



## Energy and Telecommunications Interim Committee

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### 63rd Montana Legislature

#### SENATE MEMBERS

CLIFF LARSEN--Chair  
EDWARD BUTTREY  
ROBYN DRISCOLL  
ALAN OLSON

#### HOUSE MEMBERS

KEITH REGIER--Vice Chair  
MIKE LANG  
MARY MCNALLY  
TOM STEENBERG

#### COMMITTEE STAFF

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
DAWN FIELD, Secretary

# MINUTES LOG

September 12, 2013 - Day 1

Kiwanis Youth Center, Harlowton, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

#### **COMMITTEE MEMBERS PRESENT**

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

SEN. EDWARD BUTTREY  
SEN. ROBYN DRISCOLL  
SEN. ALAN OLSON

REP. MIKE LANG  
REP. MARY MCNALLY  
REP. TOM STEENBERG

#### **STAFF PRESENT**

SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
DAWN FIELD, Secretary

#### **AGENDA & VISITORS' LIST**

Agenda, [Attachment #1](#).  
Visitors' list, [Attachment #2](#).

#### **COMMITTEE ACTION**

The Energy and Telecommunications Interim Committee:

- approved the June 21, 2013, meeting minutes;
- approved the committee's Final Work Plan; and
- approved two RPS surveys.

### **CALL TO ORDER AND ROLL CALL**

00:00:33 SEN. LARSEN called the meeting to order at 9:30 a.m. The Secretary took roll, REP. MCNALLY and REP. LANG arrived shortly ([Attachment 3](#)).

### **WELCOME TO WHEATLAND COUNTY**

00:02:31 **Richard Moe, Wheatland County Commissioner**, welcomed the Energy and Telecommunications Interim Committee (ETIC) to Harlowton. Mr. Moe made a brief presentation using Powerpoint slides ([EXHIBIT 1](#)) to discuss the positive impacts that wind energy projects have made in Wheatland County.

00:07:11 SEN. LARSEN thanked Mr. Moe for the welcome. He recessed the meeting to tour the Judith Gap Wind Farm and said the ETIC would reconvene after lunch.

### **DEPART FOR JUDITH GAP WIND FARM/ENERGY CENTER AND LUNCH**

**Mr. Brian Goddard, Operations and Maintenance Manager, Judith Gap Wind Energy Center**, conducted the tour and presented *"Introduction to Invenergy and Renewables in Montana"*. Mr. Goddard's presentation included details on the economic development and tax and lease revenues generated as a result of the wind farm.

### **RETURN TO YOUTH CENTER AND WELCOME**

03:56:46 SEN. LARSEN reconvened the meeting at 1:28 p.m.

03:58:06 Ms. Nowakowski explained the purpose of the RPS panel and introduced the panelists.

### **RPS PANEL DISCUSSION - ECONOMIC IMPACTS – DEVELOPERS PERSPECTIVE**

04:00:15 **Katie McClain, Senior Manager, and Brian Goddard, Invenergy**, discussed a Powerpoint presentation, "RPS and Economic Impact" ([EXHIBIT 2](#)). The presentation included information on Invenergy's background, the benefits of wind energy, the Judith Gap wind energy project specifically, the cost effectiveness of wind, and Montana's RPS.

04:09:57 **John Bushnell, Lead Supply Planner, NorthWestern Energy (NWE)**, reviewed his experience in the power industry and small power production. Mr. Bushnell discussed NWE's partnership with Invenergy in the Judith Gap Wind Energy Center, economic development benefits of renewable resource energy projects, NWE operations in Montana, NWE's South Dakota and Pacific NorthWest assets, purchased power agreements (PPAs), Public Service Commission (PSC) rulemaking regarding qualifying facilities, and other issues relating to the wind energy industry in Montana.

04:24:36 **Darcy Neigum, Director, Electric Systems Operations and Planning, Montana-Dakota Utilities (MDU), Diamond Willow**, discussed, using a Powerpoint presentation ([EXHIBIT 3](#)), MDU's Diamond Willow I wind project, the Glen Ullin heat recovery project, the Cedar Hills project, the Diamond Willow II project, MDU renewable investments, and Montana's RPS and Community Renewable Energy Project (CREP) requirements.

### **Public Comment**

04:35:10 **Bryan Rogan, Gordon Butte Wind**, commented on the CREP RFI (request for Information) and RFP (Request for Proposal) issues, as discussed by Mr. Bushnell, NWE. Mr. Rogan discussed Gordon Butte Wind's CREP proposals that have been rejected and said his point is that competitive solicitations don't necessarily provide an easy solution.

### **ETIC Questions and Discussion**

04:38:09 REP. MCNALLY asked Mr. Bushnell to respond to Mr. Rogan's concerns regarding potential problems with the competitive bid process as it now stands. Mr. Bushnell said that the (Morgan-Howard) report is in the PSC's review and that it is his understanding that the study has been shelved and that the PSC is using existing rules.

04:39:53 SEN. OLSON asked Mr. Neigum to clarify that MDU is using RECs in North Dakota and South Dakota to meet Montana's RPS standard. Mr. Neigum said that is correct and explained further.

04:40:49 SEN. OLSON asked what the price of the RECs are. Mr. Neigum said the cost is approximately 65 to 68 cents a megawatt (MW) hour.

04:41:15 SEN. OLSON said that he has been a long-time supporter of the Judith Gap wind farm and noted that Montana made great strides in supporting renewable energy projects, even prior to establishing renewable portfolio standards.

### **RPS PANEL DISCUSSION - ECONOMIC IMPACTS – COMMUNITY PERSPECTIVE**

04:44:31 Ms. Nowakowski reviewed the purpose of the panel and introduced the panelists.

04:46:36 **Jeff Sell, small business owner and Mayor, Harlowton**, thanked the ETIC for holding the meeting in Harlowton. He discussed the tremendous economic benefits that the community has experienced as a result of the RPS energy projects in the area. Mr. Sell urged the ETIC to continue to support Montana's RPS requirements.

04:48:45 **Frank Hutton, employee of local business**, stated that without the Judith Gap wind energy project, he and many others probably would not have jobs. He discussed several examples of how the wind farm has benefitted Harlowton.

04:49:47 **Tom Bennett, small business owner and Wheatland County Commissioner**, discussed several specific economic development benefits of the Judith Gap wind farm, including an increase in area tourism, increased enrollment in local schools, an increase in the tax base, and improved employment opportunities. Mr. Bennett said that he wholeheartedly approves of RPS projects and urged the ETIC to continue to support such projects.

### **Public Comment**

04:53:56 **Jeff Fox, Renewable Northwest Project**, discussed findings as reported in an ex post analysis of economic impacts from wind power development in U.S. counties ([EXHIBIT 4](#)).

04:55:40 **Kyla Maki, Montana Environmental Information Center (MEIC)**, discussed why it is important to consider the economic impact of the Judith Gap wind farm within the

RPS study (SJ 6), saying that without the Judith Gap project, the numbers might look very different. Ms. Maki said that, "no business decision is made in a vacuum and incentives do make a difference". She recommended that the ETIC consider including an analysis of the economic impact associated with Judith Gap in the RPS study and that the success of the Judith Gap wind project shows that Montana is open to business for renewable energy projects.

### **ETIC Questions and Discussion**

04:59:46 REP. REGIER asked what the average class size is in the high school. Mr. Bennett estimated that Harlowton High School has about 70 students enrolled.

05:00:20 REP. REGIER asked if enrollment has gone up or down in the last decade. Mr. Bennett said that enrollment dropped dramatically, from over 200 students in the late 1960s to approximately 70 today. He said the large decrease in enrollment was mainly due to the shutdown of the Milwaukee Railroad.

05:01:21 Mr. Sell said that enrollment in the elementary school has stabilized and is even increasing. He attributed the increase mainly to wind farm employees and said he hopes the increased enrollment will continue up through the high school level.

### **Directions to Staff**

05:03:31 Ms. Nowakowski discussed the surveys prepared for Utilities and Suppliers ([EXHIBIT 5](#)) and for Generators ([EXHIBIT 6](#)) and asked for committee input. She noted that the committee received copies of the draft surveys in meeting packets. Ms. Nowakowski asked if the ETIC wished to give her further direction now or wait until later in the meeting.

05:05:42 SEN. OLSON asked about question 27 on the Utilities and Suppliers survey ([EXHIBIT 5](#)) regarding price comparisons and price differences and if that information could be gathered from neighboring states. Ms. Nowakowski and SEN. OLSON discussed how that could be done. SEN. LARSEN agreed that would be valuable information. SEN. OLSON said he would work with staff, but the information did not need to be part of the survey.

05:07:47 SEN. BUTTREY referred to the map illustrating renewable energy requirements and goals in the Rocky Mountain Region ([EXHIBIT 7](#)) and pointed out that no states bordering Montana have RPS requirements. SEN. LARSEN asked the ETIC to think about this issue and said there would be discussion later in the meeting.

05:08:47 REP. MCNALLY asked for more detailed information on the ongoing impact of the many vendors who serve the wind farms. Ms. Nowakowski said that the Generator survey ([EXHIBIT 6](#)) addresses that question in general but that more specific questions could be added to address the ongoing impact of vendors. REP. MCNALLY said she would like more specific vendor information.

### **ADMINISTRATIVE BUSINESS**

#### **• Approve June Meeting Minutes**

05:11:25 **SEN. OLSON moved to approve the June 21, 2013, meeting minutes. SEN. OLSON's motion passed on a unanimous voice vote.**

- **Final Work Plan Adoption**

05:11:58 Ms. Nowakowski directed the members to the Final Work Plan ([EXHIBIT 8](#)) and Work Plan Decision Matrix ([EXHIBIT 9](#)). She discussed the work plan topics and meeting schedule as outlined in both documents. She noted that the Work Plan primarily serves as a guideline and can easily be changed to fit the ETIC's needs.

05:14:27 SEN. LARSEN discussed visiting eastern Montana to observe coal and other energy projects operating in that part of the state. SEN. BUTTREY agreed that it is important for legislators to visit smaller communities and see first-hand the economic impacts of energy development.

05:16:26 Ms. Nowakowski pointed out that the proposed May 15 and 16, 2014, meeting date may conflict with the Bucking Horse Sale in Miles City, thus making it difficult to arrange for accommodations. She said she would email potential date changes later.

05:19:38 **REP. MCNALLY moved to approve the Final Work Plan, as amended. The motion passed on a unanimous voice vote.**

- **RPS Survey Discussion**

05:20:19 Ms. Nowakowski reviewed the Generator survey ([EXHIBIT 6](#)) and asked if there were changes or revisions.

05:21:51 SEN. OLSON asked to send information requests to surrounding and nearby states on their RPS standards or requirements. It was agreed that staff would do this as a sidebar effort to the survey.

05:22:52 In response to a question from REP. REGIER, Ms. Nowakowski said that she has reached out to all but three of the generators and that she is optimistic that most will respond. She said that she plans to followup with additional phone calls.

05:24:00 SEN. BUTTREY suggested, in reference to REP. MCNALLY's earlier discussion about the ongoing economic impact of vendors, that question 27 in the Generators Survey ([EXHIBIT 6](#)) be reworded to say, "Please provide any additional thoughts on how your project has contributed to your local or Montana's economy." REP. MCNALLY discussed how to better word questions 5 and 6 to include vendors.

05:25:34 REP. LANG asked, regarding vendors, how to quantify the amount and quantity of goods being purchased. SEN. BUTTREY said that will be up to survey respondents to some extent. Ms. Nowakowski said after question 9, the committee could add 2 more questions: "*How many vendors are utilized?*" and "*In general, can you quantify those vendors?*" It was agreed.

05:27:06 SEN. BUTTREY asked to word it so that the respondents identify only Montana vendors being used.

05:27:25 Ms. Nowakowski reviewed the changes in wording.

### **Public Comment on the Generation Survey**

- 05:28:57 Jeff Fox, RNWP, asked for clarification of if out-of-state generators would be contacted. He said that certain states around Montana have RPS goals but not mandates, and that the information may be useful to Montana.
- 05:30:14 **Jason Brown, PSC Attorney**, suggested asking for quantification of certain impacts using dollars per megawatt hour because it may be more useful for the ETIC analysis. SEN. LARSEN said that was a reasonable request. It was agreed.
- 05:30:41 SEN. LARSEN directed the members to the Utilities and Suppliers Survey ([EXHIBIT 5](#)).
- 05:30:56 SEN. DRISCOLL discussed her concern about the wording of question 18 (*Do you believe the standard is an asset or a hindrance to your customers?*), saying it is too open to interpretation. She said she would prefer it be divided into two questions and offered possible language changes.
- 05:32:10 SEN. LARSEN discussed his concern about the wording of question 18.
- 05:33:04 REP. REGIER agreed that the question should be changed, saying that it is not a "yes" or "no" question. Ms. Nowakowski offered possible language changes: "*How does the standard benefit your customers?*" and "*How is the standard a drawback to your customers?*". It was agreed.

#### **Public Comment on the Utilities and Suppliers Survey**

- 05:34:35 Jeff Fox, RNWP, commented on his concerns regarding wording in several of the questions in the Utilities and Suppliers survey ([EXHIBIT 5](#)). He thought that wording was confusing and should be made more clear.
- 05:39:42 Kyla Maki, MEIC, commented on her concerns regarding question 16 (*Has the standard contributed to higher costs for your customers?*) in the Utilities and Suppliers survey ([EXHIBIT 5](#)).
- 05:41:11 Ms. Nowakowski noted that the overall percentage standards in question 6 of the Utilities and Suppliers Survey ([EXHIBIT 5](#)), should have been added to questions 3, 4, and 5 also.
- 05:41:42 SEN. DRISCOLL said that she agreed with Ms. Maki's comment about question 16. Ms. Nowakowski explained that the language was taken directly from SJR 6. SEN. DRISCOLL said that she would like the question changed to allow for more options for answers. Ms. Nowakowski discussed possible language changes.
- 05:43:22 SEN. BUTTREY said that question 17 (*If yes, how much has the standard increased your average residential customer's monthly utility bill?*) would have to be changed also if changes are made to question 16. He suggested that "*or decreased*" be added. He reminded the ETIC that it is a survey and not an audit, so the questions should not ask for too much detail. SEN. LARSEN agreed that the ETIC could followup with responses in order to clarify the information and that the survey should be kept simple.

05:44:45 REP. MCNALLY suggested adding, on question 16, a box in order for people to write a brief explanation. Ms. Nowakowski reviewed the language changes to questions 16 and 17 in the Utilities and Suppliers Survey. It was agreed.

05:45:53 **SEN. BUTTREY moved to approve the surveys, as amended. The motion passed on a unanimous voice vote.**

05:46:21 SEN. LARSEN recessed the meeting for a short break.  
**BREAK**

### **GREEN SCHOOLS PANEL AND DISCUSSION**

06:04:05 SEN. DRISCOLL thanked the ETIC for agreeing to pursue the issue of green schools in Montana. She reviewed several issues and concerns.

06:05:19 **Brittany Lynch, NCAT**, said the concept of "green schools" is to reduce energy costs and utility bills through small measures, not large-scale projects.

06:06:30 **Rich Whitney, CTA Architects**, discussed a document detailing how Billings Schools reduced energy costs through simple measures ([EXHIBIT 10](#)).

06:11:57 **Kristen Walsler, Bozeman**, read a letter from Mr. Brian Patrick in support of studying green school standards. She discussed a number of aspects to green schools that are not as obvious as others and offered suggestions on how teachers could incorporate energy savings into the school day with the students.

06:17:57 Ms. Lynch discussed the growth of the green schools movement and said that having it formalized in legislation would increase the benefits even more.

06:19:19 SEN. LARSEN asked Ms. Lynch if she was suggesting that the ETIC sponsor legislation. Ms. Lynch said she was.

### **Public Comment**

06:21:42 Kyla Maki, MEIC, spoke in support of the concept of a green schools standards for Montana.

06:26:16 **Clayton Elliott, Northern Plains Resource Council (NPRC)**, spoke in support of establishing green school standards for Montana.

### **Committee Questions and Discussion**

06:27:47 REP. MCNALLY asked if green school standards have been created. Ms. Lynch said yes. Mr. Whitney said that there are a number of different standards and benchmarks. He discussed the *Energy Star* program as just one example. He said that because there are many standards, it would be important to look for ones that represent the values Montanans want in their schools.

06:31:01 REP. MCNALLY asked how the Billings Schools financed their energy savings programs. Mr. Whitney explained, saying that most of the funding came from a basic deferred maintenance fund and that some ARRA funding was obtained also. He discussed options for funding such programs, including a biomass project at the University of Montana.

- 06:34:20 REP. REGIER was interested in the true cost savings of the Billings Schools projects. Mr. Whitney said that results were tracked closely and that he would provide more specific information to ETIC staff, for distribution to the members. *(Mr. Whitney provided the information soon after the meeting - EXHIBIT 11)*
- 06:36:21 REP. STEENBERG asked to clarify that only ten percent of Montana schools have implemented energy savings programs. Ms. Lynch said that was correct. REP. STEENBERG asked what the next step is for Billings schools. Ms. Lynch discussed several options, saying that there were many possibilities.
- 06:37:43 SEN. OLSON asked if Ms. Lynch had specific statutory changes in mind. Ms. Lynch said not right now but eventually. SEN. OLSON discussed his concern that any statutory changes not be allowed to impact local governments.
- 06:38:51 In response to a similar question from SEN. OLSON, Mr. Whitney said he thought the most important thing to do right now is to increase awareness. He said that opportunities to spend less money on utilities are there and that is the best tool to achieve success. SEN. OLSON thanked the presenters and discussed the Roundup schools' success in achieving energy savings. He thought a better approach to this issue would be to approach local school boards and school associations, rather than creating legislative mandates.
- 06:42:12 REP. REGIER asked what the savings are from making small changes, such as through changing attitudes and habits. Mr. Whitney said it would be very difficult to quantify the savings but that he believes that a significant amount of energy cost savings does come from simple habit changes, such as turning down thermostats.
- 06:43:56 REP. REGIER commented that it is important to get school leaders to buy into the programs. Mr. Whitney agreed, saying that efforts have to come from the top down.
- 06:45:07 REP. REGIER asked for confirmation that only ten percent of Montana school districts have implemented energy cost savings programs. Ms. Lynch said that would be a conservative estimate.
- 06:45:49 SEN. LARSEN thanked SEN. DRISCOLL for bringing the issue forward. He said that the issue would be discussed again at the March 2014 meeting.

**PUBLIC COMMENT ON ANYTHING**

06:47:49 There was no public comment.

**RECESS**

06:47:59 SEN. LARSEN recessed the Energy and Telecommunications Interim Committee until 8 a.m., September 13, 2013. CI0429 3310dfxb.