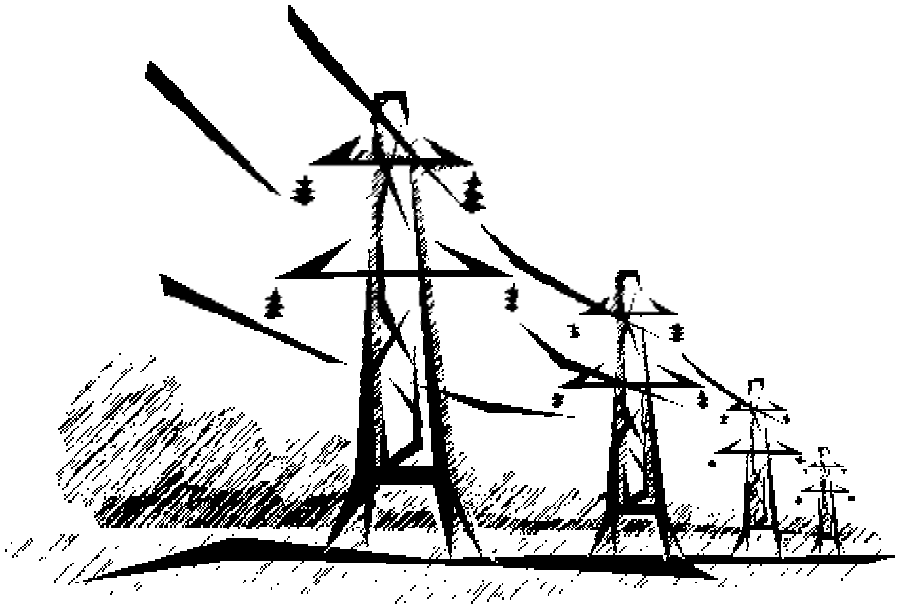
UNDERSTANDING ENERGY IN MONTANA



A Guide to Electricity, Natural Gas, Coal, and Petroleum Produced and Consumed in Montana

DEQ Report for the EQC

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Introduction

Energy issues have returned to the forefront this decade. The last four years have seen the California energy crisis, the sale of Montana Power Company and subsequent bankruptcy of NorthWestern Energy, the dramatic increase in the price of natural gas, serious talk of new markets and new transmission lines for Montana coal, and forty dollar a barrel oil. The EQC prepared this guide to provide the background information policymakers and citizens alike will need to make the best decisions they can in these turbulent times.

The guide focuses on historical and current patterns of supply and demand. These are the background facts needed to interpret past and future policies. The guide is divided into five sections. First is an overview of electricity supply and demand in Montana. The second section covers the electricity transmission system, especially how it works in Montana and the Pacific Northwest. This is the critical issue affecting access to existing markets and the potential for new generation in Montana. A third section addresses natural gas supply and demand, important in its own right and now much more intertwined with the electricity industry. The fourth section covers the Montana coal industry, which exists to fuel the generation of electricity and whose future will depend on what happens in that industry. The final section addresses petroleum and transportation, the sector most directly affected by international events.

The guide, with its focus on historical and current patterns, deals primarily with conventional resources. Nonetheless, Montana can expect to see renewables take a larger role in the future, especially in electricity supply. Energy efficiency (sometimes referred to as energy conservation) also is only given brief treatment, simply because so few data are available. Still, improving energy efficiency remains the cheapest way to meet energy demand. Public agencies, private business and individual citizens need to keep these possibilities in mind, even while they focus on the immediate problems with conventional resources.