempted itself out of the provisions of the Electric Utility Industry Restructuring Act.
- 01:14:27 Sen. Larsen asked Mr. Everts how MDU can exempt itself.
- 01:15:43 Sen. Larsen asked Mr. Forrester why MDU wanted to be exempted.
- 01:16:56 Mr. Everts said the restructuring bill exempted MDU.
- 01:17:29 Sen. Larsen commented that there are two different issues involved.
- 01:17:54 Rep. Steenberg asked Mr. Forrester about the small number of net metering customers that MDU has and the impact of its involvement. Mr. Forrester said all of MDU's customers have the ability to net meter.
- 01:20:33 Rep. Regier said it would be difficult for the PSC to justify a divergent set of standards for the different utilities. He recommended that MDU be involved in the stakeholder group.

- 01:21:27 Rep. Regier asked Mr. Brouwer if they are considering one bill or a series of bills. Mr. Brouwer said they have not decided. Rep. Regier said staff may need to make the determination.
- 01:21:54 Rep. Regier asked about committee action.
- 01:22:23 **Motion:** Sen. Connell restated his earlier motion that staff draft legislation for LC10 and LC11.
- 01:22:57 Ms. Nowakowski said she could draft two committee bills that deal with electrical interconnect protocol and net metering rates.

Discussion on LC 10 interconnect protocol:

- 01:26:20 Sen. Larsen
- 01:26:36 Ms. Nowakowski
- 01:26:58 Sen. Larsen
- 01:27:14 Ms. Nowakowski
- 01:27:37 Sen. Larsen
- 01:28:07 Ms. Nowakowski
- 01:28:40 Sen. Larsen
- 01:28:51 Rep. Steenberg
- 01:30:13 Rep. Regier
- 01:30:16 Sen. Connell provided information on the intent of LC10.
- 01:31:54 Rep. Regier
- 01:32:09 Sen. Connell
- 01:33:04 Rep. Steenberg
- 01:33:55 Rep. Regier
- 01:34:04 Rep. Steenberg
- 01:34:10 Sen. Ankney
- 01:35:53 Sen. Larsen
- 01:37:34 Rep. Regier asked Sen. Connell if he would agree to have MDU, NorthWestern Energy, and MREA look at LC10 and LC11 to compare with what they are doing.
- 01:37:47 Sen. Connell
- 01:39:24 Without objection, Sen. Connell withdrew his motion.

Discussion:

- 01:39:59 Rep. Regier
- 01:40:04 Sen. Connell
- 01:40:08 Rep. Regier

Discussion on Directions for Staff:

- 01:40:28 Rep. Regier
- 01:40:51 Sen. Connell
- 01:41:05 Rep. Steenberg
- 01:41:39 Sen. Ankney
- 01:41:46 Rep. Regier
- 01:42:06 Ms. Nowakowski
- 01:42:49 Rep. Regier

01:43:00 Sen. Larsen
01:43:48 Rep. Regier
01:43:56 Ms. Nowakowski
01:44:03 Mr. Forrester
01:44:33 Rep. Regier
01:44:35 Mr. Forrester
01:45:18 Doug Hardy, Montana Electric Cooperative Association
01:46:24 Rep. Regier
01:46:35 Ms. Nowakowski
01:47:11 Rep. Regier

01:47:18 Recess for lunch at 12:14 p.m.

Sen. Connell left the meeting and gave his proxy to Sen. Ankney. ([Attachment 5](#))

02:34:22 Reconvened at 1:01 p.m.

HJ 7: NEXT GENERATION 9-1-1

02:34:43 Ms. Nowakowski said the report ([Exhibit 8](#)) and potential legislation the ETIC received addresses jurisdiction, governance, technology, and funding of Montana's 9-1-1 program and is a consensus of the stakeholders involved. She said it will be up to the ETIC to determine if it wanted to put the draft report and the bill drafts out for public comment.

02:37:36 Ms. Nowakowski said that LCET04 encompasses all three bills. ([Exhibit 9](#))

02:39:10 Ms. Nowakowski said LCET01 involves the use of the stranded funds and takes a portion of the stranded funds and divides it. ([Exhibit 10](#))

02:39:58 Ms. Nowakowski said LCET02 involves updates to the 9-1-1 statutes. ([Exhibit 11](#))

02:40:17 Ms. Nowakowski said LCET03 is a complete overhaul of how 9-1-1 funds are allocated. ([Exhibit 12](#))

02:41:23 Ms. Nowakowski discussed LCET04.

02:44:38 Geoff Feiss, general manager, Montana Telecommunications Association, discussed why he prefers the comprehensive bill, LCET04.

02:53:39 Quinn Ness, bureau chief, Public Safety Communications Bureau, State Information Technology Services Division, Department of Administration, said he also prefers the comprehensive bill. He thanked everyone who was involved for working on the collaborative effort.

Public Comment:

02:57:08 Adrien Beck, director, Office of Emergency Management, Missoula County, said the county also supports LCET04.

Committee Questions and Discussion:

02:59:04 Sen. Ankney asked Mr. Ness about the members and the size of the 9-1-1 Advisory Council.

03:01:14 Sen. Ankney asked about ongoing funding, and if it will require an appropriation from the legislature or just the authority. Mr. Ness said the proposed legislation develops a simpler and more transparent allocation and distribution method of the existing revenue.

03:02:26 Sen. Ankney asked if the existing \$13 million will be enough to get the program up and running. Mr. Ness explained how the money in the various accounts would be distributed.

03:06:07 Sen. Ankney said he is concerned about smaller counties and if they will be mandated to do something that they do not have the funds to support. Mr. Ness explained the allocation process and said most of the small, less populated counties will probably get a little bit more money than they do under the current statute.

03:08:52 Sen. Ankney asked Mr. Ness if there is support from the Montana League of Cities and Towns and from the Montana Association of Counties. Mr. Ness said that both are represented on the Council.

03:09:56 Sen. Ankney commented on the importance of having adequate funding.

03:11:18 Rep. Regier said that pre-paid wireless does not contribute to 9-1-1 funding, and it is an issue that should be addressed.

03:12:01 Sen. Ankney thanked Mr. Feiss and Mr. Ness for their efforts.

03:12:07 Mr. Feiss commented on the adequacy of the \$13 million.

03:15:04 Sen. Larsen said he appreciates the work done by the stakeholders and that the issue with pre-paid wireless needs to be addressed. He asked Mr. Ness about the \$5 million from the stranded fund that will be held in reserve for grant purposes.

03:19:16 Sen. Larsen asked Mr. Ness about cost recovery claims from Verizon and AT&T and how the money would be distributed if they did not make a claim.

03:21:41 Sen. Larsen asked about the distribution mechanism for the revenue stream for each jurisdiction.

03:25:24 Sen. Ankney asked Mr. Ness if there is consensus on how the 25% of the 9-1-1 fees collected is used. Mr. Ness said there is concern by some local governments that restrictions might be put on funds that they have saved, but he said any proposed legislation would not go back and restrict those funds. He said that there are various opinions on the use of revenue going forward and welcomed guidance by the legislature.

03:29:01 Mr. Feiss said there are two areas in the legislation where they can provide greater direction, the rulemaking process, and the definition of what is a 9-1-1 system.

03:29:50 Sen. Ankney said he recommends looking at what happened to school reserve funds when money is saved.

03:30:56 Rep. Regier asked Mr. Ness if the entity hosting is the entity that is financially responsible, and if it is defined in the bill drafts. Mr. Ness said it is and they will work with staff on including it more clearly in the definition.

03:31:51 Rep. Regier asked Ms. Nowakowski about the advisory council, and if it replaces the one in 10-4-102, MCA. Ms. Nowakowski said it does.

03:32:40 Mr. Feiss thanked the ETIC.

Committee Action:

03:33:00 Rep. Regier opened discussion on committee action.

03:33:13 Rep. Steenberg

03:35:06 Sen. Driscoll

03:35:34 **Motion:** Sen. Driscoll moved to put the draft report and LCET04 out for public comment

Discussion:

03:35:40 Ms. Nowakowski

03:35:52 **Vote:** The motion carried unanimously by voice vote. Rep. Pope, Rep. Zolnikov, and Sen. Connell voted aye by proxy.

Discussion:

03:36:13 Rep. Regier

03:36:22 Ms. Nowakowski

PUBLIC COMMENT ON MATTERS WITHIN THE JURISDICTION OF THE ETIC

None

OTHER BUSINESS

03:37:01 Rep. Regier

03:37:15 Rep. Regier adjourned the meeting at 2:06 p.m.

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